

**PURCHASE OF RESIDENCE FOR
CONSULATE
GENERAL OF INDIA AT
FRANKFURT**

**MINISTRY OF EXTERNAL AFFAIRS
PUBLIC ACCOUNTS
COMMITTEE
2004-05
SECOND REPORT**

FOURTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

SECOND REPORT
PUBLIC ACCOUNTS COMMITTEE
(2004-2005)

(FOURTEENTH LOK SABHA)

PURCHASE OF RESIDENCE FOR
CONSULATE GENERAL OF
INDIA AT FRANKFURT

(MINISTRY OF EXTERNAL AFFAIRS)

[Action taken on 27th Report of PAC (13th Lok Sabha)]



Presented to Lok Sabha on.....
Laid in Rajya Sabha on.....

LOK SABHA SECRETARIAT
NEW DELHI

December, 2004/Agrahayana, 1926 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2004-2005)

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SECRETARIAT

- | | | |
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| 3. Shri Ashok Sarin | — | Director |
| 4. Smt. Anita B. Panda | — | Under Secretary |
| 5. Shri Ramkumar Suryanarayanan | — | Committee Officer |

* Shri A.R. Antulay, MP has resigned from the membership of the Committee w.e.f. 27th August, 2004.

INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee to present this Report on their behalf, do present the Second Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 27th Report (13th Lok Sabha) on “Purchase of Residence for Consulate General of India at Frankfurt”.

2. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 28th September, 2004. Minutes of the sittings form *Part II* of the Report.

3. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in *Appendix* to the Report.

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

NEW DELHI;
27 October, 2004
5 Kartika, 1926 (Saka)

PROF. VIJAY KUMAR MALHOTRA,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by the Government on the recommendations made by the Committee in their Twenty-Seventh Report (Thirteenth Lok Sabha) of the Public Accounts Committee titled "Purchase of residence for Consulate General of India at Frankfurt," which was based on Paragraph 4.3 of Report No. 2 of 1997, Union Government (Civil) of C& AG of India. The paragraph related to the Ministry of External Affairs.

1.2 Audit scrutiny in this case had revealed that while according sanction for the purchase of property worth Rs. 142.87 lakhs with appurtenances like heated indoor swimming pool, sauna bath etc. to serve as the residence for head of post / Consul General of India at Frankfurt, the Ministry of External Affairs did not keep in view the need for economy in Government expenditure as well as the functional requirements of the Post. The Committee had, therefore, asked the Ministry of External Affairs to apprise them on the number of residences such as the one in question which included similar appurtenances and the total maintenance expenditure incurred on them during the last three years. The Committee had also desired that the Ministry of External Affairs should devise clear-cut norms for the residence of all diplomatic officials posted abroad.

1.3 The Report contained five Observations/Recommendations and replies of Government in respect of all Observations/Recommendations have been received and are categorized as under:

- (i) The Observations/Recommendations that have been accepted by the Government;
Sl. Nos. 20, 23
- (ii) The Observations/Recommendations which the Committee do not desire to pursue in view of Government's reply;
Sl. Nos. 21, 22
- (iii) The Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which require reiteration;
Sl. No. 24
- (iv) The Observations/Recommendations to which Government have furnished interim replies.

—NIL—

1.4 The Committee will now deal with the action taken by the Government on some of the Recommendations made by the Committee in their Original Report, which need reiteration or merit comments.

**Need to Enforce Financial Discipline
(Recommendations-para No. 22)**

1.5 In the aforesaid paragraph of the Original Report, the Committee had taken note of the assurance given by Ministry of External Affairs that while making future purchases of property abroad to serve as the residence of Head of Post, they would seek to avoid inessential and expensive appurtenances having recurring expenditure and that they have instructed the Mission at Frankfurt to exercise restraint to meet any unnecessary expenditure on the maintenance of the swimming pool. The Committee had expressed the hope that the Ministry of External Affairs would take appropriate action keeping in view the need for austerity in governmental expenditure and review the necessity for maintaining a property at such a prohibitive cost as the residence of Consul General/ head of Post. The Committee had desired to be apprised in due course as to the number of such residences having facilities like swimming pool, sauna baths etc. and the maintenance expenditure incurred thereon during each of the last three years.

1.6 In their Action Taken Note, the Ministry of External Affairs have stated that based on the detailed discussions with the Real Estate Agencies and the market assessment made by the Post, it was noted that as per prevalent market scenario, selling of the existing property and acquiring another property without appurtenances in question was not an economically viable proposition. Therefore, it is preferred to retain the existing accommodation. An exercise was made by the Post with the assistance of the Real Estate Agencies to ascertain whether the existing property could be disposed off and in exchange another property with similar representational features, but without any appurtenance, could be purchased to the advantage of the Government. However, it was learnt that this would not be an economically viable proposition. While the prices of the properties of comparable size and features in the comparable areas were between Euro 1.5 million to Euro 3 Million (then Rs. 6.97 crores to Rs. 13.93 crores) the expected sale price of land of the existing property was found to be between Euro 1.2 million to Euro 1.6 million (then Rs. 5.57 crores to Rs. 7.43 crores). The evaluation of the structure could be made only through licence evaluator against substantive payment of Euro 3500/- equivalent then to Rs. 162 lakh, but the evaluated price of the structure was not likely to fill the gap between the fresh higher investment to be made and the lower return for the existing property. The gap would have widened with the substantive service charges/fees payable to the real estate agencies for both the transactions. The exercise of disposing of existing property and acquiring a new property would entail financial loss to the Government. The Ministry have further stated that there are 53 residential properties abroad occupied by Heads of Mission/Heads of Post as well as Minister-level officers with one or more facilities such as swimming pool, sauna bath, tennis court, etc. Expenditure of Rs. 90,33,297/- has been incurred during last three years on their repair & maintenance.

