

**INCORRECT ADOPTION OF EXCHANGE RATE
AND UNDUE BENEFIT TO THE SERVICE
PROVIDER**

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their One Hundred and Twelfth Report (16th Lok Sabha)]

MINISTRY OF EXTERNAL AFFAIRS

**PUBLIC ACCOUNTS COMMITTEE
(2020-21)**

SEVENTEENTH REPORT

SEVENTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

PAC NO. 2198

SEVENTEENTH REPORT

PUBLIC ACCOUNTS COMMITTEE
(2020-21)

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Presented to Lok Sabha on: 19-09-2020

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LOK SABHA SECRETARIAT
NEW DELHI

September, 2020/Bhadrapada, 1942 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2020-21)

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Smt. Darshana Vikram Jardosh
6. Shri Bhartruhari Mahtab
7. Shri Ajay (Teni) Misra
8. Shri Jagdambika Pal
9. Shri Vishnu Dayal Ram
10. Shri Rahul Ramesh Shewale
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

RAJYA SABHA

16. Shri Rajeev Chandrasekhar
17. Shri Naresh Gujral
18. Shri C. M. Ramesh
19. Shri Sukhendu Sekhar Ray
20. Shri Bhupender Yadav
21. Vacant
22. Vacant

SECRETARIAT

1. Shri T. G. Chandrasekhar - Joint Secretary
2. Shri. M.L.K. Raja - Director
3. Smt. Bharti S. Tuteja - Additional Director
4. Ms. Malvika Mehta - Under Secretary

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2020-21), having been authorised by the Committee, do present this Seventeenth Report (Seventeenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their One Hundred and Twelfth Report (Sixteenth Lok Sabha) on 'Incorrect Adoption of Exchange Rate and Undue Benefit to the Service Provider' relating to the Ministry of External Affairs.

2. The One Hundred and Twelfth Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on 10 August, 2018. Replies of the Government to the Observations/ Recommendations contained in the Report were received on 30 January, 2020. The Committee considered the draft Report on the subject and thereafter adopted the Report at their sitting held on 28 August, 2020. Minutes of the sittings form appendices to the Report.

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

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

5. An analysis of the Action Taken by the Government on the Observations/Recommendations contained in the One Hundred and Twelfth Report (Sixteenth Lok Sabha) is given at Appendix-II.

NEW DELHI;
17 September, 2020
26 Bhādrapada, 1942 (Saka)

Adhir Ranjan Chowdhury
Chairperson
Public Accounts Committee

CHAPTER – I

REPORT

This Report of the Public Accounts Committee deals with action taken by the Government on the Observations/Recommendations of the Committee contained in their One Hundred and Twelfth Report (Sixteenth Lok Sabha) on "Incorrect Adoption of Exchange Rate and Undue Benefit to the Service Provider" relating to Ministry of External Affairs.

2. The One Hundred and Twelfth Report (Sixteenth Lok Sabha) was presented to the Parliament on 10.08.2018. It contained seven Observations/Recommendations. Action Taken Notes have been received from the Ministry of External Affairs in respect of all the Observations/Recommendations and are broadly categorised as follows:

- | | | |
|-------|---|--------------------------|
| (i) | Observations/Recommendations which have been accepted by the Government
Para Nos. 1 - 7. | Total:07
Chapter II |
| (ii) | Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government
NIL | Total:Nil
Chapter III |
| (iii) | Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration
NIL | Total: Nil
Chapter IV |
| (iv) | Observations/Recommendations in respect of which the Government have furnished interim replies
NIL | Total: Nil
Chapter V |

3. The detailed examination of the subject by the Committee had revealed that incorrect adoption of prevailing official exchange rate by the Mission and Posts in Canada in June 2010 and further unwarranted downward revision of service fees for renunciation of Indian citizenship, and penalties on misuse of passports in March 2013 resulted in a cumulative revenue loss of ₹ 27.01 crore. It was also found that the decision of High Commission of India in London to award processing of Fast

Track Business Visas cases at enhanced Service Charge of Great Britain Pound (GBP) 25 per case in place of normal Service Charge of GBP 7.70 resulted in undue benefit of ₹ 10.72 crore to the Service Provider from March 2010 to February 2015.

4. The Committee had recommended various measures to be undertaken by Ministry of External Affairs to streamline and strengthen various processes and mechanisms within the Ministry and across all missions abroad, more specifically, to conduct a review of all the missions to ensure adherence to stipulated rules and guidelines, development of an effective mechanism for internal audit for early detection and rectification of irregularities/errors, streamlining of the whole process of issue of e-visa, computersiation and inter-connection of all missions with the central portal of the Ministry for real time interface and mechanism for timely reporting and accountability.

5. The Committee note that the Action Taken Notes were furnished by the Ministry of External Affairs after a delay of more than a year. The Committee deprecate the undue delay in submission of Action Taken Notes by the Ministry and desire that necessary instructions may be issued to ensure that replies to the Committee are henceforth, submitted in time.

