

**PROPERTY MANAGEMENT BY
MINISTRY OF EXTERNAL AFFAIRS**

MINISTRY OF EXTERNAL AFFAIRS

**PUBLIC ACCOUNTS
COMMITTEE
2008-2009**

SEVENTY-FIFTH REPORT

FOURTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

SEVENTY-FIFTH REPORT

PUBLIC ACCOUNTS COMMITTEE (2008-2009)

(FOURTEENTH LOK SABHA)

PROPERTY MANAGEMENT BY MINISTRY OF EXTERNAL AFFAIRS

[Action Taken on 51st Report of Public Accounts Committee (14th Lok Sabha)]

MINISTRY OF EXTERNAL AFFAIRS



Presented to Lok Sabha on

Laid in Rajya Sabha on

LOK SABHA SECRETARIAT
NEW DELHI

August, 2008/Sravana, 1930 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

(2008-2009)

Prof. Vijay Kumar Malhotra—*Chairman*

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| 5. Smt. Anju Kukreja | — | <i>Committee Officer</i> |

INTRODUCTION

I, the Chairman, Public Accounts Committee, as authorised by the Committee, do present this Seventy-fifth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 51st Report (14th Lok Sabha) on “Property Management by Ministry of External Affairs”.

2. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 14th August, 2008. Minutes of the sitting 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.

5. The Committee also place on record their appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached with the Committee.

NEW DELHI;
21 August, 2008

30 Sravana, 1930 (Saka)

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

PAC No. 1877

Price: Rs. 45.00

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Twelfth Edition) and Printed by the General Manager, Government of India Press, Minto Road, New Delhi-110002

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Fifty-first Report (14th Lok Sabha) on Report of the C&AG of India (Entire Report) for the year ended 31 March, 2004 (No. 17 of 2005), Union Government (Civil-Performance Audit) relating to "Property Management by Ministry of External Affairs".

2. The Fifty-first Report (14th Lok Sabha) which was presented to Lok Sabha on 24th August, 2007 contained 17 Observations/Recommendations. The Action Taken Notes in respect of all the Observations/Recommendations have been received from the Ministry of External Affairs and are broadly categorized as follows:

- (i) Observations/Recommendations which have been accepted by Government:
Sl. Nos. 1-7, 9,10, 12-16 and 17
(Paragraph Nos. 77-83, 85,86,88-92 and 93)
- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of Government replies:
-NIL-
- (iii) Observations/Recommendations replies to which have not been accepted by the Committee and which require reiteration:
Sl. Nos. 8 and 11
(Paragraph Nos. 84 and 87)
- (iv) Observations/Recommendations in respect of which Government have furnished interim replies:
-NIL-

3. In their 51st Report on the subject, the Committee had examined the performance of Ministry of External Affairs with regard to various property management issues such as acquisition of land, construction of projects, renovation of built-up properties, upkeep of properties as also their disposal. The Committee's scrutiny had revealed that the entire system of management of properties by the Ministry of External Affairs was characterized by delays both in acquisition and construction of properties abroad as well as in India which resulted in expenditure on rentals continually increasing over the years. The Ministry of External Affairs had not utilized the capital outlay for public works and housing in full and funds remained under-utilized under both the heads. Ministry of External Affairs could not commence construction on 14 plots of land abroad and six in India for years together owing to delay in finalization of pre-construction requirements. In a few

places, Government owned properties were lying vacant awaiting disposal, in some other places, properties were purchased but their titles were not got transferred in the name of the Government of India even after a lapse of more than 10 years.

Gist of Committee's Observations/Recommendations

4. The Committee have made the following important Recommendations in their 51st Report on the subject:

- (i) The Committee have asked the Ministry of External Affairs to streamline their project planning mechanism in regard to property management and budgetary provisions.
- (ii) The Ministry of External Affairs have been urged to expedite all the pre-construction activities in regard to their projects, such as finalisation of design brief, appointment of consultants etc. and ensure execution of these projects at all the stations within the targeted time-frame through a specific monitoring plan for each project.
- (iii) The Committee have desired the Ministry to put in place appropriate systems under their Project Division so that avoidable delays for re-development/re-construction of properties do not recur and the Missions are also galvanized to make every possible effort to minimize the rental outgo on leased accommodation.
- (iv) The Committee have recommended to list out all the properties lying vacant for long periods and prioritize the same for prompt disposal. Besides, they should formulate an action plan for timely disposal of properties in order to avoid further deterioration in their condition and possible reduction value.
- (v) The Ministry of External Affairs should exercise more effective supervision over the Missions/Posts abroad to ensure that irregular expenditure on rented accommodations in excess of prescribed rental ceilings did not become a regular feature.
- (vi) The Committee, while taking a serious view of the retention of vacant leased accommodation beyond the stipulated period recommended that the Ministry of External Affairs should conduct a thorough enquiry into instances of such delinquency by the Missions, particularly the role of the Heads of Missions.
- (vii) The Ministry have been urged to chalk out a time-bound action plan to ensure optimum utilization of their residential complex in Pappankalan (Dwarka) and also to ask the Directorate of Estates to allot the vacant flats to Government employees of other Departments/Ministries.
- (viii) The Ministry of External Affairs have been urged to revamp their inspection machinery so that the working of Indian Missions/Posts abroad in regard to property management is supervised in a more effective manner.
- (ix) The Committee have recommended the Ministry to streamline and revitalize their Project Division for better control over their Missions so that they do not incur unauthorized and imprudent expenditure on rentals, repairs, maintenance etc.

The Government have accepted most of the recommendations made by the Committee. The Action Taken Notes furnished by the Ministry on the various Observations/Recommendations of the Committee contained in the Report have been reproduced in the relevant Chapters of this Report. Action Taken by the Government on some of the recommendations have been discussed in detail in the succeeding paragraphs.

**Under-utilisation of funds
(Sl. No. 3, Paragraph 79)**

5. The Committee had noticed that while substantial expenditure was incurred on rentals, funds to the extent of 53.9% to 75.7% remained unutilised under capital outlay on Housing-Government Residential Buildings during the years 1999-2000, 2001-2002, 2003-2004 and 2004-2005. Similarly, percentage of non-utilization of funds under capital outlay on Public Works-Construction was also as high as 54.5 to 82.5 during the period 2001-2002 to 2004-2005. Recurring unspent provisions under the capital head clearly indicated that the Ministry of External Affairs (MEA) had been hiring more and more properties abroad, entailing large rentals, instead of investing in construction/acquisition of new properties as budgeted. While disapproving of such an alarming trend, the Committee had recommended that the MEA should take their project and planning mechanism more seriously and make the projections meaningful and purposeful.

6. Specifying the Action Taken in this regard, the MEA stated in a note:

"The budget estimation process has been streamlined to make it more realistic. Following measures have been adopted for realistic estimation of funds:

- Preliminary estimates prepared by the Consultants and the time-line proposed by them are carefully and expeditiously examined;
- Phasing of expenditure on a project during a particular financial year and following years is carefully planned, in consultation with all concerned, and taking into account various processes and time-lines involved;
- Monitoring of expenditure by getting monthly progressive statements of expenditure, from Missions/Posts abroad and spending units in India, has been introduced, for constant monitoring of actual budget utilization, thereby facilitating necessary adjustments at Revised Estimates and Final Estimates stages; and
- Every effort is made to ascertain carefully local procedures, requirements of authorities in charge of local approvals, service connections etc. so that problems could be anticipated, to the extent possible, and advance action taken as necessary to avoid or minimize time and cost over-runs."

7. The Committee note that in pursuance of their recommendation, the Ministry of External Affairs have initiated several measures to streamline their budget estimation process and to make it more realistic and meaningful such as careful and expeditious examination of preliminary estimates, phasing of

expenditure on a project by way of careful planning, monitoring of expenditure by getting monthly progressive statements of expenditure from the Missions/Posts abroad and spending units in India etc. The Committee desire that these measures should be constantly reviewed so that incident of under/non-utilisation of funds particularly under the capital heads of the Grant does not recur. The Missions should be instructed to invest these funds in construction/acquisition of new properties instead of showing unspent provisions year after year under these heads and continue hiring more and more properties. The Ministry of External Affairs must overcome their laxity and ensure timely receipt of the monthly progress statements of expenditure from Missions/Posts abroad to facilitate realistic estimates at revised estimates and final estimates stages. The Committee would like to be apprised about the utilization of budget allocation for the years 2007-08 and 2008-09.

**Steadily increasing rentals
(Sl. No. 4, Paragraph 80)**

8. In their original Report, the Committee had noted that the delays in construction of owned buildings on the part of MEA/Missions/Posts resulted in rental expenditure increasing from Rs. 163.85 crore in 1999-2000 to Rs. 215.37 crore in 2004-2005. While deploring the delay and laxity on the part of the MEA to take corrective steps, the Committee had accepted that the action plan formulated by the MEA now would result in making the property management process more organized and systematic with significant reduction in the rental outgo.

9. As regards the steps taken to reduce the rental liability, the MEA stated as under:

"The Ministry has taken several concrete steps to acquire properties abroad, in order to reduce rental liabilities.

- Enhanced delegated powers, for purchases and for construction abroad including renovation, have been obtained from the Ministry of Finance.
- Ministry has circulated detailed guidelines for purchase of property to all the Missions to enable them to send viable proposals.
- To expedite purchase decisions, the Ministry sends empowered teams from Headquarters, for inspection of properties short-listed by Mission, and to make recommendations for purchase.
- These recommendations are then processed for urgent approvals.
- As a result, four built-up properties were purchased in 2005-06 (two in Ulaan Baatar, and one each in Paris and Bareilly) and six properties have been purchased in 2006-07 [In Buenos Aires (2 properties), Beirut, Caracas, Thane and Raipur]. In 2007-08, one property has been purchased in Bogota, and purchase of another property in Tripoli has been approved (registration underway).

- Purchase proposals for properties at following stations are currently under consideration:
Hamburg — Residence for Consul General
Sofia — Embassy Residence
Milan — Chancery, Embassy Residence and staff residences
- The process of acquisition of additional properties will contribute to reduction of rental liability."