1.7 While responding to the Committee's recommendation to review the necessity for maintaining a property at prohibitive cost as the residence of the Consul General of India at Frankfurt, the Ministry of External Affairs in their reply have stated that as per the prevalent market scenario, selling of the existing property was not an economically viable proposition. While referring to the Real Estate Agencies exploring the possibilities of such an arrangement, the Ministry have stated that such an exercise would entail financial loss to the Government. In view of the Government's reply, the Committee at this juncture would not press for disposal of the existing property at Frankfurt. However, the Committee would like the Ministry to ensure that whenever in future the proposals are received from Missions/Posts abroad for purchase/hire of properties, such proposals should be strictly evaluated with a view to discouraging the purchase of properties with avoidable expensive appurtenances to enforce financial discipline in Government expenditure.

1.8 According to the Ministry of External Affairs, there are 53 residential properties abroad occupied by Heads of Missions/Heads of Posts as well as Minister-level officers with one or more facilities such as swimming pool, sauna bath, tennis court etc. and expenditure of about Rs. 90 lakhs has been incurred during last three years on their repair and maintenance. A statement furnished by the Ministry of External Affairs reveal that there are certain Missions/Posts at muscat, Mahe, Phnompenh, Lusaka, Tel Aviv, Lisbon, Frankfurt, Houston, Abu Dhabi, Kingston and Singapore where expenditure being incurred on repair and maintenance per annum is quite large as compared to that on other Missions/Posts. The Committee would, therefore, like the Government to examine the reasons therefor and take appropriate remedial steps to ensure that such expenditure on the facilities mentioned above on these Missions is kept to a reasonable limit. The Committee would like to be informed about precise steps taken in this regard.

**Laying of norms for residence of diplomatic officials abroad
(Recommendation-para No. 24)**

1.9 The Committee in their aforesaid paragraph had emphatically raised the issue of guidelines/parameters governing the procurement of the residence of diplomatic officials such as the Consul General of India, Frankfurt. Further they had expressed their disagreement over the Ministry of External Affairs' contention that universal norms are not desirable for the residences of diplomatic officials posted abroad. It was Committee's considered view that Laying of norms for the residence of all diplomatic officials posted abroad was both desirable and feasible. The Committee had, therefore, recommended that the MEA should devise clear-cut norms for this purpose, while providing for a certain degree of built-in-flexibility to allow for local variations, if so warranted.

1.10 In reply, the Ministry of External Affairs, in a communication dated 11th July, 2003 have stated as follows:

“As for point 24 of the recommendations for fixation of area norms for accommodation of HOM/HOP level officers, a further reply will follow. Since the question is being examined in consultation with the concerned authorities, it may take upto three months for a final reply to be ready.”

The Ministry have further stated in a subsequent communication dated June 4, 2004 that:—

“The process of fixation of the area norms of officers of the level of Ministers and Heads of Missions and Posts abroad is underway. The exercise involves consultation with the Missions on local representational obligations as well as security scenario. The Ministry is actively examining the issue in its overall context and hope to send the requisite ATN in the next three months”.

1.11 The Committee had observed in their Original Report that laying of norms for the procurement of residence of all diplomatic officials posted abroad is both desirable and feasible to bring about uniformity in the facilities provided and had therefore recommended that clear-cut norms should be devised. The Committee are constrained to point out that even after more than two years of the presentation of the Original Report, the Government have not devised these norms so far. Although the Ministry of External Affairs had informed the Committee initially in July, 2003 that the Ministry were examining the issue in consultation with concerned authorities and a final reply in this regard will be sent in three months, *i.e.* October, 2003, the Ministry, at the instance of the Committee, have intimated (4th June, 2004) that they are still examining this issue and hope to send the final reply only in the next three months. Such prevarication only seems to suggest that the Ministry of External Affairs have not treated this matter with the seriousness that it deserved. Inaction on the part of the Ministry for so long is nothing but regrettable. The Committee express their displeasure over the inordinate delay in finalisation of the requisite norms. The Committee direct the Ministry to take immediate action in the matter and lay down the norms indicating *inter-alia* the guidelines/parameters governing the procurement of residence of all diplomatic officials posted abroad within the time-period assured by them in their communication dated 4th June, 2004 and report compliance thereof immediately after the presentation of this Report to Parliament.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

MINISTRY OF EXTERNAL AFFAIRS

Recommendation

Taking serious note of the prevailing laxity and the formalistic ritual with which the Action Taken Notes (ATNs) on the non-selected Audit Paras are generally furnished, the Committee at their sitting held on 8th August 2000 decided to examine all the ATNs and, if necessary, to take oral evidence of the concerned Ministries/Departments. The decision of the Committee was, accordingly, reiterated by the Government to all the Ministries/Departments. Pursuant to their decision to consider and examine even the non-selected paras, and considering the relative significance of the subject relating to purchase of residence for Head of Post/ Consul General abroad by the MEA and the need for effecting economy and prudence in Government expenditure, the Committee took oral evidence of the representative of the MEA. Keeping in view the objectives of ATNs to strengthen the accountability procedures, bring systemic improvement, effect austerity, pinpoint failures and lapses and take deterrent action, the Committee urge upon all the Ministries/Departments to ensure that the ATNs are prepared expeditiously within the stipulated time with due care.

[Sl.No. 11-12, Appendix II Para 20 of 27th Report of PAC
(13th Lok Sabha)]

Action Taken

A Monitoring Committee to review follow-up action on CAG/PAC paras has been formed under the chairmanship of Secretary (ER) & comprising officials of the Administration, Establishment, Finance Divisions in the Ministry of External Affairs as well as representative from the office of the Director General of Audit (Central Revenues). The first meeting of the Monitoring Committee was held on 7th January 2002 which chalked out an action agenda for speedier action on the disposal of ATNs. It was also decided to hold review meetings at three months interval and the next meeting is scheduled to take place soon. Minutes of the first meeting of the Monitoring Committee are placed below for reference.