6. The Action Taken Notes submitted by the Ministry on the Observations/Recommendations of the Committee contained in their One Hundred and Twelfth Report (Sixteenth Lok Sabha) have been reproduced in the relevant Chapters of this Report in the succeeding paragraphs. The Committee will now deal with the Action Taken by the Government on some of their Observations/Recommendations made in the original Report which merit comments.

7. The Committee desire the Ministry of External Affairs (the Ministry) to furnish Action Taken Notes in respect of Observations/ Recommendations contained in Chapter I within six months of the presentation of the Report to the House.

Laxity in following laid down procedures/ rules

(Recommendation at Para No. 2)

8. *The Committee had noted that the High Commission of India, Ottawa and two Consulates under its jurisdiction, at Toronto and Vancouver had applied the official*

exchange rate prevailing in June 2010 i.e. @ 1 Canadian Dollar (C\$) = ₹ 41.662 for local currency both for penalty of misuse of passports and renunciation of citizenship fees as against the rate of exchange for visa services i.e. 1 (C\$) = ₹ 29.231 which was the rate required to be used according to the Citizenship Rules 2009 and Passport Manual 2010, resulting in a loss of ₹ 6.05 crore. The Committee had further noted that the High Commission in Ottawa and the two Consulates had made downward revision of service fees for renunciation and penalty and misuse of passports despite the Ministry's clear instructions that the fee in terms of local currency may be revised if the local currency depreciated against US dollar by 10 per cent or more and which depreciation had not happened at that point. The Committee had been dismayed to note that the Mission in Ottawa could be so callous in their reply by stating that the error was on account of ambiguity in the instructions issued by the Ministry and delay by the Ministry in responding. The fact that all the other missions applied the correct rate of exchange pointed to error of judgment on the part of the concerned officials in the Mission and laxity in following duly laid down procedures/rules. The Committee had further observed that, the fees was revised after receipt of clarification from the Ministry in January 2015 and that too at the instance of Audit. The Committee had deprecated the lackadaisical attitude of the Ministry and the Mission in this regard. The Committee had recommended that the Ministry may fix accountability for non-adherence of stipulated rules and guidelines and further, that a review of all the missions be conducted to check that such errors were not being made and necessary instructions be issued that strict action would be taken if such instances were to arise again.

9. The Ministry of External Affairs in the Action Taken Notes have submitted as under:

"Pursuant to receipt of the PAC recommendation, a Video Conference was held on the audit para 7.1 of Audit Report No. 11 of 2016 with the officials of the High Commission of India (HCI), Ottawa, on 12.9.2018 led by the High Commissioner. Additional Secretary (Administration), MEA, led the MEA delegation at Headquarter. AS(AD) requested the High Commissioner to brief about the process of decision making. High Commissioner responded that as per available records with the Mission, HCI, Ottawa, had sought the Ministry's views regarding adoption of exchange rate as there was ambiguity/ lack of clarity regarding its application. AS (AD) requested HCI, Ottawa, to scan the notings of the correspondences available with the Mission on this subject and send it to the Ministry. The Mission was once again requested to clarify the reason for the ambiguity in using the exchange rates prescribed in the Passport Manual and carefully study the source of such an ambiguity from the

available records. In response, HCI, Ottawa, reiterated their earlier submissions and sent copies of the available records.

2. HCI, Ottawa, forwarded copies of the relevant noting and further explanation reiterating that they had sought Ministry's instructions. However, no explanation was given for further revising the fees downwards in March 2013 by applying the official rate of exchange of October 2012.

3. In view of the recommendation of the Committee to fix accountability, a four-member Fact Finding Committee (FCC) was accordingly constituted in the Ministry with the approval of the competent authority to thoroughly re-examine the case and look into the aspect of fixing accountability for non-adherence of stipulated rules and guidelines.

4. The FCC has submitted its report and the same has been accepted by the competent authority in the Ministry.

5. The FCC examined the relevant noting, documents available and the relevant instructions prevalent at that time and the circulars issued by the Ministry from time to time. Observations of the FCC are as follows:

Ministry had conveyed vide circular No. VI/401/1/4/2009 of 3rd May 2010 that a service fee of Rs. 7000/- was to be charged by Missions/Posts abroad in cases of renunciation of Indian citizenship abroad as per provisions of the Citizenship Rules, 2009. These charges were effective from 1st June 2010. Prior to that, only US\$ 20 was being levied as miscellaneous services fee for renunciation of citizenship. The Rate of Exchange (RoE) to be used for converting Indian Rupees (INR) into Canadian Dollars (C\$) was to be the same as was being used for visa and consular fees. The Missions/ Posts in Canada applied the Official RoE of June 2010 for fixing the renunciation fees of Rs. 7000/- in local currency. They should have applied the RoE of C\$ 1 = Rs. 29.23 but instead applied the RoE of C\$ 1 = Rs. 41.66. It was further clarified vide circular dated 4th June 2010 that the renunciation fee of Rs. 7000/- be charged only in fresh cases of renunciation of citizenship taking place from 1st June 2010 and not in cases where foreign citizenship had been acquired on or before 31st May 2010. A further clarification was issued in August 2010 conveying that renunciation fees was not a new regulation but that the cut-off date for the new charges was 31.5.2010.