10. The Committee note that as a result of the steps taken to reduce the rental liability, the MEA had purchased four built-up properties in 2005-06, six in 2006-07 and one property in 2007-08. The Committee have also been informed that purchase proposals for properties at Hamburg, Sofia and Milan stations are currently under consideration. The Committee hope that MEA would take immediate steps to finalise the purchase proposals at the earliest at these stations. They should also monitor the compliance of the guidelines issued by them for purchase of property by all missions so that these are not treated in a routine manner but are strictly adhered to with concrete results.

**Delays in construction on acquired land
(Sl. No. 6, Paragraph 82)**

11. In their earlier Report, the Committee had noted that the Ministry was not able to commence construction at 14 stations abroad for years together owing to delays in acquisition of land, appointment of consultants, finalisation of designs, cost estimates, obtaining approval of local authorities etc. Such delays resulted in recurring expenditure of Rs. 11.80 crore per annum on rentals and idling of capital of Rs. 13.81 crore on properties lying unutilized besides entailing increase in the cost of construction with time. The Committee had asked the Government to apprise them about the progress of work in all these projects, and had stressed the need for expediting all the pre-construction activities such as finalisation of design brief, appointment of consultants etc., and execution of these projects within the targeted time-frame through a specific monitoring plan for each project.

12. In their Action Taken Note submitted to the Committee, the MEA stated as under:

"Since its setting up in February, 2005, Projects Division of the Ministry has exclusively focussed on construction/renovation/purchase and property management. Substantial progress has been made, as elaborated below, including on 23 construction/renovation projects reviewed by the august Committee:

- The Embassy complex at Muscat has been completed in November, 2007. The Foreign Service Institute Complex and the AALCO Building in New Delhi have also been completed in December, 2006 and December, 2007 respectively. The renovation of Permanent Representative's Residence in Geneva was completed in May 2007, and that of Embassy Residence in Tokyo has also been completed in October, 2007.
- Construction of eight projects at a total cost of Rs. 606 crores has commenced. Work at Jawaharlal Nehru Bhawan (MEA Headquarters)

commenced in November, 2006 and expected date of completion is July, 2009. Work at Canning Lane (Hostel), and Chanakyapuri Officers residential projects in New Delhi is also in progress and is likely to be completed in the next financial year. Construction at the Embassy and Residences complexes in Kathmandu commenced in November, 2007 with an expected completion period of 30 months. Construction at the Chancery and Residences project in Beijing commenced in October, 2007 and is likely to be completed by October, 2008. Construction work at the Chancery and Residences redevelopment project in Tokyo started in July, 2007 and is expected to finish in July, 2009. The reconstruction project in Singapore started in August, 2007 and is likely to be completed by October, 2008.

- Some major construction/renovation projects are expected to be awarded for construction in the coming months. These include the projects in Islamabad, Kabul, London, Brasilia, Dhaka, Budapest, Tashkent and Warsaw.
- In Abuja, due to exorbitant bids, the tender would have to be recalled. In order to achieve economy of scale and to get more competitive bids, the Chancery project is being combined with the Residences project.
- The projects in Port Louis, Paramaribo, Dar-es-Salaam, Doha, Port of Spain and Nicosia are under different stages of pre-construction activity. Every possible effort is being made to bring these projects also to tender/construction stage at the earliest."

13. The Committee are constrained to observe that construction of eight projects at a total cost of Rs. 606 crore has commenced only after being pointed out by the Committee in their Report. The Committee would expect the MEA to keep strict watch over these projects to ensure their timely completion and to apprise the Committee about the progress made thereon.

Disposal of GOI owned properties

(Sl. No. 8, Paragraph 84)

14. The Committee in their earlier Report had observed that four Government owned properties at Bangkok, Damascus, Dar-es-Salaam and Bonn were awaiting disposal which resulted in idling of capital of Rs. 1.30 crore, besides reduction in sale value. While taking a serious note of this situation, the Committee had recommended that the MEA should now list out all the properties lying vacant for long periods and prioritise the same for prompt disposal. The Ministry should also formulate an action plan for timely disposal of properties in order to avoid further deterioration in their condition and possible reduction in value.

15. While informing about the action taken for disposal/use of vacant properties, the MEA stated in their Action Taken Note as under:

"The Ministry is taking expeditious action for disposal/use of vacant properties. The position on the properties reviewed by the Committee is as under:

- The property in Bonn was sold in December, 2006.

- A new title deed for the vacant property in Dar-es-Salaam has been obtained, and Ministry has finalized the sale of this property. The transaction is likely to be completed within a month.
- The title deed for the land in Kyiv was obtained in March, 2007 and agreements with the Consultant and local government agency are under negotiation.
- After a detailed assesment by a property team, the Ministry has decided not to sell the vacant property in Damascus as it is located in a prime area of the city, but to convert it into residences for the use of Mission's officers. Action for selection of a local architect for the project has already been initiated.
- The property in Bangkok will be utilized for construction of the Embassy Residence and a Cultural Centre. The consultancy agreement has been signed. The scope of the project is being finalized in consultation with the Architect, local authorities and the Mission."

16. The Committee note that MEA is taking expeditious action with regard to disposal/use of vacant properties, as a result of which they have obtained title deed for the vacant property in Dar-es-Salaam and Kyiv. However, the MEA have not informed about the formulation of action plan for timely disposal of vacant properties as desired by the Committee in their earlier Report. Since retaining vacant accommodation in violation of the rules for long periods results in infructuous expenditure as well as deterioration in their condition, the Committee while reiterating their earlier recommendation on the subject desire that MEA should not further dither in the matter and should formulate an action plan forthwith for timely disposal of vacant properties.

**Irregularities in maintenance of Properties abroad
(Sl. No. 11, Paragraph 87)**

17. The Committee's examination of the subject had revealed that though the responsibility of normal maintenance and repairs of the buildings rested with the lessor, the Missions at Islamabad (Pakistan), Nairobi (Kenya) and Maputo (Mozambique) were not able to enforce the same resulting in avoidable expenditure of Rs. 66.09 lakh in violation of the provisions. Even the expenditure incurred on carrying out normal maintenance work in these cases was not recovered from the lessor. As the lease deeds in these cases had clearly stipulated that the lessor is liable for normal maintenance and repairs of the building, the Committee had recommended that MEA should strictly enforce the lease agreements and in the event of the Missions having to carry repair and maintenance work, the expenditure incurred should be deducted from rent payable. The Ministry should also consider including a specific provision for this in the format of the lease deeds and put in place an effective enforcement mechanism.

18. In their Action Taken Note, the MEA specified as under:

"In most countries, for rented properties, while the major repairs are the responsibility of the landlord, minor day-to-day repairs have to be carried out by the lessee (tenant). This standard practice is followed and invariable incorporated in the lease deeds. The position in respect of the three Missions stated above is as follows:

High Commission of India, Islamabad: Our Mission in Islamabad has limited its obligation only to minor day-to-day maintenance and repairs of rented properties. According to the calculations provided by HCI, Islamabad, their total expenditure on repairs was Rs. 7.23 lakhs for 32 rented properties for a period of two years from April, 2002 to March, 2004. This expenditure on 32 rented properties appears quite reasonable and is covered under the delegated financial powers. The expenditure was also within the allocated budget of the Mission. In places like Islamabad, for security reasons, the local landlords cannot be given free access to the rented properties. If we try to force minor repairs on them, they would obviously need to be provided greater access. Under such a situation there could be breach of security and moreover the landlords would also seek higher rent for taking care of day-to-day maintenance.

High Commission of India, Nairobi: According to the terms of the lease, our Mission in Nairobi is responsible for minor day-to-day maintenance as well as the interiors of the Chancery building. Given the importance of our Mission in Nairobi and the presence of a large Indian Diaspora, the Mission's premises have to be maintained well in keeping with India's image. Over a period of five years, the Mission has incurred a total amount of Rs. 14.80 lakhs for this purpose. Given the size of the property, this appears quite reasonable and is covered under the delegated financial powers.

Embassy of India, Maputo: The properties under reference have been hired from the local Government agency since early 1970s. Because of the prolonged civil unrest in Mozambique and extremely poor economic condition, the local agency was not able to undertake any maintenance inspite of repeated requests from the Mission. This situation was faced by all the diplomatic Missions there. Under these circumstances, the Mission had no option but to carry out the essential repairs and maintenance work under delegated powers in these properties to keep them habitable. In return, the Mission has not agreed to the increases in rent demanded by the local agency."

19. The Committee are constrained to point out that the MEA have not responded convincingly to their earlier observation regarding deduction of expenditure incurred on the repairs and maintenance work from the rent payable to the lessor. The Ministry have also not informed about the setting up of an enforcement mechanism in this regard as desired by the Committee. While taking a serious view of the lack of action by the Ministry, the Committee would like the Ministry to fix responsibility in the matter and include forthwith a specific provision in the these agreements executed by Missions for deducting the expenditure incurred on maintenance and repairs from the rent payable. The Committee should be apprised about the action taken in the matter.

**Properties/Projects in India
(Sl. No. 14, Paragraph 90)**

20. The Committee had expressed their unhappiness to note the non-completion of pre-construction formalities in the case of construction projects in India resulted in blocking of huge funds to the tune of Rs. 6.28 crore. This also resulted in cost escalation in construction of projects by another Rs. 2.87 crore besides recurring rental liability. In Pappankalan (Dwarka) residential quarters projects in Delhi, out of 230 flats constructed after investing Rs. 21.17 crore, 180 flats were lying vacant. This clearly indicated the absolute lack of planning on the part of the Ministry in not making suitable arrangements in advance for basic amenities like water supply and transportation, which could have greatly expedited allotment of the quarters and made it possible for them to profitably utilise their assets. With regard to the slow rate of occupancy, the Committee had urged the Ministry to chalk out a time-bound action plan to ensure optimum utilization of the residential complex and had also asked the Directorate of Estates to allot the vacant flats to Government employees of other Departments/Ministries.

21. Apprising the Committee of the latest position in their regard, the MEA in their Action Taken Note stated as under:

"The occupancy in the government-owned residential complex in Dwarka has improved substantially as a result of several positive steps taken by the Ministry. The policy of offering accommodation only at Dwarka to officers up to the level of Deputy Secretary, and efforts to improve the availability of water in the complex, standby power for lifts, security and internal communication, have resulted in this improvement. 176 flats out of a total of 230 flats are now occupied. Efforts are continuing to improve occupancy by improving further availability of water in the complex, particularly during summer months. However, it would be appreciated that the success of Ministry's efforts in this regard depends to a large extent on the measures taken by the local authorities to improve water supply in Dwarka as a whole."