(Ministry of External Affairs O.M. No. Q/Prop-I/734/1/2002 dated 3.1.2003)

Vetted comments by Audit

Vide DGACR's U.O. No. RR/4-9/2002-03/1712 dated 31.3.2003:

Audit has no comments to offer.

Sd./-

(K.V. Bhagirath),

Joint Secretary (Establishment)

(Ministry of External Affairs O.M. No. Q/Prop-I/734/1/2002 dated 25.4.2003)

FINANCE DIVISION

Subject: Minutes of the first Meeting of the Monitoring Committee to review follow-up action on CAG/PAC paras held on 07-01-2002 at 15.00 hrs. under the Chairmanship of Secretary (ER) in Committee Room, South Block, Ministry of External Affairs; New Delhi

Present:

1. Sh. Shashank, Secretary (ER)
 2. Sh. P.L. Goyal Additional Secretary (AD)
 3. Sh. M.M.K. Sardana, Additional Secretary (FA)
 4. Ms. Latha Reddy, Joint Secretary (AD)
 5. Sh. K.V. Bhagirath, Joint Secretary (Estt)
 6. Sh. Amarendra Khatua, Director (Finance)
 7. Sh. A.K. Sinha, Director (Estt & FD)
 8. Sh. A. Verma, Sr. Accounts Officer, AGCR
 9. Sh. R.T. Raja, Under Secretary (Finance-IV)
2. Secretary (ER) opened the meeting and AS (FA) provided the background for setting up the Monitoring Committee. He made the following observations:
- (i) The number of outstanding para against MEA is on the increase and Public Accounts Committee has in recent times shown concern on non-settlement of Audit Paras by various Ministries. A public interest litigation case had been filed against the Government of India on non-settlement of Audit Paras for which the then Cabinet Secretary had to appear before the Court.
 - (ii) Under instructions of the then Cabinet Secretary, Monitoring Committees have been set up in all Government Ministries. These Committees have been entrusted with monitoring the progress made in settlement of audit paras, in order to expedite follow-up action to be taken by various Divisions of the respective Ministries to bring down the pendency rate of audit paras.
 - (iii) The rate at which audit Paras pertaining to MEA are going up would be evident from the following figures: (a) opening balance of outstanding paras as on 01-04-2001-2340 (b) Paras added/raised during 2000/2001—605 (c) Paras settled during the year 2000/2001-386 (d) Paras outstanding as on 31-03-2001—2559 picked up which in turn becomes prominent for consideration by the PAC. A case in point is the 37th Report of the PAC pertaining to this Ministry which was presented to Lok Sabha on 18th December 2001 entitled “Purchase of Residence for Consulate General

of India at Frankfurt.” One of the main reasons for selection of this para by the PAC was due to the inordinate delay in replying to this audit para at its initial stages. In its report PAC has the following observation to make: “The Committee note that the draft Audit para relating to the matter was referred by the audit to the MEA in May 1996, but since the MEA did not reply until December, 1996. the CAG eventually reported the matter to the Parliament.” The report further stated “In order to ensure that our Embassies/Missions and High Functionaries in them adhere to the governmental instructions scrupulously and observe the principles of financial property and prudence as contained in GFR, the Committee recommend that the MEA put institutional arrangements in place for regular review of pending ATNs, respond to draft audit paras within the stipulated time frame and see that facts and figures quoted by Audit are correct at draft para stage before their final inclusion in the Reports of C&AG”.

- (v) As of 1998 there were no CAG paras pending against MEA however this has now grown to 20 paras as of December 2001 (1999—2 paras, 2000—6 paras and 2001—12 paras). It is therefore, necessary that various Heads of Division under whose charge these audit paras appear have to pay personal attention to the pending Audit paras in order to liquidate these paras quickly.
- (vi) Bulk of the audit paras in MEA pertains to the CPV Division and the Establishment Division. There is an increasing tendency of Missions/Posts to place, on the back burner, matters raised by the audit team soon after the conclusion of the visit. This tendency should be reversed in such a way that audit reports are taken very seriously in order to settle them within a reasonable time frame.
- (vii) A Nodal Officer should be appointed in each Passport Office and Missions/Posts including those Divisions in MEA. These Nodal officers should closely monitor the progress on pending Audit Paras and report the same to the Finance Division on a Quarterly basis.

3. AS (AD) reiterated the fact that the Administration would put in place a mechanism in order to make all concerned offices, Missions and Posts to take urgent action for liquidating audit paras that are pending against them. In addition to the monitoring system that could be put in place, there has to be constant review of all pending paras and in our Missions, the Head of Chanceries should be asked to pay more attention for the early disposal of Audit paras. In fact, the annual report of the Missions/Posts may include a paragraph for the disposal of pending Audit paras.

4. Concluding the meeting, Secretary (ER), agreed on the fact that the root cause for the selection of CAG/PAC paras were the non-settlement within reasonable time frame, audit paras of the Internal audit/Statutory Audit reports. He proposed the following action:

- (a) All concerned Heads of Division to take speedy action on the disposal of ATNs that are currently pending at various Offices/Departments/Ministries, so that all action is completed for final submission of the ATNs to AGCR's office.