Ministry revised the fees for passport and related services with effect from 01 October 2012 vide Gazette Notification GSR 731(E) dated 28 September 2012. The fees for passport and related services were fixed in INR, US\$ and Euros. It was subsequently clarified that wherever the fee is to be fixed in local currency, Missions/ Posts should apply the prevailing RoE communicated by the FE Section or the commercial RoE, whichever is beneficial to the Government of India. The Missions/ Posts in Canada were required to follow this advice of the Ministry. Missions/Posts were advised that the fee in local currency may be revised if the local currency depreciated against the US Dollar by 10% or more and that fee should not be revised in case of appreciation of local currency. It was mentioned that the notification only

covered passport fees and passport related services. This revision in fees did not apply for fees for renunciation of citizenship or for penalty for use and non-surrender of passport after acquisition of foreign citizenship.

Mission has not been able to clarify whether penalty for non surrender and use of Indian passport after acquiring Indian citizenship was being levied from the date of issue of circular No. VI/401/1/4/2009 dated 24 March 2009 at the prevailing visa/consular fees rate. If it had been doing so, the Missions/ Posts should have continued with the same rates and there would have been no justification for adopting the official RoE of June 2010.

Mission does not seem to have made out any case for adopting the RoE of June 2010 even assuming that the penalties were to have been implemented from June 2010. As in the case of renunciation charges, it appears that the Mission had assumed that these fees were effective from June 2010 and that the RoE of June 2010 may be adopted was an erroneous conclusion.

Ministry revised the passport and related services fees w.e.f. 1st October 2012 and intimated the same in US Dollars and Euros. HCI, Ottawa, however, revised the fees for renunciation and penalty in local currency w.e.f. March 2013 after receiving clarifications from the Ministry in January 2013. Mission was only supposed to re-fix the passport fees and related services in local currency accordingly adopting the RoE applicable for consular fees and visa and which would be beneficial to the Government of India. Renunciation and penalty charges were not part of the gazette notification of September 2012 or any other instructions that followed.

It is to be noted that Ministry revised the passport fees w.e.f. 1st October, 2012. The earlier revision of passport fees was done w.e.f. 2002. While fixing the passport fees w.e.f. 1.1.2002, Ministry had intimated that the formula adopted for fixing the passport fee in US Dollars and Euros has been the same as for the consular fee and clarified that passport fee fixed in US Dollars and Euros will not change on account of appreciation or depreciation. As regards conversion of consular fees to local currency, Missions/Posts had been instructed to apply the official RoE or commercial rate, whichever is beneficial to the government and any revision in local currency would be done only when the local currency depreciates by 10% or more against the US Dollars. Ministry had mentioned in its clarifications to the revision of passport fees that the rates of 2002 would not apply and that the RoE as communicated by FE Section of MEA should be applied. As the matter concerned only passport and other related services fees, the earlier point of reference was 2002.

The Mission sought clarification in November 2012 from the Ministry whether the rates of 2002 or 2012 were applicable for passport and other related services because the latter rate would in fact reduce the fee in C\$ due to appreciation of the C\$ against the US\$ between 2002 and 2012. As the Ministry's earlier reference point related to the period when the passport fees were last revised 2002, it was repeatedly conveyed that the current official RoE being communicated by FE Section of the Ministry in October 2012 would apply and not the rates of 2002. This could be

because when the rates are revised, it is expected that the new ROE would become applicable as well as the fact that the rates in 2002 would have been much higher than the current rates in C\$. Thus, there seems to be a gap in communication between the HCI, Ottawa, and the Ministry and to this limited extent, there was certainly some ambiguity in the understanding of the Mission.

HCI Ottawa's proposal to revise the renunciation and penalty fees in local currency with effect from March 2013 was *ab initio* fallacious because of the very fact that (i) local currency had appreciated and not depreciated during the period 2010-2012 and (ii) there was no requirement to revise these two fees as the same were not part of the revised passport fees as per the gazette notification of September 2012. Mission should have, as per extant instructions, treated the two as Miscellaneous Services and should have only applied the same RoE as was being adopted for visa and consular fees. It can be concluded that there was serious lack of understanding as to the classification of the nature of services as well as confusion as to what rate would be applied for calculating the same.

If Mission had sought clarification from the Ministry, then Mission should have waited for proper clarification from the Ministry before going ahead and implementing. It would have been financially prudent and diligent to have waited for the clarification before any revision was done.

When the passport fee was fixed w.e.f. 01/10/2012, the same seems to have been converted at the prevailing RoE as on October 2012. There seems to be no audit objection on this aspect. Hence, it is probable that since Mission linked the renunciation and penalty for non-surrender of Indian passport to passport services, the same rate as for passport fees was applied. This appears to be the basic reason for adoption of wrong rate of exchange.