22. As regards the under-utilisation of the residential quarters in Pappankalan (Dwarka), the Committee have been informed that as a result of several positive steps taken by the MEA, the occupancy in the Government-owned residential complex in Dwarka has improved substantially. According to the Ministry out of total 230 flats, 176 flats have now been occupied and efforts are continuing to improve occupancy by improving further availability of water in the complex particularly during summer months. In their earlier Report, the Committee had noted that as on 20th September, 2006, 124 flats were occupied out of 230 flats. They are unhappy to observe that from September, 2006 to February, 2008 only 52 more flats have been occupied, which indicates very slow rate of occupancy. It is also evident from the Action Taken Note that the Ministry have not considered the Committee's earlier recommendation regarding chalking out a time-bound action plan including allotment of vacant flats to Government employees of other Ministries/Departments since a substantial number of quarters are still lying vacant. The Committee would now like the Ministry to take up this issue on priority.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Observation

In the course of discharging its functions, the Ministry of External Affairs (MEA) is, *inter-alia*, responsible for acquisition and maintenance of properties owned by the Government of India (GOI) in India and abroad. Out of 164 Indian Missions/Posts abroad, there are GOI owned Chancery buildings at 77 stations, residence for the Ambassadors/Heads of Missions (Embassy Residences or ER) at 83 stations, 159 flats for officers at different levels at 37 stations and 451 other residences at 30 stations. Other Chanceries, residences of Ambassadors and other staff residences are located in rented buildings. The MEA also oversees the construction, maintenance and rentals of 19 properties housing its headquarters and subordinate offices within India.

[Sl. No. 1, Para 77 of Fifty-first Report of PAC (2007-08) (Fourteenth Lok Sabha)]

Action Taken

The observation is factual. However, the number of government-owned buildings abroad at present is as under:

Chancery buildings:	79
Residences of Heads of Missions/Posts:	87
Residences for Officers:	162
Residences for other officials	462

Sd/-

(K.S. Bhardwaj)

Joint Secretary (Projects)

MINISTRY OF EXTERNAL AFFAIRS

Recommendation

The Committee's examination of the subject has revealed that there were delays both in acquisition and construction of properties abroad as well as in India which resulted in expenditure on rentals continually increasing over the years. MEA did not utilize the capital outlay for public works and housing in full and funds remained under-utilised under both the heads. MEA could not commence construction on 14 plots of land abroad and six in India for years together owing to delay in finalization of pre-construction requirements. MEA also could not re-develop/re-construct properties at three stations abroad. In a few places, Government-owned properties were also lying vacant awaiting disposal. Properties were purchased but their titles

have not been got transferred to the Government of India even after a lapse of more than 10 years. Further, out of 230 flats constructed in India after investing Rs. 21.17 crore for housing the officers and the staff of MEA, over 100 flats are still lying vacant. The Committee have dealt with these deficiencies in detail in the succeeding paragraphs.

[Sl. No. 2, Para 78 of Fifty-first Report of PAC (2007-08) (Fourteenth Lok Sabha)]

Action Taken

The Ministry has benefited immensely from the observations and recommendations of the Committee. As explained in the following paragraphs, corrective action has been taken as necessary; utilisation of the Capital Outlay budget for public works and housing has been improved; work on construction projects and purchases has been streamlined to a great extent; renovation of properties has been expedited; vacant properties have either been disposed of, or decisions have been taken to utilize them for our needs and action has been initiated for their conversion/renovation; titles of properties have been registered; utilization of government housing has been improved.

- The budget estimation process has been streamlined to make it more realistic. Following measures have been adopted for realistic estimation of funds:
 - (a) Preliminary estimates prepared by the Consultants and the time-line proposed by them are carefully and expeditiously examined;
 - (b) Phasing of expenditure on a project during a particular financial year and following years is carefully planned, in consultation with all concerned, and taking into account various processes and time-lines involved;
 - (c) Monitoring of expenditure by getting monthly progressive statements of expenditure, from Missions/Posts abroad and spending units in India, has been introduced, for constant monitoring of actual budget utilization, thereby facilitating necessary adjustments at Revised Estimates and Final Estimates stages; and
 - (d) Every effort is made to ascertain carefully local procedures, requirements of authorities in charge of local approvals, service connections etc. so that problems could be anticipated, to the extent possible, and advance action taken as necessary to avoid or minimize time and cost over-runs.
- There has been a turnaround in the utilisation of the Capital Outlay budget. As against under-utilisation upto 2005, in the financial year 2005-06, the Ministry spent Rs. 91 crores as against the initial budget allocation of Rs. 66 crores. In 2006-07, the Ministry utilised more than Rs. 140 crores from the budgetary allocation of Rs. 160 crores, and could have utilized the entire allocation, if some purchase proposals under process could have been finalized by the end of the financial year. In the current financial year, the Ministry expects of fully utilise the increased budgetary allocation of Rs. 250 crores.

- Since the setting up a separate Projects Division, in February, 2005, exclusively focussed on construction/renovation/purchase and property management, substantial progress has been made, as elaborated below, including on 23 construction/renovation projects reviewed by the august Committee:
 - 13 major construction projects have been approved at an estimated cost of Rs. 817 crores.
 - The Embassy complex at Muscat has been completed in November, 2007. The Foreign Service Institute Complex and the AALCO Building in New Delhi have also been completed in December, 2006 and December, 2007 respectively. The renovation of Permanent Representative's Residence in Geneva was completed in May, 2007, and that of Embassy Residence in Tokyo has also been completed in October, 2007.
 - Construction of eight projects at a total cost of Rs. 606 crores has commenced. Work at Jawaharlal Nehru Bhawan (MEA Headquarters) commenced in November, 2006 and expected date of completion is July, 2009. Work at Canning Lane (Hostel), and Chanakyapuri Officers residential projects in New Delhi is also in progress and is likely to be completed in the next financial year. Construction at the Embassy and Residences complexes in Kathmandu commenced in November, 2007 with an expected completion period of 30 months. Construction at the Chancery and Residences project in Beijing commenced in October, 2007 and is likely to be completed by October, 2008. Construction work at the Chancery and Residences redevelopment project in Tokyo, started in July 2007 and is expected to finish in July 2009. The reconstruction project in Singapore started in August 2007 and is likely to be completed by October, 2008.
 - Some major construction/renovation projects are expected to be awarded for construction in the coming months. These include the projects in Islamabad, Kabul, London, Brasilia, Dhaka, Budapest, Tashkent and Warsaw.
- Of the four renovation projects reviewed by the Hon. Committee, the Embassy Residence renovation in Geneva was completed in May, 2007; the Embassy Residence renovation in Tokyo was completed in October, 2007; the redevelopment work of Chancery and Residences in Tokyo commenced in July, 2007 and is expected to be completed by the scheduled date of July, 2009; and renovation of Embassy Residence with additional construction of two residences at Singapore commenced in August, 2007 and is expected to be completed in October, 2008.
- Of the four vacant properties, which had been lying unutilised, the property in Bonn was disposed of in December, 2006 and the sale of property in Dar-es-Salaam has been approved and the transaction is expected to be completed within a month. A decision has been taken to utilize the property in Damascus by converting it into residential units for India-based-officers,

and the process for selecting an architect has been initiated. The plot in Bangkok would also be used for construction of a Residence for the Ambassador and a Cultural Centre.

- The registration of the Embassy Residence property in Harare has been completed and the registration certificate obtained in December, 2007. Likewise, the title deed of the vacant property in Dar-es-Salaam has been obtained facilitating its sale. The title deed of the property in Kyiv was finalized in March, 2007.
- The occupancy in the government-owned residential complex in Dwarka has improved substantially as a result of several positive steps taken by the Ministry. The policy of offering accommodation only at Dwarka to officers up to the level of Deputy Secretary, and efforts to improve the availability of water in the complex, standby power for lifts, security and internal communication, have yielded results. 176 flats out of a total of 230 flats are now occupied. Efforts are continuing to improve occupancy further.

Sd/-

(K.S. Bhardwaj)
Joint Secretary (Projects)

Recommendation

The Committee note that while substantial expenditure had been incurred on rentals, funds to the extent of 53.9% to 75.7% remained un-utilised under capital outlay on Housing-Government Residential Buildings in the year 1999-2000, 2001-2002, 2003-2004 and 2004-2005. Similarly, percentage of non-utilization of funds under capital outlay on public works—Construction was also as high as 54.5 to 82.5 during this period 2001-2002 to 2004-2005. One of the main reasons for such high under-utilization of capital budget over the period 2000-2001 to 2004-2005, as attributed by the Ministry of External Affairs, has been that a number of property acquisitions envisaged during this period did not materialize. Obviously, this is indicative of poor budgeting, planning and also inadequate scrutiny of estimates at various levels. The continuous increase in unspent funds under the capital head year after year clearly indicates that the Ministry has been hiring more and more luxurious properties abroad entailing large rentals instead of investing in construction/acquisition of new properties as budgeted. The Committee, while disapproving of such an alarming trend, recommend that the MEA should take their project and planning mechanism more seriously and make a projections meaningful and purposeful. The estimation should be made carefully after taking into account all the contingent factors. The Committee trust that with a streamlined budget estimation process, MEA will be in position to fully utilize the grants under the capital head and also monitor closely the acquisition of property.

[Sl. No. 3, Para 79 of Fifty-first Report of PAC (2007-08) (Fourteenth Lok Sabha)]

Action Taken

Renting of properties abroad is done in accordance with clearly defined space entitlements, coupled with functional needs in terms of representational obligations of officers. There are checks and balances in deciding the cases of initial hiring. Each new hiring proposal, which is not within the rental ceilings already sanctioned by the Ministry or Mission's delegated powers, needs the approval of the Establishment and Finance Divisions of the Ministry. Where required, Property Teams are also sent from the Ministry for the purpose.

As reported to the Committee earlier, one of the main reasons for under-utilization of Capital Outlay budget over the period 2000-2001 to 2004-2005 has been that, till the beginning of 2005, property management was a subsidiary function of Ministry's Establishment Division which looks after all the housekeeping activities and service functions of Headquarters as well as Missions abroad. Delays in obtaining approvals were also caused by inadequate financial powers of the Ministry to purchase or construct properties.