- (b) The representative of AGCR Office was requested to forward to MEA all the Draft ATNs that has been submitted for vetting so that MEA can take further action for the submission of the Final ATNs.
- (c) AS (AD) to write to all HoMs/HoPs for the appointment of a Nodal Officer who would coordinate with the HoC's of the respective Missions/Posts in closely monitoring the process of disposal of all pending paras. The Nodal Officer will also be responsible for forwarding a Quarterly Report to the Finance Division on the status of all pending Audit paras against the Mission/Post.
- (d) Henceforth, the Annual Report/Annual Action Plan submitted by all Missions/Posts should also include a paragraph on the number of pending/settled Audit paras.
- (e) HoMs/HoPs to hold a Quarterly Meeting in order to take stock of various pending Audit paras against their respective Missions/Posts.
- (f) Similar action as indicated at (d) and (e) above to be implemented in all Passport Offices.

5. It was also decided that a review meeting of the Monitoring Committee would be held at three months interval in order to take stock of the implementation of various decisions taken by the Monitoring Committee. The next meeting of the Monitoring Committee will take place in April/May 2002.

MINISTRY OF EXTERNAL AFFAIRS

Recommendation

23. The Committee note that the draft Audit para relating to the matter was referred by the Audit to the MEA in May 1996 but since the MEA did not reply uptill December 1996, the C&AG eventually reported the matter to Parliament. The Committee further note that to the specific query in the format for furnishing Action Taken Notes, requiring the Ministry to say whether they agree with the facts and figures included in the Audit Paragraph, the MEA replied in the affirmative. The MEA also responded in the affirmative with regard to the conclusions drawn by audit in the matter. Further, the MEA held out the assurance with respect to the Audit recommendation to dispose of the property and to purchase another property by stating that the recommendation has been noted and that the Missions have been instructed to exercise restraint and to avoid expenditure on inessential and expensive appurtenances. The Committee, however, found that during the evidence, the Foreign Secretary made the volte-face by stating that there were two different proposals with regard to purchase of a property to serve as a residence for Head of Post at Frankfurt and that the factual position should have been properly explained to the Audit. In view of the fact that oral deposition of the Foreign Secretary was diametrically opposite to what was stated in the written reply, the Committee gave yet another opportunity to the MEA to furnish their revised factual note in the matter. The Committee observe that in their revised note the MEA eventually agreed with the facts, figures and conclusions of the Audit with regard to the property in question. The Ministry have thus chosen to reply to Parliament on a

matter under their scrutiny without exercising proper care. Such an attitude of callousness is very unfortunate and totally unacceptable. The Committee, while refraining from taking further steps for furnishing incorrect information to Parliament, would like to caution and admonish the MEA against this attitude and want them to show utmost care and prompt attention to Audit observations which highlighted many acts of omissions and commissions in our Embassies/Missions spread all across the globe which would have remained detected but for searching Audit scrutiny. In order to ensure that our Embassies/Missions and the high functionaries in them adhere to the governmental instructions scrupulously and observe the principles of financial propriety and prudence as contained in the General Financial Rules, **the Committee recommend that the MEA put institutional arrangement in place for regular review of pending ATNs, respond to draft Audit paras within the stipulated time and see that facts and figures quoted by Audit are corrected at draft para stage before their final inclusion in the Reports of C&AG.** The Committee hardly need to reiterate that all questions of facts on which Audit conclusions are based ought to be resolved before their inclusion in the Reports of C&AG which stand committed to the PAC once tabled in Parliament.

[Sl. Nos. 14-17, Appendix II Para 23 of 27th Report of PAC
(13th Lok Sabha)]

Action Taken

In line with the recommendations of the PAC, a Monitoring Committee has been constituted by the Ministry of External Affairs, under the Chairmanship of Secretary (EAA), which reviews action taken on CAG/PAC paras. The Monitoring Committee has suggested putting in place institutional mechanism for timely action by concerned Division or Mission/Post for the settlement of outstanding suggestions *inter-alia*, include nomination of a nodal officer by each Mission/Post and submission of report by the nodal officer every three months and introduction of a software for regular review of action taken on outstanding Audit paras. The matter is receiving attention on a priority basis from the Ministry.

(Ministry of External Affairs, O.M. No. Q/Prop.I/734/1/2002 dated 3.1.2003)

Vetted comments by Audit

Vide DGACR's U.O. No. RR/4-9/2002-03/1712 dated 31.3.2003:

Ministry's action may be accepted.

Action Taken/Further reply of the Ministry

Does not arise.

Sd/-

(K.V. Bhagirath)

Joint Secretary (Establishment)

(Ministry of External Affairs, O.M. No. Q/Prop.-I/734/1/2002 dated 25.4.2003)

CHAPTER III

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

MINISTRY OF EXTERNAL AFFAIRS

Recommendation

21. Audit scrutiny has revealed that the need for economy in government expenditure and the functional requirements of the position of Head of Post/Consul General of India (CGI) at Frankfurt were not kept in view by the MEA while according sanction for the purchase of a property to serve as the residence for Head of Post who is of the level of Joint Secretary to Government of India. Audit has described the aforesaid property as containing a big garden, four bedrooms, kitchen, storeroom, guest room, study room, hobby room and garage. In addition, it contained a heated indoor swimming pool with a sauna bath cabin and a separate shower room but without any recorded justification as to whether such facilities were considered necessary to be purchased at a cost 60 percent higher than the economic cost computed by MEA. According to Audit, the MEA, incurred recurring expenditure on maintenance of the Swimming Pool amounting to Rs. 6,44,772 between 1993 to 1995 alone in addition to other expenditure, which were not quantifiable.