Audit of the HCI, Ottawa and Consulates General of India, Toronto and Vancouver are done on an annual basis. It is surprising that the fixation of renunciation fees in local currency w.e.f. June 2010 and the revision of penalty charges in local currency were not mentioned in any previous audit reports for the period between 2010 –2013. Audits conducted from 2010-12 did not raise any objections or make observations due to which revenue loss kept on accruing. Had the Audit observed these mistakes, the notional loss of revenue to the GoI could have been prevented.

HCI, Ottawa did definitely fail to observe the extant instructions and adoption of rate of exchange of June 2010 for renunciation and penalty was definitely anomalous. Instructions repeatedly clarified that (i) rate adopted should be beneficial to the Government of India; (ii) rates should be revised in local currency only when local currency depreciated by 10% or more against the US Dollars and (iii) no revision in local currency to be done when the local currency appreciated against the US Dollars. Further, it was found that there were no papers to show that Mission had sought clarification when the renunciation charges were fixed in local currency.

It can be concluded that HCI, Ottawa lacked serious understanding of the instructions and concepts related to these two aspects (renunciation and penalty for misuse of passports after obtaining foreign citizenship) and thus, a wrong rate of exchange had been adopted. However, there is no evidence to show that these wrong rates were adopted due to any wilful negligence or with malafide intentions. The adoption of incorrect rate of exchange cannot be termed as inadvertent because the premise that led to such consequence was itself misplaced.

The Fact Finding Committee (FCC) found no evidence of any wilful negligence or malafide intention on the part of the officials of HCI, Ottawa, which could have benefited the officials concerned or anybody in particular. The confusion in the adoption of the RoE was due to lack of understanding on the part of the Mission's officials regarding the classification of these two services and adoption of the RoE. Generic responses from the Ministry did not help to address the specific points concerning the situation in Canada. It was also noted that the Audit carried out in 2010-12 did not point out this lapse in adoption of correct exchange rate. However, the FCC has not recommended any action against any officers/officials present in HCI Ottawa between June 2010 – March 2013 because the error arose due to serious misunderstanding of the instructions and basic concepts and not due with any malafide intention.

PSP Division has issued instructions to all Missions/Posts including those in Canada emphasizing the need to follow instructions/guidelines laid down strictly and to always first examine the case for revision of any fees/rates related to passport services and miscellaneous consular services on the thumb-rules that (i) rate adopted should be beneficial to the Government of India, (ii) rates should be revised in local currency only when the local currency depreciates by 10% or more against the US Dollar and (iii) no revision in local currency to be done when the local currency appreciates against the US Dollar. They need to ensure that there is no loss to the government while such revision of fees is done."

10. Audit, in their vetting comments have submitted the following: -

"The fact remains that there was no necessity for the Mission to obtain clarification from the Ministry since the provisions of Passport Manual were clear on the rate of exchange to be adopted. Besides this, the clear instruction regarding revision of local currency only when it depreciated by 10% or more against the US Dollar did not require any clarification.

The primary responsibility for good governance is that of the Ministry through its internal control mechanism. The fact that the Ministry's internal audit mechanism and periodic inspections by CNV & I Division have not pointed out these discrepancies is a pointer to the lack of a robust internal control set up in the Ministry.

Also the Audits are conducted on a sample test check basis, and not intended to be a replacement of the required controls.

Hon'ble PAC categorically pointed out in its reports the need for strengthening internal audit mechanism of the Ministry as strong internal controls followed by regular internal audit are a hall mark of good governance.

The FCC (para xii of its report) noted that HCI Ottawa did definitely fail to observe the extant instructions and adoption of rate of exchange of June 2010 for renunciation and penalty was definitely anomalous. The FCC, however, did not address the issue of delayed revision of fees after receipt of clarification (January 2015) from Ministry at the instance of Audit.

Further Ministry has not furnished details of any review of all the Missions to check that such errors are not repeated as recommended by the PAC. Same may be furnished to PAC."

11. The Ministry of External Affairs in the Action Taken Notes have further submitted as under:-

"Ministry had already admitted that there was no need for Mission to seek clarification and it has been stated that if once clarification had been sought, status quo should be maintained until the same was received. It has been brought out by the FCC that the basic issue was a fundamental lack of understanding of the rules and procedure and there was no malafide on the part of the officials. Audit's comment that the primarily responsibility for good governance rests with the Ministry is valid and Ministry makes every effort to see that procedures are followed and errors are rectified as soon brought to light. The present case was complicated and hence the delay on the part of the Mission. It has already been conveyed to Missions that Ministry will take a serious view in such cases and that accountability will be fixed on the concerned officials in case it is found that proper procedure was not followed or stipulated rules and guidelines have been bypassed. Review of Missions is an ongoing process. After the completion of the integration of the passport issuance system Ministry would be in a better position to set up a real-time monitoring of such issues."