To correct these systemic deficiencies, a separate Projects Division was created in 2005. Enhanced delegated powers, for purchases and for construction abroad including renovation, have already been obtained from the Ministry of Finance. In addition, Ministry has circulated detailed guidelines to all the Missions to enable them to send viable proposals. To expedite purchase decisions, the Ministry sends empowered teams from Headquarters. The creation of Projects Division has also brought greater and continuous focus to the work of construction on our plots of land.

The Ministry has purchased the following built-up properties since April 2005:

2005-06

- (1) Chancery in Ulaan Baatar
- (2) Embassy Residence in Ulaan Baatar
- (3) Additional Building for Chancery in Paris
- (4) Office Building for RPO, Bareilly

2006-07

1. Chancery in Buenos Aires
2. Embassy Residence in Buenos Aires
3. Chancery in Beirut
4. Embassy Residence in Caracas
5. Office Building for RPO, Thane
6. Office Building for RPO, Raipur

2007-08

1. Chancery in Bogota
2. Embassy Residence in Tripoli (Approved; title registration underway)

Following purchase proposals are under consideration of the Ministry:

Hamburg—Residence for Consul General

Sofia—Embassy Residence

Milan—Chancery, Embassy Residence and staff residences.

The budget estimation process has been streamlined to make it more realistic. Following measures have been adopted for realistic estimation of funds:

- Preliminary estimates prepared by the Consultants and the time-line proposed by them are carefully and expeditiously examined;
- Phasing of expenditure on a project during a particular financial year and following years is carefully planned, in consultation with all concerned, and taking into account various processes and time-lines involved;
- Monitoring of expenditure by getting monthly progressive statements of expenditure, from Missions/Posts abroad and spending units in India, has been introduced, for constant monitoring of actual budget utilization, thereby facilitating necessary adjustments at Revised Estimates and Final Estimates stages; and
- Every effort is made to ascertain carefully local procedures, requirements of authorities in charge of local approvals, service connections etc. so that problems could be anticipated, to the extent possible, and advance action taken as necessary to avoid or minimize time and cost over-runs.

As a result of all these steps, there has been a turnaround in the utilization of the Capital Outlay budget in the last two years. In 2005-06, expenditure was Rs. 91 crores as against the initial budget allocation of Rs. 66 crores. In 2006-07, expenditure was Rs. 140.22 crores, as against the budget allocation of Rs. 160 crores. Fuller utilization would have been possible, if one or two property purchase proposals in process, could have been finalized before the end of the Financial Year.

In 2007-08, the Ministry expects to fully utilize the budget allocation of Rs. 250 crores.

Sd/-

(K.S. Bhardwaj)

Joint Secretary (Projects)

Recommendation

The Committee note with concern that even though the Committee in their earlier Reports had recommended as back as in 1988 that the MEA should take steps to minimize the expenditure on rentals, the delays in construction of owned buildings on the part of MEA/Mission/Posts resulted in rental expenditure increasing substantially over the years *ire* from Rs. 163.85 crore in 1999-2000 to Rs. 215.37 crore in 2004-2005. The reasons for the increase in rental liability of the Missions have been stated to be the depreciation of Indian Rupee *vis-a-vis* US Dollar, opening of new

Mission/Posts in eight places since 2002 and surge in rentals particularly in the Gulf, East Europe and Central Asia. The Ministry have further informed the Committee that with a view to reducing rental liabilities, they have prepared a five year comprehensive action plan to acquire built up properties and construct own buildings for residences/offices at high rental and other stations. While deploring the delay and laxity on the part of the MEA to take corrective steps, the Committee hope the action plan formulated by the MEA now will result in making the property management process more organized and systematic with significant reduction in the rental outgo.

[Sl. No. 4, Para 80 of Fifty-first Report of PAC (2007-08) (Fourteenth Lok Sabha)]

Action taken

In line with the Hon. Committee's recommendations, the Ministry has taken several concrete steps to acquire properties abroad, in order to reduce rental liabilities.

- Enhanced delegated powers, for purchases and for construction abroad including renovation, have been obtained from the Ministry of Finance.
- Ministry has circulated detailed guidelines for purchase of property to all the Missions to enable them to send viable proposals.
- To expedite purchase decisions, the Ministry sends empowered teams from Headquarters, for inspection of properties short-listed by Mission, and to make recommendations for purchase.
- These recommendations are then processed for urgent approvals.
- As a result, four built-up properties were purchased in 2005-06 (two in Ulaan Battar, and one each in Paris and Bareilly) and six properties have been purchased in 2006-07 [in Buenos Aires (2 properties), Beirut, Caracas, Thane, and Raipur]. In 2007-08, one property has been purchased in Bogota, and purchase of another property in Tripoli has been approved (registration underway).
- Purchase proposals for properties at following stations are currently under consideration:
 Hamburg—Residence for Consul General
 Sofia—Embassy Residence
 Milan—Chancery, Embassy Residence and staff residences.
- The process of acquisition of additional properties will contribute to reduction of rental liability.

Sd/-

(K.S. Bhardwaj)
 Joint Secretary (Projects)

Recommendation

The Committee are constrained to observe that though the Vienna Convention made reciprocity the cornerstone of diplomatic relations between countries, MEA failed to

acquire plots of land from the Governments of Ethiopia and Algeria on reciprocal basis even after a lapse of 46 years and 20 years respectively. This resulted in the Mission continuing to incur annual expenditure of Rs. 60.52 lakh on rentals for its Chancery, Embassy Residence (ER) and other residences at Addis Ababa(Ethiopia) and Rs. 1.23 crore in Algiers (Algeria). The Committee have been informed that pursuant to the directive dated 9th July, 1998 from PMO, the practice of allotting land to foreign missions in India on a nominal rent on long lease was discontinued, except where firm commitments had been made before the directive for gift/exchange/sale of land. The allotment of land to the Government of India is still being pursued with countries whose Mission had been allotted land in India based on a nominal rent on the basis of reciprocity. The Ministry have stated the Ethiopia and the Russian Federation are two countries where land has not yet been allotted on reciprocal basis and the plot earlier earmarked for the Algerian Mission in New Delhi has now been allotted to another Mission, since Algeria has not been able to reciprocate. What is surprising is the fact the Ministry pursued the matter with these countries only after the Committee took up the matter. The Committee cannot but deprecate the casualness and the lackadaisical approach displayed by MEA and would like to know the current status of acquisition of plots of land from the Governments of Ethiopia and Russian Federation on reciprocal basis. They would also like to be apprised about the countries to which firm commitments for allotment of land on a nominal rent on long lease had been made before issue of the directive dated 9th July, 1998 and the status of land allotment in these countries on similar reciprocal basis. Needless to emphasize that MEA would take immediate steps of identify the stations where land had not been allotted to Indian Missions on reciprocal basis and take effective measures at the highest level to acquire the land. Alternatively, they should actively consider charging commercial rates in respect of the land allotted to those countries in India.

[Sl. No. 5, Para 81 of Fifty-first Report of PAC (2007-08) (Fourteenth Lok Sabha)]

Action Taken

While reciprocity is the basic principle in conduct of diplomatic relations, the Vienna convention on Diplomatic Relations does not contain any specific provision on reciprocal exchange of properties. Moreover, it would not be in our interest to observe reciprocity in exchange of properties, since the commercial value of land in the diplomatic enclave in New Delhi is higher than corresponding land values in most capitals of the world. As stated earlier, pursuant to a directive dated 9th July, 1998 from the Prime Minister's Office, the practice of allotting land to foreign Missions in India on a nominal rent on long lease was discontinued (except where firm commitments had been made before the directive, for gift/exchange/sale of land). Allotments of prime land in the diplomatic area of Chanakyapuri are now made at commercial value fixed by the Ministry of Urban Development.

The Ministry had been pursuing reciprocal allotment of land with the Governments of Ethiopia and the Russian Federation through diplomatic channels. In the last two years, these efforts have been intensified, and Property Teams have been sent to these countries to hold bilateral discussions with the respective Governments in order to get suitable properties for our Missions in Addis Ababa and Moscow, Saint Petersburg and Vladivostok.

Ethiopia

The Mission had been authorized to obtain the plot of land of about 18000 sq. mts. in which the Chancery is located in addition to about 2000 sq. mts. in the UN area in Addis Ababa. The Mission had also been asked to identify plots for the balance 3000 sqm., so as to bring the area of our land in Addis Ababa at par with that allocated to Ethiopia in India. The matter was also taken up with the Ethiopian delegation led by their Prime Minister, which visited India in November, 2007. The Ambassador has now informed us of a number of options for obtaining our balance requirement of about 5,600 Sq. Mts. A property team is being deputed to visit Addis Ababa shortly to consider these options.

Russian Federation

The Russian Federation, as the state-continuator of the erstwhile Soviet Union, has to allocate suitable land/properties for Indian Missions/Posts in Moscow, St. Petersburg and Vladivostok. After the Russian Government cancelled allocation of a plot of land earlier allotted to the Indian Mission in Moscow, it offered another plot near Mosfilmskaya Street in Moscow. A property team inspected the plot. Following this, a number of details were sought from the Russian Government to facilitate a decision on acceptability of the plot. On the basis of information available so far, the plot does not seem to be suitable for our construction requirements. Further information is awaited from the Russian authorities, before a final decision is taken.

Simultaneously, the Ministry has worked out its land requirements in St. Petersburg and Vladivostok, since no suitable built-up properties are on offer in these cities for our Consulates. The land requirements in Moscow have also been re-assessed in conformity with the present size and activities of the Mission. The requirements have been communicated to the Russian Government and they have been requested to identify and allot suitable plots of land in these three cities. The matter is being pursued vigorously.

Commitment for allotment of land to other countries

No commitments for allotment of land on a nominal rent on long lease had been made to any other country, before issue of the PMO direct dated 9th July, 1998. The policy of the Ministry is to allot land in New Delhi at commercial rates and also to buy land in stations abroad at the prevalent rates.