[Sl. No. 12-13, Appendix II Para 21 of 27th Report of PAC
(13th Lok Sabha)]

Action Taken

It may be noted that the economic cost of DM 1 million, on which the audit objection has been based, was computed for a built-up area of 320 sqm only indicated in the preliminary proposal sent by the Post on 18th November 1998. However, comprehensive details with exact area measurements of the property were communicated with revised proposal in February 1989. This indicated a built-up area of 442 sqm. on a plot of 1982 sqm. Based on fresh inputs, revised economic cost calculations were made, which indicated that it would be economically viable proposition to purchase the price within total cost of DM 1.699 million. Thus, the economic cost for the property purchased amounted to nearly DM 1.7 million and not DM 1.6 million. The property purchased for DM 1.6 million was thus within its economic cost.

(Ministry of External Affairs O.M. No. Q/Prop-I/734/1/2002 dated 3.1.2003)

Vetted comments by Audit

Vide DGACR's U.O. No. RR/4-9/2002-03/1712 dated 31.3.2003:

From the Ministry's reply it appears that there were two different proposals sent by

the Post *i.e.* one on 18th November 1988 and another in February 1989. This is not acceptable as Ministry had earlier accepted audit objection vide their ATN on Para No. 4.3 of Report of C&AG (No. 2 of 1997). Even if it is accepted that there were two proposals, Ministry approved the first proposal at the economic cost of DM 1 Million. It, without doubt, establishes that the proposed residence was quite suitable and second proposal at a cost of DM 1.7 Million should have not been considered at all.

Action Taken/Further reply of the Ministry:

Proposal pertained only to a single property. While, the earlier calculations of economic viability were based on the sketchy details sent by the Mission in November 1988, a comprehensive proposal with full details was received in February 1989. Purchase approval for the property was authorized after establishing the economic cost of the same property in light of proper and complete information then received.

(K.V. Bhagirath)

Joint Secretary (Establishment)

(Ministry of External Affairs O.M. No. Q/Prop-I/734/1/2002 dated 25.4.2003)

MINISTRY OF EXTERNAL AFFAIRS

Recommendation

22. Asked to explain the functional necessity of buying the property with such appurtenances as indoor heated swimming pool and sauna bath involving large recurring expenditure as pointed out by Audit, the MEA stated that in order to discharge his official and representational obligations in a befitting manner, it is essential that the residence of Head of Post is adequate and has amenities which are useful and that the large representation area in the residence including the swimming pool primarily serve the representational requirements of the Head of Post/CGI and not his personal daily requirements. The Committee note that the MEA have assured that while making future purchases of property, they would seek to avoid inessential and expensive appurtenances having recurring expenditure and that they have instructed the mission at Frankfurt to exercise restraint to meet any unnecessary expenditure on the maintenance of the swimming pool. The Committee find the MEA's reply rather non-committal as they have stated that the main Audit recommendation to dispose of the property in question and to procure another property in its place has been noted. The Committee hope that the MEA would take appropriate action keeping in view the need for austerity in governmental expenditure and review the necessity for maintaining a property at such a prohibitive cost as the residence of Consul General/Head of Post. The Committee would also like to be apprised in due course as to the number of such residences having facilities like swimming pool, sauna baths etc. and the maintenance expenditure incurred thereon during the last three years.

[S. No. 13-14 Appendix II Para 22 of 27th Report of PAC
(13th Lok Sabha)]

Action Taken

As per real estate market evaluation, the prices of equally good accommodations, but without appurtenances like sauna bath, Jacuzzi etc. in localities befitting representational obligations of the Consul General, are currently much higher than the price paid in 1989, making it more costly for any exchange.

There are 53 residential properties abroad occupied by Heads of Mission/Heads of Post as well as Minister-level officers with one or more facilities such as swimming pool, sauna bath, tennis court, etc. expenditure of Rs. 90,33,297/- has been incurred during last three years on their repair & maintenance.

(Ministry of External Affairs, O.M. No. Q/Prop-I/734/1/2002, dated 3.1.2003)

Vetted comments by Audit

Vide DGACR's U.O. No. RR/4-9/2002-03/1712, dated 31.3.2003:

(i) The Ministry have stated that the prices of equally good accommodations with appurtenances are currently much higher than the price in 1989 making it more costly for any exchange. The contention is without any basis as the cost of present accommodation has to be taken at current price and not at a price paid in 1989. If Ministry wish to effect an exchange, comparison should be made at current prices of accommodations.

(ii) The Ministry may elaborate in ATN, the details of those 53 residential properties abroad having one or more facilities such as swimming pool, sauna bath etc. with year wise expenditure on them during last three years.

Action Taken/Further reply of the Ministry:

(i) Based on the detailed discussions with the real estate agencies and the market assessment made by the Post, it was noted that as per prevalent market scenario selling of the existing property and acquiring another property without appurtenances in question was not an economically viable proposition. Therefore, it is preferred to retain the existing accommodation. An exercise was made by the Post with the assistance of the real estate agencies to ascertain whether the existing property could be disposed off and in exchange another property with similar representational features, but without any appurtenances, could be purchased to the advantage of the Government. However, it was learnt that this would not be economically viable proposition. While the prices of the properties of comparable size and features in the comparable areas were between Euro 1.5 million to Euro 3 million (then Rs. 6.97 crores to Rs. 13.93 crores) the expected sale price of land of the existing property was found to be between Euro 1.2 million to Euro 1.6 million (then Rs. 5.57 crores to Rs. 7.43 crores). The evaluation of the structure could be made only through licences evaluators against substantive payment of Euro 3500/- equivalent then to Rs. 1.62 lakh, but the evaluated price of the structure was not likely to fill the gap between the fresh higher investment to be made and the lower return for the existing property. The gap would have widened with the substantive service charges/fees payable to the real estate agencies for both the transactions. The exercise of disposing of

existing property and acquiring a new property would entail financial loss to the Government.

(ii) Details of such properties and expenditure are enclosed *vide* Annexure 'A'.