12. The Committee had, in their Original Report, noted that the High Commission of India (HCI), Ottawa and the two Consulates under its jurisdiction, at Toronto and Vancouver had applied the official exchange rate prevailing in June 2010 for local currency both for purpose of imposing penalty on misuse of passports and renunciation of citizenship fees. The rate required to be used as per the Citizenship Rules 2009 and Passport Manual 2010 was the exchange rate applicable for visa services. The incorrect application of the exchange rate resulted in a loss of ₹6.05 crore. The Committee had further noted that the High Commission had made a downward revision of service fees applicable for renunciation of citizenship as well as the penalty for misuse of passports. This was contrary to the Ministry's

instructions that the fee in terms of local currency may be revised only if the local currency depreciated against US dollar by 10 per cent or more, which had not happened at that time. The Committee had recommended that the Ministry may fix accountability for non-adherence of stipulated rules and guidelines and that a review of the practice followed in all the Missions may be conducted so as to check that such errors were not being made and necessary instructions issued for taking strict action if such instances were to arise again. The Committee note from the action taken replies of the Ministry that pursuant to the recommendation of the Committee, a Video Conference was held by the Ministry with the officials of High Commission of India, Ottawa wherein HCI, Ottawa *inter-alia* reiterated the Commission's earlier submission, forwarded copies of the relevant notings and further explanation reiterating that they had sought Ministry's instructions. However, no explanation was given for revising the fees further downwards. The Committee further note that a four-member Fact Finding Committee (FCC) was constituted to re-examine the case for fixing accountability in the matter. The Committee are astounded to note the findings of the FCC that HCI, Ottawa lacked serious understanding of the instructions and concepts related to renunciation and penalty for misuse of passports after obtaining foreign citizenship and, thus, a wrong rate of exchange was adopted. As per FCC, the adoption of incorrect rate of exchange could not be termed as inadvertent because the premise that led to such consequence was itself misplaced. The Committee are astonished to note the observation of the FCC that that there were no papers to show that the Mission had sought clarification from the Ministry when the renunciation charges were fixed in local currency. The Committee also note that the FCC has not recommended any action as it did not find evidence of any wilful negligence or malafide intention on the part of the officials of HCI, Ottawa, which could have benefited the officials concerned or anybody in particular. The Committee are dismayed to note that the officials of HCI, Ottawa who applied incorrect rate of exchange for renunciation of citizenship as well as penalty; could not produce proof of seeking clarification from the Ministry and; failed to observe the extant instructions which resulted in a loss of ₹6.05 crore have been absolved of any responsibility. The Committee are of the considered view that the officials posted in an Indian Mission should be conversant with the fundamental rules and procedures of working for Government of India and any indiscretion in this

regard cannot be overlooked. The Committee, therefore, reiterate their earlier recommendation that action be taken against those responsible for not adhering to stipulated rules and guidelines and the Committee be apprised of the details thereof. The Committee also desire that basic/ refresher training may be imparted to all the Mission staff to ensure that such errors do not recur. The Committee, further, note that instructions have been issued to all Missions/Posts including those in Canada emphasizing the need to strictly follow instructions/guidelines laid down. However, review has not been carried out of all missions to check that such errors are not occurring. The Committee, therefore, reiterate that a review of all the missions may be carried out to ascertain and obviate occurrence of any such instances and desire that the Ministry may furnish specific data on real-time monitoring of such issues since the integration of passport issuance project.

Due Diligence/Detailed study before finalising Contracts

(Recommendation at Para No. 6)

13. *The Committee had been constrained to note that the Mission did not undertake due diligence in estimating the Service Charges for Fast Track Business Visa. In August, 2008 it had proposed a service charge of GBP 50 which was reduced in October, 2009 to GBP 25 without detailed estimation of cost, market survey and study and negotiations with the vendor. The Committee had noted that the new Service Provider had agreed to render the same service at normal Service Charges of GBP 7.44 w.e.f. March 2015 in a new agreement against the enhanced service charge of GBP 25 during 15 March 2010 to February 2015. The Committee had found that while going for a fresh tender for visa work in July 2013, the Mission had omitted to include this item of work. The Committee had noted that, the contention of the Ministry that the service charge for fast track business visa in 2009 was based on prevailing market rates and negotiations, were not supported with any documentary evidence on record. This had clearly indicated that the decision of fixing the service charges for FTBV was arbitrary. The Committee had, therefore, enjoined upon the Ministry to fix the responsibility on the concerned officers for this aberration and unfair trade practice and to refer the matter to the CVO of the Ministry for enquiry. The Committee had desired to be apprised of the action taken in the matter. While noting that the Ministry had revised the standard tender document issued by Indian*

Missions and Posts abroad for outsourcing of visa, passport and consular support services, the Committee had hoped that the provisions so incorporated would be followed in letter and spirit.