Sd/-

(K.S. Bhardwaj)
Joint Secretary (Projects)

Recommendation

The Committee are dismayed that the Ministry was not able to commence construction at 14 stations abroad for years together owing to delays in acquisition of land, appointment of consultants, finalization of designs, cost estimates, obtaining approval of local authorities etc. Such delays led to continuous recurring expenditure

of Rs. 11.80 crore per annum on rentals and idling of capital of Rs. 13.81 crore on properties lying unutilized. Besides, such delays also entailed increase in the cost of construction with time. The reasons stated by the Ministry for the languid pace of pre-construction activities were plots being taken back by the local Government, political instability, unforeseen circumstances like the Gulf War and the foreign exchange crisis of early 1990s. Further, they have added that funds available for construction abroad were meager. The Committee cannot accept such a vague justification and do not find it tenable especially when there were persistent savings under capital head indicating that availability of funds has not been a constraint.

With regard to the monitoring of the execution and timely completion of these projects, the Committee note that after the matter was taken up by the Committee the MEA has now belatedly energized themselves and all the 14 projects are now stated to be constantly monitored by their Project Division. The Committee would like to be apprised about the progress of work in all these projects. In this regard, the Committee would like to stress the need for expediting all the pre-construction activities such as finalization of design brief, appointment of consultants etc., and ensure execution of these projects within the targeted time-frame through a specific monitoring plan for each project.

[Sl. No. 6, Para 82 of Fifty-first Report of PAC (2007-08) (Fourteenth Lok Sabha)]

Action Taken

As reported earlier, since its setting up in Feb. 2005, Projects Division of the Ministry has exclusively focused on construction/renovation/purchase and property management. Substantial progress has been made, as elaborated below, including on 23 construction/renovation projects reviewed by the august Committee:

- (a) The Embassy complex at Muscat has been completed in November, 2007. The Foreign Service Institute Complex and the AALCO Building in **New Delhi** have also been completed in December, 2006 and December, 2007 respectively. The renovation of Permanent Representative's Residence in **Geneva** was completed in May, 2007, and that of Embassy Residence in **Tokyo** has also been completed in October, 2007.
- (b) Construction of eight projects at a total cost of Rs. 606 crores has commenced. Work at **Jawaharlal Nehru Bhawan** (MEA Headquarters) commenced in November, 2006 and expected date of completion July 2009. Work at **Canning Lane** (Hostel), and **Chanakyapuri** Officers residential projects in New Delhi is also in progress and is likely to be completed in the next financial year. Construction at the Embassy and Residences complexes in **Kathmandu** commenced in November, 2007 with an expected completion period of 30 months. Construction at the Chancery and Residences project in **Beijing** commenced in October, 2007 and is likely to be completed by October, 2008. Construction work at the Chancery and Residences re-development project in **Tokyo**, started in July 2007 and is expected to finish in July, 2009. The reconstruction project in **Singapore** started in August, 2007 and is likely to be completed by October, 2008.

- (c) Some major construction/renovation projects are expected to be awarded for construction in the coming months. These include the projects in **Islamabad, Kabul, London, Brasilia, Dhaka, Budapest, Tashkent and Warsaw**.
- (d) In Abuja, due to exorbitant bids, the tender would have to be recalled. In order to achieve economy of scale and to get more competitive bids, the Chancery project is being combined with the Residence project.
- (e) The projects in Port Louis, Paramaribo, Dar-es-Salaam, Doha, Port of Spain and Nicosia are under different stages of pre-construction activity. Every possible effort is being made to bring these projects also to tender/construction stage at the earliest.

Sd/-

(K.S. Bhardwaj)
Joint Secretary (Projects)

Recommendation

Another disquieting instance observed by the Committee is that the MEA did not finalize consultants, scope of work, design briefs, preliminary drawings and estimates for re-development/re-construction of properties at Singapore, Tokyo and Geneva resulting in expenditure of Rs. 2.38 crore per annum on rentals and blocking of capital of Rs. 6.19 crore and increase in cost of re-development and re-construction. In the view of the Committee, such instances of indecision and laxity only point towards inherent bottlenecks in the decisions-making process of the MEA. Although Ministry have now informed that the construction in respect of Singapore project would be completed by April, 2008 and the Tokyo re-development project had already been approved by the cabinet and was scheduled to be completed by May, 2007, the Committee are constrained to conclude that the decision-making process at the MEA as far as management of properties is concerned has been very tardy. The Committee, therefore, recommend that the MEA should put in place appropriate systems under the Project Division so that such avoidable delay do not recur and the Mission are also galvanized to make every possible effort to minimize the rental outgo on leased accommodation.

[Sl. No. 7 Para 83 of Fifty-first Report of PAC (2007-08) (Fourteenth Lok Sabha)]

Action Taken

The renovation project in Geneva was completed in May, 2007. The renovation/re-development project in Tokyo is in construction phase since July, 2007 and is likely to be completed by the scheduled date of July, 2009. The renovation/construction project in Singapore started in August, 2007 and is likely to be completed by October, 2008.

Sd/-

(K.S. Bhardwaj)
Joint Secretary (Projects)

Recommendation

The Committee find that the Embassy of India, Kyiv acquired a dilapidated built up property in September, 1995 at a cost of Rs. 2.53 crore without title of land. As a result, renovation or reconstruction of the property was not possible and the entire investment of Rs. 2.53 crore was infructuous. As the proposed construction of residential flats did not take off, the Mission was incurring Rs. 1.14 crore per annum towards rent of residential apartments for its India based staff. The Committee have been informed that the property was purchased on the basis of the report by "Ministry of Housing and Municipal Services of Ukraine Kyiv Project Reconstruction Institute" which stated that "the building is in satisfactory technical state." This clearly indicates that the Ministry has purchased the property without conducting inspection on its own and by relying only on the Report of an external agency. This does not constitute good property management practice. The Committee are dismayed that the Ministry has not elaborated the reasons for not carrying out the mandatory comprehensive assessment of the structure or for not preparing any detailed estimates of the cost of renovation before acquiring the property in September, 1995. The Committee, therefore, would like the Ministry to conduct an inquiry into the matter to find out as to how far the officials entrusted with this job failed to discharge their responsibilities. The Committee should be apprised of the outcome of the enquiry.

[Sl. No. 9, Para 83 of Fifty-first Report of PAC (2007-08) (Fourteenth Lok Sabha)]

Action Taken

It is clarified that before purchase of a property, Structural Evaluation Report are invariably commissioned from a prominent and professional evaluation agency in the country concerned, since visual inspections by Ministry/Mission's officials would not suffice for this purpose. As per the above standard practice, the structural evaluation was got done by the Ukraine Govt. "Ministry of Housing and Municipal Services of Ukraine, Kyiv Project Reconstruction Institute". There was no reason to doubt the technical report of the local government agency. The expenditure approved on repairs and renovation of the property, at the time of purchase, was based on estimates for renovation obtained from two independent firms. The Ministry is, therefore, of the view that there was no failure to discharge responsibility in this case.

The title to the land of the above property has been obtained from the Government of Ukraine. The Ministry has also revised the scope of the project to add construction of Chancery to the project besides residences of Mission officials. For this purpose, permission for change of land use would also be obtained. Revised agreements with the consultant and with the local government agency GDIP are under negotiation and will be finalized soon.

Sd/-

(K.S. Bhardwaj)
Joint Secretary (Projects)

Recommendation

The Committee note that MEA purchased the Embassy Residence in Harare in March, 1987 at Rs. 43.69 lakh with a plot area of 17.8604 acre without formal approval of the local Government and without ensuring transfer of the title to the property to its name after a lapse of 18 years, resulting in excess land lying unutilized, putting the investment itself at stake. The Committee have been informed that on observing that the area of the plot was more than the requirement they have decided to retain only 7.8 acres and dispose of balance 20 acres on commercial terms. They have been further informed that MEA offered a plot of land to Zimbabwe in Chanakypuri in February, 2006 on the principle of reciprocity and it has been conveyed to the Government of Zimbabwe that the title of the entire plot of land in Harare should be registered in the name of Government of India, but their response is till awaited. However, the Ministry has not mentioned its views on the main objection of the Government of Zimbabwe that the area of property in question was much higher than what could be acquired by the diplomatic mission. The Committee would like to be apprised about that latest status of the case and as to whether the title of the entire plot of land has since been transferred to the Government of India. MEA should make vigorous efforts to resolve the dispute with the Government of Zimbabwe at an early date.

[Sl. No. 10 Para 86 of Fifty-first Report of PAC(2007-08) (Fourteenth Lok Sabha)]

Action Taken

The matter was taken up with the Government of Zimbabwe at the level of External Affairs Minister and all the steps leading to registration were vigorously pursued and completed. The registration certificate for the property (entire plot of land) has been obtained in December, 2007. The Ministry will now examine the possibility of additional construction on this plot, for its optimum utilization.

Sd/-

(K.S. Bhardwaj)
Joint Secretary (Projects)

Recommendation

The Committee find that in four Missions — Ulaan Baatar (Mangolia), Wellington (New Zealand), Kuwait and Dar-es-Salaam (Tanzania) the expenditure of Rs. 95.50 lakh was incurred in excess of the prescribed rental ceiling without the approval of MEA. The Committee have been informed that detailed data justifying the rental increases have been received from the concerned Missions. In case of Dar-es-Salaam the rental increases have been regularized. In the case of Ulaan Baatar, the case is under investigation with the vigilance cell, while in the case of Kuwait, the Ministry have not accepted the Audit's contention. According to Audit, Ministry's reply regarding embassy of Kuwait is in contravention of the facts furnished by the Mission at Kuwait in July, 2004 wherein it had been intimated that they were taking up the matter with the MEA for obtaining necessary sanctions. The Committee would like to be apprised of the factual position in this matter. The Committee would also await the latest position on the expenditure incurred in excess of delegated powers by Missions at Ulaan Baatar

and Wellington. Since a substantial amount of expenditure was incurred in excess of the ceiling in these Missions, the Committee, recommended that MEA should exercise more effective supervision over the Missions/Posts abroad to ensure that irregular expenditure on rented accommodation in excess of prescribed rental ceilings did not become a regular feature.

[Sl. No. 12, Para 88 of Fifty-first Report of PAC(2007-08) (Fourteenth Lok Sabha)]

Action Taken

The rent paid by Embassy of India, Kuwait were covered under the delegated powers of the Mission as no rental ceilings were fixed by the Ministry. Under the Rules, the HOMs/HOPs have been delegated financial power to raise the rentals by upto 10% for continued retention of a residence and upto 15% for renting an alternative property on conclusion of the agreement/lease. Ministry's approval is required only for increase in rentals of properties for which rental ceilings have been fixed. Since there were no rental ceilings fixed for Kuwait, the Mission rightly exercised its powers.