Sd/-

(K.V. Bhagirath)

Joint Secretary (Establishment)

(Ministry of External Affairs, O.M. No. Q/Prop-I/734/1/2002, dated 25.4.2003)

List of Missions with Swimming Pool, Sauna Bath, etc.

Sl. No.		Station	Officer	Leased/ Owned	Rent [p.m.]	Carpet Area [sqm.]	Swimming Pool/ Sauna etc.	R&M Cost p.a. [Figures in Rupees]				Total cost
								1999-2000	2000-01	2001-02		
1	2	3	4	5	6	7	8	9	10	11		
1.	Muscat	Amb	Rented	3,18878	N.A.	Outdoor Pool (13.6x6.2m)	86,789	71,752	66,778	2,25,319		
2.	Sao Paula	CG	Rented	3,09,267	N.A.	Gym, Pool, Sauna, Tennis Court etc.	0.00	@	@	@		
3.	Sydney	CG	Rented	1,37,218	N.A.	Pool	0.00	0.00	6,000	6,000		
4.	Tehran	Minister	Rented	73,845	110	Outdoor Pool	0.00	0.00	0.00	0.00	15	
5.	Belgrade	Amb	Rented	1,32,543	124	Outdoor Pool (45 sqm)	0.00	7,991	11,994	19,985		
6.	Yerevan	Amb	Rented	2,44,600	151	Indoor Pool	0.00	0.00	0.00	0.00		
7.	Mahe	HC	Rented	98,245	170	Outdoor Pool (119 sqm.)	1,26,216	1,26,216	1,26,216	3,78,648		
8.	Brasilia	Minister	Rented	1,71,815	180	Pool	9,942	17,831	14,607	42,380		
9.	Saint Denies	CG	Rented	76,212	200	Outdoor Pool(20x10ft.)	14,522	9,469	8,360	32,351		
10.	Phnom Penh	Amb	Rented	1,96,360	220	Outdoor Pool (14x4m.)	67,472	98,021	1,19,064	2,84,557		
11.	Bahrain	Amb	Rented	2,46,433	224	Outdoor Pool	0.00	0.00	0.00	0.00		
12.	Ashgabat	Amb	Rented	1,47,270	235	Outdoor Pool (10 sqm.)	0.00	0.00	0.00	0.00		
13.	Lusaka	Amb	Owned	-	255	Outdoor Pool (10.5x5m)	3,10,984	13,74,378	3,47,739	20,33,101		
14.	Helsinki	Amb	Rented	2,10,140	265	Sauna Bath	0.00	0.00	0.00	0.00		

1	2	3	4	5	6	7	8	9	10	11
15.	Gaborone	HC	Rented	68,955	269	Small outdoor toy-pool	0.00	0.00	0.00	0.00
16.	Manila	Amb	Owned	-	287	Pool (18x4m)	7,771	21,249	16,641	45,661
17.	Madrid	Amb	Owned	-	298	Outdoor Pool (35 sqm.)	7,938	1,935	0.00	9,873
18.	Maputo	HC	Owned	-	300	Outdoor Pool (2x5m)	22,993	14,326	14,744	52,063
19.	Tel Aviv	Amb	Rented	6,99,532	312	Pool (75 sqm.)	1,37,443	1,99,943	2,35,888	5,73,274
20.	Lisbon	Amb	Owned	-	325	Outdoor Pool (130 cmtr)	1,97,344	55,981	77,300	3,30,625
21.	Pretoria	Minister	Owned	-	326	Outdoor Pool (11x4.5m)	@	@	@	@
22.	Berlin	Minister	Rented	1,72,753	340	Sauna Bath	0.00	0.00	0.00	0.00
23.	Bishkek	Amb	Rented	1,27,996	400	Indoor Dip & Sauna	0.00	0.00	0.00	0.00
24.	San Francisco	CG	Owned	-	405	Outdoor Pool	53,869	57,499	60,164	1,71,532
25.	Johannesburg	CG	Owned	-	412	Outdoor Jacuzzi, Outdoor Pool (6x12m) & Indoor Sauna Bath	0.00	15,004	36,166	51,170
26.	Frankfurt	CG	Owned	-	442	Total this Page Indoor Pool with sauna bath and WC (33.2 sqm)	10,43,283	20,71,595	11,41,661	42,56,539
27.	Jeddah	CG	Rented	2,11,075	450	Outdoor Pool (10x4m)	0.00	0.00	0.00	0.00
28.	Buenos Aires	Amb	Rented	3,10,345	493	Outdoor Pool	0.00	0.00	0.00	0.00
29.	Lima	Amb	Owned	-	500	Outdoor Pool	12,832	4,361	34,738	51,931
30.	Khartoum	Amb	Rented	1,74,270	500	Outdoor Pool (26 sqm)	0.00	0.00	0.00	0.00
31.	Tehran	Amb	Rented	6,79,374	500	Outdoor Pool	61,125	12,288	89,460	1,62,873
32.	Damascus	Amb	Owned	-	520	Outdoor Pool	22,906	25,363	50,009	98,278