14. The Ministry of External Affairs in the Action Taken Notes have submitted as under:

"This matter was taken very seriously by the Ministry. An MEA inspection team, comprising Shri AcquinoVimal, JS (CNV & I) and Ms Priyanka Chauhan, Director (Finance), visited High Commission of India in London on 5-6 April, 2018 to investigate the issue. In their report they concluded that there was no evidence of mala-fide or any vigilance angle. It may be noted that the main objective of the introduction of the FTBV (Fast Track Business Visa) was to facilitate short notice business travellers coming to India as well as increase the ability of the visa issuance system to cater to urgent needs, thus promoting our over trade and economic interests. With the introduction of e-Visa, the demand for FTBV service has come down. As per the new contract effective from March 2015, the service provider is not charging any additional service fee for business visas."

15. Audit, in their vetting comments have submitted the following: -

"Ministry's reply is silent on PAC's recommendation to refer the matter to the CVO of the Ministry for enquiry.
Further, a copy of report of the inspection team may be provided to the PAC."

16. The Ministry of External Affairs in the Action Taken Notes have further submitted as under:-

"The CVO of MEA is JS (CNV & I) who himself led the inspection team to HCl London to investigate the issue. The inspection team, after examining all the aspects of the issues raised by the Audit, in their report, concluded that there was no evidence of malafide or any vigilance angle.
CPV Division is looking into implementation of the recommendations of the inspecting team."

17. The Committee had noted that the Mission did not undertake due diligence in estimating the Service Charges for Fast Track Business Visa. In this regard, the contention of the Ministry that the service charge for fast track business visa in 2009 was based on prevailing market rates and negotiations, was not supported with any documentary evidence on record and clearly indicated that the decision of fixing the service charges for FTBV was arbitrary. The Committee had also noted that the new Service Provider had agreed to render the same service at normal Service Charges of Great Britain Pound (GBP) 7.44 w.e.f. March 2015 in a new agreement against the enhanced service charge of GBP 25 during 15 March 2010 to February 2015. The Committee had

enjoined upon the Ministry to fix the responsibility on the concerned officers for this aberration and unfair trade practice and to refer the matter to the CVO of the Ministry for enquiry. The Committee note from the action taken reply submitted by the Ministry that the CVO of MEA led an inspection team to HCl London to investigate the issue and after examining all the aspects of the issues, concluded that there was no evidence of malafidity or any vigilance related issue. The Committee further note from the reply of the Ministry that the Consular Passport and Visa Division is looking into implementation of the recommendations of the inspecting team. The Committee desire to be apprised of the detailed findings of the enquiry team led by the CVO, the recommendations made by the team and the status of implementation thereof. The Committee also desire that the recommendations of the inspecting team be considered and implemented within a fixed time frame.

Computerisation

Recommendation at Para No.7

18. *The Committee had noted that incorrect fees was applied to 17,664 renunciation cases and 797 cases of misuse of passport from June 2010 to February 2013, i.e. for almost 3 years, and incorrect downward revision on renunciation fees and penalty was applied to 27,057 renunciation cases and 5,125 cases of misuse of passport from 1 March 2013 to 22 January 2015, i.e. for almost 2 years. The Committee had inferred that the Mission correctly revised the renunciation fees and penalty for misuse of passports with effect from 23 January 2015 only after being pointed out by Audit. The Committee had been of the firm opinion that the delay in identification and rectification of the incorrect rate of exchange pointed towards a gap in communication between the Ministry and Missions. The Committee had been of the opinion that full computerization of all processes and systems was essential for effective communication and efficient service delivery. Accordingly, the Committee had recommended the following :-*

- *All the missions be fully computerized and connected with the central portal of the Ministry of External Affairs for real time interface between the Missions and the Ministry;*
- *Information on various visa services provided, average number of days taken for the same and charges thereof may be made available online to ensure*

transparency. Further, a response time for clarification of queries regarding visa services be prescribed by the Ministry; and

•Mechanism to ensure timely reporting and accountability may be created.

19. The Ministry of External Affairs in the Action Taken Notes have submitted as under:

"In so far as the passport issuance part is concerned, the Division would like to inform that linking of all Missions/Posts abroad onto the Global Passport Seva Project (GPSP) is underway. So far, 39 Missions have already been linked to the system and work is in progress in 12 other Missions. With the completion of this project, it is expected that all the Missions/Posts being linked to one system it will enable better monitoring and real time reporting would become possible."

20. Audit in this regard have given the following vetting comments:-

"PAC may be intimated about status of ongoing work in remaining 12 Missions alongwith timeline fixed for completion of remaining work."

21. The Ministry of External Affairs in the Action Taken Notes have further submitted as under:

"The integration has been completed in 54 Missions till 11.2.2020. Orders have been issued to all the remaining Missions/Posts to procure equipment so that the integration of their passport issuance system into the GPSP could be completed before 31st May 2020."