The two other Missions, namely Wellington and Dar-es-Salaam appear to have exceeded their powers due to incorrect interpretation of the financial powers delegated to the mission. The necessary approval regarding *ex-post facto* regularization of the expenditure in respect of property in Dar-es-Salaam has been issued. In the case of Embassy of India, Ulaan Baatar, a First Secretary level officer with a rental ceiling of US\$ 1600 was replaced by a Second Secretary who found an alternative property at a much lower rental of US\$ 1100, which was still higher than the delegated powers. However, the case is under investigation. As for HCI-Wellington, the Mission has been asked to provide explanation of the circumstances for payment of rental beyond approved ceilings and the matter will be examined and resolved shortly as per standard procedures.

Sd/-

(K.S. Bhardwaj)

Joint Secretary (Projects)

Recommendation

The Committee find that that ten Missions incurred unauthorized expenditure of Rs. 1.24 crore on retention of vacant quarters in contravention of MEA's order *vide* which vacant leased residential accommodation cannot be retained for more than 90 days without its prior approval. The Ministry in their reply have not specified the reasons for retention of vacant leased accommodation by the Missions. While informing about the measures taken to curb the tendency on the part of Missions to routinely violate instruction/order issued by MEA, the Ministry have merely stated that Missions/Posts are regularly cautioned and sensitized for not retaining the vacant accommodation beyond their delegated powers. The Committee find to their dismay that retention of vacant leased accommodation beyond the stipulated period illustrates a glaring instance wherein the orders and instruction of the Ministry have been taken very casually by the Missions abroad. The Committee, while taking a serious view of such an alarming trend of financial and administrative indiscipline recommend that the MEA should conduct a thorough enquiry into instances of such delinquency by the Missions, particularly the role of the Heads of Missions and apprise the Committee about the findings and the follow-up action taken thereon.

[Sl. No. 13, Para 89 of Fifty-first Report of PAC(2007-08) (Fourteenth Lok Sabha)]

Action Taken

With a view to providing greater stability and for keeping the rentals under check, the Ministry encourages signing of long-term. It is not in the overall interest of the Government to terminate the lease agreements on each occasion an officer is transferred out or replaced. Generally, such change overs take place without any gap. However, in a few cases, the Missions experience a small gap between the departure of the incumbent officers and the arrival of their successors, more so in case of Heads of Mission, requiring greater coordination and lengthy approvals etc. The principal causes for such delays are the long chains of postings or administrative exigencies.

For addressing the above problem, the delegated financial powers allow the Missions/Posts abroad to retain vacant accommodations for upto 90 days. Any retention beyond this period needs to be approved by the Ministry taking into account the overall situation and the government's interest. The Ministry tries its best to keep such gaps to the minimum. However, in some cases for reasons beyond the Ministry's control, it becomes difficult to keep the gap within the powers vested with the Missions. In such cases, the Missions normally write to the Ministry in advance for seeking approval. However, in a few cases, the Missions are genuinely not in a position to anticipate delays till the last minute, requiring *ex-post-facto* regularization. Most of the cases pointed out by the audit belong to this category and include our Missions/Post in Ulaan Baatar, Beijing, Abu Dhabi, Kabul, San Francisco, Luanda, Khartoum, Antananarivo, Munich and Kandy. If the Missions had been able to take up these Cases in advance, the Ministry would have approved vacant retention, which was in government interest.

As intimated, objections pertaining to Kandy and Munich have already been settled by the audit authorities. Meanwhile, Ministry after due consideration of Missions' explanations have issued *ex post facto* sanction No. Q/Prop. 1/745/12/06 dt. 20.12.06 to the remaining 8 Missions for retention of vacant accommodation.

Sd/-

(K.S. Bhardwaj)
Joint Secretary (Projects)

Recommendation

In yet another instance of faulty planning, delay and wasteful expenditure by the MEA, the Committee observe that non-completion of pre-construction formalities in the case of construction projects in India resulted in blocking of huge funds to the tune of Rs. 6.28 crore, escalation in cost of construction of projects by another Rs. 2.87 crore besides recurring rental liability. In Pappankalan (Dwarka) residential quarters project in Delhi, out of 230 flats constructed after investing Rs. 21.17 crores, 180 flats were lying vacant. The Ministry have stated that the residential complex in Dwarka was based on their assessment of the demand for residential accommodation. Specifying the reasons for under-utilization of the residential quarters, the Ministry have attributed it to lack of infrastructure, problem of water supply and availability of cheaper

accommodation in Dwarka outside the MEA housing complex. The MEA's explanation on this issue can only point towards the absolute lack of planning on the part of the Ministry in not making suitable arrangements in advance for basic amenities like water supply and transportation, which could have greatly expedited allotment of the quarters and made it possible for them to profitably utilize their assets. Now the Ministry have stated to have made it mandatory to allot flats in Dwarka Complex as the first option for all the officers applying for residential accommodation under category Type-II to Type-V. As a result, the occupancy is stated to have gone up substantially and as on 20th September 2006, 124 flats have been occupied out of 230 flats. As the rate of occupancy is still not adequate, the Committee would like the Ministry to chalk out a time bound action plan to ensure optimum utilization of the residential complex including asking Directorate of Estate to allot the vacant flats to Government employees of other Departments/Ministries.

[Sl. No. 14, Para 90 of Fifty-first Report of PAC(2007-08) (Fourteenth Lok Sabha)]

Action Taken

Every effort is being made to complete the construction projects in India expeditiously, including Jawaharlal Nehru Bhawan (MEA Headquarters) and Chankyapuri Residences project and Canning Lane in New Delhi.

Work at Jawaharlal Nehru Bhawan (MEA Headquarters) commenced in November, 2006 and the scheduled date of completion is July 2009. Work at Canning Lane (Hostel), and Chankayapuri Officers residential projects in New Delhi is also in progress and is likely to be completed in the next financial year.

Work at the Foreign Service Institute Complex in New Delhi was completed in December 2006 and at the AALCO complex in December, 2007.

The construction project of the Regional Passport Office at Bangalore was completed in March 2007.

The construction project of the Regional Passport Office at Jaipur was completed in January, 2008.

The construction project of the Regional Passport Office at Lucknow is at completion stage and the office is expected to shift there in March 2008.

The project for the Regional Passport Office at Bhubaneswar entered construction phase in December 2007, with a completion schedule of 18 months.

Dwarka — MEA Residential complex

The occupancy in the government-owned residential complex in Dwarka has improved substantially as a result of several positive steps taken by the Ministry. The policy of offering accommodation only at Dwarka to officers up to the level of Deputy Secretary, and efforts to improve the availability of water in the complex, stand by power for lifts, security and internal communication, have resulted in this improvement. 176 flats out of a total of 230 flats are now occupied. Efforts are continuing to improve occupancy by improving further availability of water in the complex, particularly during summer months. However, it would be appreciated that the success of Ministry's efforts

in this regard depends to a large extent on the measures taken by the local authorities to improve water supply in Dwarka as a whole.

Sd/-

(K.S. Bhardwaj)
Joint Secretary (Projects)

Recommendation

The Committee note that though the MEA had changed the system of inspections since 1998 and had set up a separate Directorate of Inspection in February 2004, no visible results seem to have yielded in purchase/construction and maintenance of Government properties in India and abroad, as there were comprehensive delays in acquisition of land, appointment of consultants, award of construction work and its execution and processing of proposals for disposal of properties, as a result of which, substantial expenditure continued to be incurred on rentals. MEA also could not prevent unauthorized expenditure from being incurred by the Missions/Posts on leased and Government owned properties and hiring of properties exceeding rental ceilings. Several instances have also been highlighted wherein the instructions of the MEA have been flouted by the Missions. Such flagrant violations of norms and acts of omission by the Missions makes a mockery of the inspection set-up of the MEA. The Committee therefore, recommend that the Ministry must review the situation and completely revamp their inspection machinery so that the working of Indian Missions/ Posts abroad in regard to property management are supervised in a more earnest and systematic manner.

[Sl. No. 15, Para 91 of Fifty-first Report of PAC(2007-08) (Fourteenth Lok Sabha)]

Action Taken

The Directorate of Inspection of the Ministry has been constituted to undertake periodic inspection of all mission/posts abroad. It is Ministry's endeavour that every mission is inspected at least once in five years. Fifteen Missions/Posts have been inspected in 2007-08 so far. Senior officers of the Ministry are deputed to lead the inspection teams. The reports submitted after the inspection are examined at the highest level and follow up action wherever needed is taken. Instances of violation of rental ceilings and other property related issues are examined by the inspectors as also by the Establishment Division of the Ministry from time to time. Necessary corrective actions are taken whenever instances of violation of instructions are noticed. It would not be out of place to mention that out of over 2500 properties hired abroad by the Ministry, instances of violation of rental ceilings are sixteen.

It is clarified that purchase of properties is not done through visits by Directorate of Inspection, but by dedicated Property Teams including officers from Projects and Finance Divisions of the Ministry.

As regards property purchase at stations abroad, the Ministry sends empowered teams to inspect properties short-listed for purchase abroad, and finalizes transactions after obtaining structural evaluation report, market evaluation report and clear legal title report, and administration/financial approval of competent authorities. The Ministry

constantly endeavours to improve property management through timely finalization of proposals for purchase, construction as well as renovation of Government properties both in India and abroad. Since the setting up of a new Projects Division in February, 2005, the following results have been achieved in terms of purchase of built-up properties and construction/renovation:

Properties purchased:

2005-06

1. Chancery in Ulaan Baatar
2. Embassy Residence in Ulaan Baatar
3. Additional Building for Chancery in Paris
4. Office building for RPO, Bareilly.

2006-07

1. Chancery in Buenos Aires
2. Embassy Residence in Buenos Aires
3. Chancery in Beirut
4. Embassy Residence in Caracas
5. Office building for RPO, Thane
6. Office building for RPO, Raipur

2007-08

1. Chancery in Bogota
2. Embassy Residence in Tripoli (Approved; title registration underway)

Purchase Proposals under Consideration:

Hamburg — Residence for Consul General

Sofia — Embassy Residence

Milan — Chancery, Embassy Residence and Staff residences.