33. Windhoek	HC	Owned	-	550	Outdoor Pool	22,332	21,704	17,464	61,500
34. Riyadh	Amb	Owned	-	557	Outdoor Pool (49.5 sqm)	13,264	8,113	1,55,037	1,76,414
35. Pretoria	HC	Owned	-	584	Outdoor Pool (12x5m)	@	@	@	@
36. Harare	HC	Owned	-	586	Outdoor Pool (40x20ft)	22,263	9,569	14,697	46,529
37. Almaty	Amb	Rented	2,95,200	612	Indoor Pool & Sauna Bath	0.00	0.00	15,694	15,694
38. Port Moresby	HC	Owned	-	636	Pool (34 sqm)	10,367	1,30,888	8,215	1,49,470
39. Kuala Lumpur	HC	Owned	-	669	Outdoor Pool [2588 ft 3)	52,384	65,527	73,592	1,91,503
40. Houston	CG	Owned	-	676	Pool	88,083	84,005	97,290	2,69,378
41. Panama	Amb	Rented	2,95,380	680	Indoor Pool	56,440	76,661	67,111	2,00,212
42. Dakar	Amb	Rented	2,55,133	686	Outdoor Pool	0.00	0.00	11,768	11,768
43. Abu Dhabi	Amb	Rented	4,27,631	770	Outdoor Pool (31.5 sqm)	2,88,946	78,234	81,727	4,48,907
44. Beirut	Amb	Rented	2,02,496	893	Indoor Pool	0.00	0.00	0.00	0.00
45. Brunei	HC	Rented	3,64,000	950	Outdoor Pool (51.5 sqm)	0.00	0.00	0.00	0.00
46. Rabat	Amb	Owned	-	953	Outdoor Pool (40 sqm) + one sauna bath	0.00	0.00	31,858	31,858
47. Kingston	HC	Owned	-	960	Outdoor Pool	4,84,698	4,41,368	5,92,620	15,18,686
48. Durban	CG	Owned	-	974	Pool	0.00	0.00	0.00	0.00
49. Singapore	Amb	Rented	6,75,676	1022	Outdoor Pool (89 sqm)	99,108	1,01,770	1,02,456	3,03,334
50. Yangon	Amb	Owned	-	1464	Outdoor Tennis Court	0.00	0.00	32,434	32,434
51. Brasilia	Amb	Rented	3,92,720	1600	Pool	0.00	0.00	0.00	0.00
52. Mexico	Amb	Owned	-	1789	Pool	31,818	34,598	34,212	1,00,628
53. Tunis	Amb	Owned	-	3000	Outdoor Pool (80 sqm)	12,075	12,137	23,276	47,488
Total this page						13,29,450	18,94,336	15,52,972	47,76,758
Progressive total for each year: 1999-2000						2000-2001	2001-2002	Total	
						23,72,233	39,65,931	26,94,633	90,33,297
						Total Expenditure during the last three years: Rs. 90,33,297/-			

@No separate figures for such expenditure are available

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND REQUIRES REITERATION:

Recommendation

It was submitted to the Committee that it is not desirable to fix universal norms for the residence of heads of Missions and Heads of Posts, and that, at present, space norms exist only for accommodation up to the level of Counsellors equivalent to Directors to Government of India. The Consul-General at Frankfurt being of the rank of Joint Secretary to the Government of India, no norms exist for his residence. The Committee consider the contention of the MEA rather untenable that universal norms are not desirable for the residence of diplomatic officials posted abroad such as the Consul General of India (CGI). The Committee are of the considered view that laying of norms for the residence of all diplomatic officials is both desirable and feasible and therefore, recommend that the MEA should devise clear norms for the residence of all diplomatic officials posted abroad with a certain degree of built-in flexibility to allow for local variations, if so warranted. The Committee hope that the MEA would certainly evolve suitable norms in this behalf in due course.

Reply of Ministry of External Affairs

* * * * *

2. As for point 24 of the recommendations for fixation of area norms for accommodations of HOM/HOP level officers, a further reply will follow. Since the question is being examined in consultation with the concerned authorities, it may take upto three months for a final reply to be ready.

* * * * *

(K.V. Bhagirath)
Joint Secretary (Establishment)

[Ministry of External Affairs O.M. No. Q/Prop-I/734/1/2002 dated July 11, 2003]

Most Immediate

Ministry of External Affairs
(Establishment Division)

Q/Prop.I/734/1/2002

June 4, 2004

OFFICE MEMORANDUM

Subject:- Action Taken Note on the recommendations contained in the 27th Report of the Public Accounts Committee, 13th Lok Sabha (Para 4.3 of Report No. 2 of 1997 of C&AG of India) related to 'Purchase of residence for Consul General of India at Frankfurt'.

Reference OM No. 18/1/3/2000/PAC dated 31.5.2004 reminding this Ministry on the Action Taken Note on the above subject with regard to Para 24 of the Report regarding fixation of area norms for residences of the officers of the Ministry above the level of Counsellor serving in Missions and Posts abroad.

2. The process of fixation of the area norms of officers of the level of Ministers and Heads of Missions and Posts abroad is underway. The exercise involves consultation with the Missions on local representational obligations as well as security scenario. The Ministry is actively examining the issue in its overall context and hope and to send the requisite ATN in the next three months.

(K.V. Bhagirath)
Joint Secretary (Establishment)

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH THE
GOVERNMENT HAVE FURNISHED INTERIM REPLIES

—NIL—

NEW DELHI;
27 October, 2004
5 Kartika 1926 (Saka)

PROF. VIJAY KUMAR MALHOTRA,
Chairman,
Public Accounts Committee.

PART II

MINUTES OF THE THIRD SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2004-2005) HELD ON 28 SEPTEMBER, 2004

The Committee sat from 1600 hrs. to 1745 hrs. on 28 September, 2004 in Room No. "139", Parliament House Annexe, New Delhi.