22. The Committee had noted that incorrect fees was applied to renunciation cases and misuse of passport cases for almost 3 years, and incorrect downward revision of fees on such cases was made applicable for almost 2 years, and was appropriately revised only after the anomaly was pointed out by Audit. The delay in identification and rectification of the incorrect rate of exchange being applied was clearly indicative of a gap in communication between the Ministry and Missions. The Committee had opined that full computerization of all processes and systems were essential for effective communication and efficient service delivery. The Committee had recommended that all the missions be fully computerized and connected with the central portal of the Ministry of External Affairs for real time interface between them; information on various visa services provided, average number of days taken for the same and charges thereof may be made available online

to ensure transparency; a response time for clarification of queries regarding visa services be prescribed by the Ministry; and a mechanism to ensure timely reporting and accountability may be instituted. The Committee observe from the action taken reply of the Ministry that linking of all Missions/Posts abroad onto the Global Passport Seva Project (GPSP) has been underway and that with the completion of this project, it is expected that all the Missions/Posts being linked to one system would enable better monitoring and real time reporting. The Committee further note that integration has been completed in 54 Missions till 11.2.2020 and orders have been issued to all the remaining Missions/Posts to procure equipment so that the integration of their passport issuance system into the GPSP could be completed before 31st May 2020. The Committee would like to be apprised of the details of this project, status of integration of all the Missions as per the project as well as the resultant impact on monitoring and real time reporting. The Committee also desire to be apprised whether implementation of this project specifically addresses the concerns raised by them in their earlier recommendation.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Observation/Recommendation

The C&AG of India in their Report no. 11 of 2016 (Union Civil Compliance) have brought out two paras viz. 7.1 and 7.2 pertaining to the Ministry of External Affairs on 'Less collection of revenue due to incorrect adoption of exchange rate on fees/penalties charged towards renunciation of citizenship and misuse of passports' and 'Undue benefit to the Service Provider', respectively. In Para 7.1, Audit found that incorrect adoption of prevailing official exchange rate by the Mission and Posts in Canada in June 2010 and further unwarranted downward revision of service fees for renunciation of Indian citizenship, and penalties on misuse of passports in March 2013 resulted in revenue loss of (₹ 6.05 crore + ₹ 20.96 crore) ₹ 27.01 crore. In Para 7.2, Audit found that the decision of High Commission of India in London to award processing of Fast Track Business Visas cases at enhanced Service Charge of Great Britain Pound (GBP) 25 per case in place of normal Service Charge of GBP 7.70 resulted in undue benefit of ₹ 10.72 crore to the Service Provider from March 2010 to February 2015. The Committee have observed certain shortcomings in the functioning of the Ministry with regard to these audit paras and have accordingly made their observations/recommendations on important issues in the succeeding paragraphs.

[Para 1, Part – II, of 112th Report of Public Accounts Committee
(16th Lok Sabha)]

Action Taken

The above para being an introductory para does not call for any action.

Audit's vetting comments on Ministry's ATN

No comments.

Observation/Recommendation

The Committee note that the High Commission of India, Ottawa and two Consulates under its jurisdiction, at Toronto and Vancouver applied the official exchange rate prevailing in June 2010 i.e. @ 1 Canadian Dollar (C\$)=₹ 41.662 for local currency both for penalty of misuse of passports and renunciation of citizenship fees as against the rate of exchange for visa services i.e. 1 (C\$)=₹ 29.231 which was the rate required to be used according to the Citizenship Rules 2009 and Passport Manual 2010, resulting in a loss of ₹6.05 crore. The Committee further note that the High Commission in Ottawa and the two

Consulates made downward revision of service fees for renunciation and penalty and misuse of passports despite the Ministry's clear instructions that the fee in terms of local currency may be revised if the local currency depreciated against US dollar by 10 per cent or more and which depreciation had not happened at that point. The Committee are dismayed to note that the Mission in Ottawa could be so callous in their reply by stating that the error was on account of ambiguity in the instructions issued by the Ministry and delay by the Ministry in responding. The fact that all the other missions applied the correct rate of exchange points to error of judgment on the part of the concerned officials in the Mission and laxity in following duly laid down procedures/rules. The Committee further observe that, the fees was revised after receipt of clarification from the Ministry in January 2015 and that too at the instance of Audit. The Committee deprecate the lackadaisical attitude of the Ministry and the Mission in this regard. While, the amount so lost cannot be recovered, the Committee recommend the Ministry to fix accountability for non-adherence of stipulated rules and guidelines and further; to conduct a review of all the missions to check that such errors are not being made and also to issue necessary instructions that strict action would be taken if such instances were to arise again.

[Para 2, Part – II, of 112th Report of Public Accounts Committee
(16th Lok Sabha)]

Action Taken

Pursuant to receipt of the PAC recommendation, a Video Conference was held on the audit para 7.1 of Audit Report No. 11 of 2016 with the officials of the High Commission of India (HCI), Ottawa, on 12.9.2018 led by the High Commissioner. Additional Secretary (Administration), MEA, led the MEA delegation at Headquarter. AS(AD) requested the High Commissioner to brief about the process of decision making. High Commissioner responded that as per available records with the Mission, HCI, Ottawa, had sought the Ministry's views regarding adoption of exchange rate as there was ambiguity/ lack of clarity regarding its application. AS (AD) requested HCI, Ottawa, to scan the notings of the correspondences available with the Mission on this subject and send it to the Ministry. The Mission was once again requested to clarify the reason for the ambiguity in using the exchange rates prescribed in the Passport Manual and carefully study the source of such an ambiguity from the available records. In response, HCI, Ottawa, reiterated their earlier submissions and sent copies of the available records.