Construction/Renovation projects

- 13 major construction projects have been approved at an estimated cost of Rs. 817 crores.
- The Embassy complex at Muscat has been completed in November, 2007. The Foreign Service Institute Complex and the AALCO Building in New Delhi have also been completed in December, 2006 and December, 2007 respectively. The renovation of Permanent Representative's Residence in Geneva was completed in May 2007, and that of Embassy Residence in Tokyo has also been completed in October, 2007.
- Construction of eight projects at a total cost of Rs. 606 crores has commenced. Work at Jawahar Lal Nehru Bhawan (MEA Headquarters)

commenced in November, 2006 and expected date of completion is July 2009. Work at Canning Lane (Hostel), and Chanakyapuri Officers residential projects in New Delhi is also in progress and is likely to be completed in the next financial year. Construction at the Embassy and Residences complexes in Kathmandu commenced in November, 2007 with an expected completion period of 30 months. Construction at the Chancery and Residences project in Beijing commenced in October, 2007 and is likely to be completed by October, 2008. Construction work at the Chancery and Residences redevelopment project in Tokyo, started in July 2007 and is expected to finish in July 2009. The reconstruction project in Singapore started in August 2007 and is likely to be completed by October, 2008.

- Some major construction/renovation projects are expected to be awarded for construction in the coming months. These include the projects in Islamabad, London, Brasilia, Dhaka, Budapest, Tashkent and Warsaw.

Sd/-

(K.S. Bhardwaj)
Joint Secretary (Projects)

Recommendation

As regards the action plan for better property management, the Committee have been informed that during the course of examination of the subject, the Ministry have initiated a number of corrective measures such as establishment of a Project Division and preparation of two separate five year action plans for acquisition of built-up properties. The focus of these plans is stated to be on high rental stations and construction on the plots of land lying vacant. Besides, the Government have also developed a computerized asset register and copies of title deeds of all the Government-owned properties are being compiled. It is quite evident that the Ministry have become alive to the problems rather late and only when the facts were brought to light by Audit review and the issues taken up by the PAC for detailed scrutiny. It is surprising that MEA decided to set up a Project Division as late as in February 2005.

Also, the Ministry's contention that the long term action plans have started yielding results does not hold good as the replies furnished by the Ministry reveal that no significant progress has been recorded so far in various projects even after establishment of the Project Division in February, 2005. This underscores, the necessity for a comprehensive review and for identification of bottlenecks in the present system of Property Management and for exercising more effective monitoring and control.

[Sl. No. 16, Para 92 of Fifty-first Report of PAC (2007-08) (Fourteenth Lok Sabha)]

Action Taken

The Ministry would like to bring to the Hon. Committee's notice that substantial progress has been achieved on a number of projects since the establishment of Projects Division in February 2005, as detailed below:

Budget utilisation

- With the long term action plans starting to yield results, utilization of budgetary resources has improve. As against under-utilization up to 2005, in the financial year 2005-06, the Ministry spent Rs. 91 crores as against the initial budget allocation of Rs. 66 crores. In 2006-07, the Ministry utilized more than Rs. 140 crores from the budgetary allocation of Rs.160 crores, and could have utilized the entire allocation, if some purchase proposals under process could have been finalized by the end of the financial year. In the current financial year, the Ministry expects to fully utilize the increased budgetary allocation of Rs. 250 crores.

Construction/Renovation

- The Embassy complex at Muscat has been completed in November, 2007. The Foreign Service Institute Complex and the AALCO Building in New Delhi have also been completed in December, 2006 and December, 2007 respectively. The renovation of Permanent Representative's Residence in Geneva was completed in May, 2007, and that of Embassy Residence in Tokyo has also been completed in October, 2007.
- Construction of eight projects at a total cost of Rs. 606 crores has commenced. Work at Jawahar Lal Nehru Bhawan (MEA Headquarters) commenced in November, 2006 and expected date of completion is July 2009. Work at Canning Lane (Hostel), and Chanakyapuri Officers residential projects in New Delhi is also in progress and is likely to be completed in the next financial year. Construction at the Embassy and Residences complexes in Kathmandu commenced in November, 2007 with an expected completion period of 30 months. Construction at the Chancery and Residences project in Beijing commenced in October, 2007 and is likely to be completed by October, 2008. Construction work at the Chancery and Residences re-development project in Tokyo, started in July 2007 and is expected to finish in July 2009. The re-construction project in Singapore started in August 2007 and is likely to be completed by October, 2008.
- Some major construction/renovation projects are expected to be awarded for construction in the coming months. These include the projects in Islamabad, Kabul, London, Brasilia, Dhaka, Budapest, Tashkent and Warsaw.
- In Abuja, due to exorbitant bids, the tender would have to be recalled. In order to achieve economy of scale and to get more competitive bids, the Chancery project is being combined with the Residences project.
- The projects in Port Louis, Paramaribo, Dar-es-Salaam, Doha, Port of Spain and Nicosia are under different stages of pre-construction activity. Every possible effort is being made to bring these projects also to tender/construction stage at the earliest.

Purchase of properties

Following built-up Properties have been purchased since April, 2005:

2005-06

1. Chancery in Ulaan Baatar
2. Embassy Residence in Ulaan Baatar
3. Additional Building for Chancery in Paris
4. Office building for RPO, Bareilly

2006-07

1. Chancery in Buenos Aires
2. Embassy Residence in Buenos Aires
3. Chancery in Beirut
4. Embassy Residence in Caracas
5. Office building for RPO, Thane
6. Office building for RPO, Raipur

2007-08

1. Chancery in Bogota
2. Embassy Residence in Tripoli (Approved; title registration underway)

Disposal of surplus properties

- Progress on disposal of surplus properties has been made:
 - The property in Bonn was sold in December, 2006.
 - Sale of vacant property in Dar-es-Salaam has been finalized. The transaction is likely to be completed within a month.

Registration of properties

Pending registration of properties has been completed:

- Title Registration of the Embassy Residence property in Harare was completed in December, 2007.
- The title deed for the land in Kyiv was obtained in March 2007 and agreements with the Consultant and local Government agency are under negotiation.
- A new title deed for the vacant property in Dar-es-Salaam has been obtained and Ministry has finalized the sale of this Property. As stated above, the transaction is likely to be completed within a month.

Monitoring of projects

- Construction and renovation projects are under constant monitoring by the Projects Division headed by a Joint Secretary.
- The projects are also being monitored on a regular basis by the Additional Secretary/Foreign Secretary.

Sd/-
(K.S. Bhardwaj)
Joint Secretary (Projects)

Recommendation

The foregoing Paragraphs reveal several irregularities/shortcomings in the maintenance of properties by the MEA in India and abroad which *inter-alia* include inability to acquire land on reciprocal basis, delays in construction on acquired land, non-utilization of properties abroad for many years for want of re-construction/re-development, properties awaiting disposal, acquisition of dilapidated property without a title to land, title to property purchased not transferred by Foreign Government, rental paid in excess of ceilings etc... There were occasions when the Missions had retained vacant accommodation in violation of the Rules. There were also clear instances where the Heads of the Missions had exceeded their delegated powers and made irregular/unauthorized payments. The Ministry further failed to fully utilize the newly constructed residential quarters in Dwarka, New Delhi. The Committee while deploring such an unsatisfactory state of affairs in the MEA with regard to management of Government properties, desire that the facts brought out in this report should be thoroughly looked into and urgent steps taken to manage properties in a prudent manner. In this regard, the MEA should streamline and revitalize their Project Division while exercising effective control over Missions so that they avoid incurring unauthorized and imprudent expenditure on rentals, repairs, maintenance etc.... The Committee would await the MEA's reply on the following measures taken and the results achieved therefrom.

[Sl. No. 17, Para 93 of Fifty-first Report of PAC (2007-08) (Fourteenth Lok Sabha)]

Action Taken

The Ministry has benefited immensely from the observations and recommendations of the Committee and strives constantly to improve the quality and speed of project implementation and overall property management. As explained in preceding paragraphs, corrective action has been taken as necessary, the work on construction projects and purchases has been streamlined to a great extent, and continued efforts are being made to improve monitoring, response time and effective control over spending by Missions.

Sd/-

(K.S. Bhardwaj)
Joint Secretary (Projects)

CHAPTER III

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

—NIL—

CHAPTER IV

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

Recommendation

The Committee observe that four Government owned properties at Bangkok, Damasucs, Dar-es-Salaam and Bonn were awaiting disposal which resulted in idling of capital of Rs. 1.30 crore, besides reduction in sale value. From the replies furnished by the Ministry, the Committee find that they have failed to sign the consultancy agreement despite lapse of more than a year in Bangkok. In respect of disposal of properties at Damascus, the MEA was still undecided about the course of action in respect of old chancery building, As regards the Mission at Dar-es-Salaam, the non-availability of the original sale agreement and lease deed with the Mission/Ministry has kept matters pending. These cases are ample proof of the poor state of affairs in the Ministry in regard to property Management, particularly the disposal of Government of India owned properties. While taking a serious note of the inaction on the part of the Ministry in all these cases for an unduly long period, the Committee recommend that the MEA should now list out all the properties lying vacant for long periods and prioritize the same for prompt disposal. Besides they should formulate an action plan for timely disposal of properties in order to avoid further deterioration in their condition and possible reduction in value.

[Sl. No. 8, Para 84 of Fifty-first Report of PAC (2007-08) (Fourteenth Lok Sabha)]

Action Taken

The Ministry is taking expeditious action for disposal/use of vacant properties. The position on the properties reviewed by the Committee is as under:

- The property in Bonn was sold in December, 2006. This was reported to the Committee in the oral evidence in January 2007 and in written submission thereafter.
- A new title deed for the vacant property in Dar-es-Salaam has been obtained, and Ministry has finalized the sale of this property. The transaction is likely to be completed within a month.
- The title deed for the land in Kyiv was obtained in March 2007 and agreements with the Consultant and local government agency are under negotiation.
- After a detailed assessment by a property team, the Ministry has decided not to sell the vacant property in Damascus as it is located in a prime area of the city, but to convert it into residences for the use of Mission's officers. Action for selection of a local architect for the project has already been initiated.