PRESENT

Prof. Vijay Kumar Malhotra — *Chairman*

Lok Sabha

2. Shri Ramesh Bais
3. Shri Khagen Das
4. Shri Raghunath Jha
5. Shri Brij Bhushan Sharan Singh
6. Shri Ram Lakhani Singh
7. Shri Tarit Baran Topdar

Rajya Sabha

8. Shri Prasanta Chatterjee
9. Shri R.K. Dhawan
10. Shri V. Narayanasamy
11. Shri C. Ramachandraiah
12. Shri Jairam Ramesh
13. Prof. R.B.S. Varma

SECRETARIAT

- | | | |
|------------------------|---|-----------------|
| 1. Shri S.K. Sharma | — | Joint Secretary |
| 2. Shri Ashok Sarin | — | Director |
| 3. Shri N.S. Hooda | — | Under Secretary |
| 4. Smt. Anita B. Panda | — | Under Secretary |

Office of C&AG of India

- | | | |
|-------------------------|---|-----------------------|
| 1. Smt. Anusua Basu | — | ADAI |
| 2. Dr. A.K. Banerjee | — | Director General |
| 3. Shri Roy S. Mathrani | — | Pr. Director of Audit |

2. At the outset, the Chairman, PAC welcomed the Members of the Committee to the sitting of the Committee. The Chairman informed the Members that the sitting has been convened to take oral evidence of the representatives of the Ministry of Health & Family Welfare (Department of Health) regarding the functioning of AIIMS. He then stated that he was a Member of the Governing Body of the All India Institute of Medical Sciences (AIIMS), which is not a Committee constituted by Government and that he was not nominated by the Government. He added that he was elected Member of Parliament to the Governing Body and was representing Parliament in that Body.

3. The Chairman then invited the attention of Hon'ble Members to the provisions contained in the Direction 52A of the Directions by the Speaker wherein it is stated that "where a Member of a Committee has a personal, pecuniary or direct interest in any matter which is to be considered by the Committee, he shall state his interest therein to the Speaker through the Chairman of the Committee". The Chairman indicated that he had no personal interest whatsoever, in the functioning of AIIMS and sought opinion of the Members whether he could preside over the meeting. The Members unanimously opined that the Chairman should chair the sitting.

4. Before the evidence, the Committee took up for consideration and adoption of the following reports:—

- (i) ***
- (ii) Action taken on the recommendation contained in 27th Report of PAC (13th Lok Sabha) relating to "Purchase of residence of Consulate General of India of Frankfurt."

5. The Committee adopted these draft reports without any modifications/ amendments. The Committee authorized the Chairman to finalise the draft reports in the light of changes suggested by Audit through factual verification, if any, or otherwise and to present the same to the Parliament.

6. Thereafter, the Officers of the Office of C&AG of India briefed the Committee on the specific points arising out of Paragraph No. 1 of Audit Report No. 4 of 2001. The representatives of the Ministry of Health & Family Welfare (Department of Health) and AIIMS were called and the Committee commenced the oral evidence. The evidence on the subject was not completed and the Committee decided to continue it on 29th September, 2004.

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

The Committee then adjourned.

APPENDIX

STATEMENT OF CONCLUSIONS AND RECOMMENDATIONS

Sl. No.	Para No.	Ministry/ Department concerned	Conclusions and Recommendations
1	2	3	4
1.	1.7	External Affairs	While responding to the Committee's recommendation to review the necessity for maintaining a property at prohibitive cost as the residence of the Consul General of India at Frankfurt, the Ministry of External Affairs in their reply have stated that as per the prevalent market scenario, selling of the existing property was not an economically viable proposition. While referring to the Real Estate Agencies exploring the possibilities of such an arrangement, the Ministry have stated that such an exercise would entail financial loss to the Government. In view of the Government's reply, the Committee at this juncture would not press for disposal of the existing property at Frankfurt. However, the Committee would like the Ministry to ensure that whenever in future the proposals are received from Missions/Posts abroad for purchase/hire of properties, such proposals should be strictly evaluated with a view to discouraging the purchase of properties with avoidable expensive appurtenances to enforce financial discipline in Government expenditure.
2.	1.8	-do-	According to the Ministry of External Affairs, there are 53 residential properties abroad occupied by Heads of Missions/Heads of Posts as well as Minister-level officers with one or more facilities such as swimming pool, sauna bath, tennis court etc. and expenditure of about Rs. 90 lakhs has been incurred during last three years on their repair and maintenance. A Statement furnished by the Ministry of External Affairs reveal that there are certain Missions/Posts at Muscat, Mahe, Phnompenh, Lusaka, Tel Aviv, Lisbon, Frankfurt, Houston, Abu Dhabi, Kingston and Singapore where expenditure being incurred on repair and maintenance per annum is quite large as compared to that on other

1	2	3	4
			Missions/Posts. The Committee would, therefore, like the Government to examine the reasons therefore and take appropriate remedial steps to ensure that such expenditure on the facilities mentioned above on these Missions is kept to a reasonable limit. The Committee would like to be informed about precise steps taken in this regard.
3.	1.11	External Affairs	<p>The Committee had observed in their Original Report that laying of norms for the procurement of residence of all diplomatic officials posted abroad is both desirable and feasible to bring about uniformity in the facilities provided and had therefore recommended that clear-cut norms should be devised. The Committee are constrained to point out that even after more than two years of the presentation of the Original Report, the Government have not devised these norms so far. Although the Ministry of External Affairs had informed the Committee initially in July, 2003 that the Ministry were examining the issue in consultation with concerned authorities and a final reply in this regard will be sent in three months, i.e. October, 2003, the Ministry, at the instance of the Committee, have intimated (4th June, 2004) that they are still examining this issue and hope to send the final reply only in the next three months. Such prevarication only seems to suggest that the Ministry of External Affairs have not treated this matter with the seriousness that it deserved. Inaction on the part of the Ministry for so long is nothing but regrettable. The Committee express their displeasure over the inordinate delay in finalisation of the requisite norms. The Committee direct the Ministry to take immediate action in the matter and lay down the norms indicating <i>inter-alia</i> the guidelines/parameters governing the procurement of residence of all diplomatic officials posted abroad within the time-period assured by them in their communication dated 4th June, 2004 and report compliance thereof immediately after the presentation of this Report to Parliament.</p>