- The property in Bangkok will be utilized for construction of the Embassy Residence and a Cultural Centre. The consultancy agreement has been signed. The scope of the project is being finalized in consultation with the Architect, local authorities and the Mission.

Sd/-

(K.S. Bhardwaj)
Joint Secretary (Projects)

Recommendation

The Committee find that though the responsibility of normal maintenance and repairs of the buildings rested with the lessor, the Missions at Islamabad (Pakistan) Nairobi (Kenya) and Maputo (Mozambique) were not able to enforce the same resulting in avoidable expenditure of Rs. 66.09 lakh in violation of the provisions. It is surprise that even expenditure incurred on carrying out normal maintenance work in these cases was not recovered from the lessor. The various factors stated by the Ministry responsible for this are security, urgency, the lessor not attending to the request for carrying out urgent repair and maintenance work etc.... The Committee are not inclined to accept the explanation given by the Ministry as the lease deeds made by the Missions by natural agreement with lessor clearly stipulate that the lessor is liable for normal maintenance and repairs of the building. The Committee would therefore like the MEA to strictly enforce the lease agreements and in the event of the Missions having to carry repair and maintenance work, the expenditure incurred should be deducted from the rent payable. The Ministry should also consider including a specific provision for this in the format of the lease deeds and put in place an effective enforcement mechanism.

[Sl. No. 11, Para 87 of Fifty-first Report of PAC (2007-08) (Fourteenth Lok Sabha)]

Action Taken

In most countries, for rented properties, while the major repairs are the responsibility of the land lord, minor day-to-day repairs have to be carried out by the lessee (tenant). This standard practice is followed and invariably incorporated in the lease deeds. The position in respect of the three Missions stated above is as follows:

High Commission of India, Islamabad: Our Mission in Islamabad has limited its obligation only to minor day-to-day maintenance and repairs of rented properties. According to the calculations provided by HCI, Islamabad, their total expenditure on repairs was Rs. 7.23 lakhs for 32 rented properties for a period of two years from April, 2002 to March, 2004. This expenditure on 32 rented properties appears quite reasonable and is covered under the delegated financial powers. The Expenditure was also within the allocated budget of the Mission. In places like Islamabad, for security reasons the local landlords cannot be given free access to the rented properties. If we try to force minor repairs on them, they would obviously need to be provided greater access. Under such a situation there could be breach of security and moreover the landlords would also seek higher rent for taking care of day-to-day maintenance.

High Commission of India, Nairobi: According to the terms of the lease, our Mission in Nairobi is responsible for minor day-to-day maintenance as well as the interiors of the Chancery building. Given the importance of our Mission in Nairobi and the presence of a large Indian Diaspora, the Mission's premises have to be maintained well in keeping with India's image. Over a period of five years, the Mission has incurred a total amount of the Rs. 14.80 lakhs for this purpose. Given the size of the property, this appears quite reasonable and is covered under the delegated financial powers.

Embassy of India, Maputo: The Properties under reference have been hired from the local Government agency since early 1970s. Because of the prolonged civil unrest in Mozambique and extremely poor economic condition, the local agency was not able to undertake any maintenance in spite of repeated requests from the Mission. This situation was faced by all the diplomatic Missions there. Under the circumstances, the Mission had no option but to carry out the essential repairs and maintenance work under delegated powers in these properties to keep them habitable. In return, the Mission has not agreed to the increases in rent demanded by the local agency

Sd/-

(K.S. Bhardwaj)
Joint Secretary (Projects)

CHAPTER V

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

—NIL—

NEW DELHI;
21 August, 2008
30 Sravana, 1930 (*Saka*)

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

PART II

MINUTES OF THE FIFTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2008-2009) HELD ON 14TH AUGUST, 2008

The Committee sat from 1100 hrs. to 1315 hrs. on 14th August, 2008 in Committee Room "C", Parliament House Annexe, New Delhi.

PRESENT

Prof. Vijay Kumar Malhotra — *Chairman*

MEMBERS

Lok Sabha

2. Shri Furkan Ansari
3. Shri Vijay Bahuguna
4. Shri Khagen Das
5. Shri Bhartruhari Mahtab
6. Prof. M. Ramadass
7. Shri Rajiv Ranjan 'Lalan' Singh
8. Shri Kharabela Swain

Rajya Sabha

9. Shri Raashid Alvi
10. Shri Prasanta Chatterjee
11. Shri B. K. Hariprasad
12. Prof. P. J. Kurien
13. Dr. K Malaisamy

SECRETARIAT

- | | | |
|---------------------------------|---|----------------------------|
| 1. Shri A. Mukhopadhyay | — | <i>Joint Secretary</i> |
| 2. Shri Gopal Singh | — | <i>Director</i> |
| 3. Shri M. K. Madhusudhan | — | <i>Deputy Secretary-II</i> |
| 4. Shri Ramkumar Suryanarayanan | — | <i>Deputy Secretary-II</i> |

Officers of the office of the Comptroller and Auditor General of India

- | | | |
|---------------------|---|--------|
| 1. Shri A.K. Thakur | — | DG ACR |
|---------------------|---|--------|

2. Shri Nand Kishore — Pr. Director (RC)

Representatives of Ministry of Health and Family welfare (Department of Health and Family Welfare)

1. Shri Naresh Dayal — Secretary
2. Dr. R.K. Srivastava — Director General of Health Services
3. Shri Naved Masood — Additional Secretary & Financial Adviser
4. Shri Vineet Chawdhry — Joint Secretary
5. Smt. Shakuntala Gamlin — Joint Secretary

2. At the outset, the Chairman PAC welcomed the Members and Audit officers to the sitting. The Committee then took up for consideration and adoption the following draft Action Taken Reports:

- (i) Draft Report on Action Taken on 51st Report of PAC (14th Lok Sabha) relating to "Property Management by Ministry of External Affairs"; and
- (ii) Draft Report on Action Taken on 48th Report of PAC (14th Lok Sabha) relating to "Functioning of Employees' State Insurance Corporation (ESIC)".

After some deliberations, the Committee adopted these draft Reports with some minor changes and authorized the Chairman to finalise and present the same to Parliament in the light of factual verification doen by Audit.

3. *** **

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

The Committee then adjourned.

APPENDIX

STATEMENT OF RECOMMENDATIONS AND OBSERVATIONS

Sl. No.	Para No.	Ministry/ Department	Recommendations/Observations
1	2	3	4
1	7	External Affairs	<p>The Committee note that in pursuance of their recommendation, the Ministry of External Affairs have initiated several measures to streamline their budget estimation process and to make it more realistic and meaningful such as careful and expeditious examination of preliminary estimates, phasing of expenditure on a project by way of careful planning, monitoring of expenditure by getting monthly progressive statements of expenditure from the Missions/Posts abroad and spending units in India etc. The Committee desire that these measures should be constantly reviewed so that incident of under/non-utilisation of funds particularly under the capital heads of the Grant does not recur. The Missions should be instructed to invest these funds in construction/acquisition of new properties instead of showing unspent provisions year after year under these heads and continue hiring more and more properties. The Ministry of External Affairs must overcome their laxity and ensure timely receipt of the monthly progress statements of expenditure from Missions/Posts abroad to facilitate realistic estimates at revised estimates and final estimates stages. The Committee would like to be apprised about the utilization of budget allocation for the years 2007-08 and 2008-09</p>

1	2	3	4
2.	10	External Affairs	<p>The Committee note that as a result of the steps taken to reduce the rental liability, the MEA had purchased four built-up properties in 2005-06, six in 2006-07 and one property in 2007-08. The Committee have also been informed that purchase proposals for properties at Hamburg, Sofia and Milan stations are currently under considerations. The Committee hope that MEA would take immediate steps to finalise the purchase proposals at the earliest at these stations. They should also monitor the compliance of the guidelines issued by them for purchase of property by all missions so that these are not treated in a routine manner but are strictly adhered to with concrete results.</p>
3.	13	-do-	<p>The Committee are constrained to observe that construction of eight projects at a total cost of Rs. 606 crore has commenced only after being pointed out by the Committee in their Report. The Committee would expect the MEA to keep strict watch over these projects to ensure their timely completion and to apprise the Committee about the progress made thereon.</p>
4.	16	-do-	<p>The Committee note that MEA is taking expeditious action with regard to disposal/use of vacant properties, as a result of which they have obtained title deed for the vacant property in <i>Dar-es-Salaam</i> and Kyiv. However, the MEA have not informed about the formulation of action plan for timely disposal of vacant properties as desired by the Committee in their earlier Report. Since retaining vacant accommodation in violation of the rules for long periods results in infructuous expenditure as well as deterioration in their condition, the</p>

1	2	3	4
			<p>Committee while reiterating their earlier recommendation on the subject desire that MEA should not further dither in the matter and should formulate an action plan forthwith for timely disposal of vacant properties.</p>
5.	19	External Affairs	<p>The Committee are constrained to point out that the MEA have not responded convincingly to their earlier observation regarding deduction of expenditure incurred on the repairs and maintenance work from the rent payable to the lessor. The Ministry have also not informed about the setting up of an enforcement mechanism in this regard as desired by the Committee. While taking a serious view of the lack of action by the Ministry, the Committee would like the Ministry to fix responsibility in the matter and include forthwith a specific provision in the lease agreements executed by Missions for deducting the expenditure incurred on maintenance and repairs from the rent payable. The Committee should be apprised about the action taken in the matter.</p>
6.	22	-do-	<p>As regards the under-utilisation of the residential quarters in Pappankalan (Dwarka), the Committee have been informed that as a result of several positive steps taken by the MEA, the occupancy in the Government owned residential complex in Dwarka has improved substantially. According to the Ministry out of total 230 flats, 176 flats have now been occupied and efforts are continuing to improve occupancy by improving further availability of water in the complex particularly during summer months. In their earlier Report, the Committee had noted that as on 20th September, 2006, 124 flats were occupied out of 230 flats. They are</p>

1	2	3	4
			<p>unhappy to observe that from September, 2006 to February 2008 only 52 more flats have been occupied, which indicates very slow rate of occupancy. It is also evident from the Action Taken Note that the Ministry have not considered the Committee's earlier recommendation regarding chalking out a time bound action plan including allotment of vacant flats to Government employees of other Ministries/Departments since a substantial number of quarters are still lying vacant. The Committee would now like the Ministry to take up this issue on priority.</p>