2. HCI, Ottawa, forwarded copies of the relevant noting and further explanation reiterating that they had sought Ministry's instructions. However, no explanation was given for further revising the fees downwards in March 2013 by applying the official rate of exchange of October 2012.

3. In view of the recommendation of the Committee to fix accountability, a four-member Fact Finding Committee (FCC) was accordingly constituted in the Ministry with the approval of the competent authority to thoroughly re-examine the case and look into the aspect of fixing accountability for non-adherence of stipulated rules and guidelines.
4. The FCC has submitted its report and the same has been accepted by the competent authority in the Ministry.
5. The FCC examined the relevant noting, documents available and the relevant instructions prevalent at that time and the circulars issued by the Ministry from time to time. Observations of the FCC are as follows:
 - i. Ministry had conveyed vide circular No. VI/401/1/4/2009 of 3rd May 2010 that a service fee of Rs. 7000/- was to be charged by Missions/Posts abroad in cases of renunciation of Indian citizenship abroad as per provisions of the Citizenship Rules, 2009. These charges were effective from 1st June 2010. Prior to that, only US\$ 20 was being levied as miscellaneous services fee for renunciation of citizenship. The Rate of Exchange (RoE) to be used for converting Indian Rupees (INR) into Canadian Dollars (C\$) was to be the same as was being used for visa and consular fees. The Missions/ Posts in Canada applied the Official RoE of June 2010 for fixing the renunciation fees of Rs. 7000/- in local currency. They should have applied the RoE of C\$ 1 = Rs. 29.23 but instead applied the RoE of C\$ 1 = Rs. 41.66. It was further clarified vide circular dated 4th June 2010 that the renunciation fee of Rs. 7000/- be charged only in fresh cases of renunciation of citizenship taking place from 1st June 2010 and not in cases where foreign citizenship had been acquired on or before 31st May 2010. A further clarification was issued in August 2010 conveying that renunciation fees was not a new regulation but that the cut-off date for the new charges was 31.5.2010.
 - ii. Ministry revised the fees for passport and related services with effect from 01 October 2012 vide Gazette Notification GSR 731(E) dated 28 September 2012. The fees for passport and related services were fixed in INR, US\$ and Euros. It was subsequently clarified that wherever the fee is to be fixed in local currency, Missions/ Posts should apply the prevailing RoE communicated by the FE Section or the commercial RoE, whichever is beneficial to the Government of India. The Missions/ Posts in Canada were required to follow this advice of the Ministry. Missions/Posts were advised that the fee in local currency may be revised if the local currency depreciated against the US Dollar by 10% or more and that fee should not be revised in case of appreciation of local currency. It was mentioned that the notification only covered passport fees and passport related services. This revision in fees did not apply for fees for renunciation of citizenship or for penalty for use and non-surrender of passport after acquisition of foreign citizenship.

- iii. Mission has not been able to clarify whether penalty for non surrender and use of Indian passport after acquiring Indian citizenship was being levied from the date of issue of circular No. VI/401/1/4/2009 dated 24 March 2009 at the prevailing visa/consular fees rate. If it had been doing so, the Missions/ Posts should have continued with the same rates and there would have been no justification for adopting the official RoE of June 2010.
- iv. Mission does not seem to have made out any case for adopting the RoE of June 2010 even assuming that the penalties were to have been implemented from June 2010. As in the case of renunciation charges, it appears that the Mission had assumed that these fees were effective from June 2010 and that the RoE of June 2010 may be adopted was an erroneous conclusion.
- v. Ministry revised the passport and related services fees w.e.f. 1st October 2012 and intimated the same in US Dollars and Euros. HCI, Ottawa, however, revised the fees for renunciation and penalty in local currency w.e.f. March 2013 after receiving clarifications from the Ministry in January 2013. Mission was only supposed to re-fix the passport fees and related services in local currency accordingly adopting the RoE applicable for consular fees and visa and which would be beneficial to the Government of India. Renunciation and penalty charges were not part of the gazette notification of September 2012 or any other instructions that followed.
- vi. It is to be noted that Ministry revised the passport fees w.e.f. 1st October, 2012. The earlier revision of passport fees was done w.e.f. 2002. While fixing the passport fees w.e.f. 1.1.2002, Ministry had intimated that the formula adopted for fixing the passport fee in US Dollars and Euros has been the same as for the consular fee and clarified that passport fee fixed in US Dollars and Euros will not change on account of appreciation or depreciation. As regards conversion of consular fees to local currency, Missions/Posts had been instructed to apply the official RoE or commercial rate, whichever is beneficial to the government and any revision in local currency would be done only when the local currency depreciates by 10% or more against the US Dollars. Ministry had mentioned in its clarifications to the revision of passport fees that the rates of 2002 would not apply and that the RoE as communicated by FE Section of MEA should be applied. As the matter concerned only passport and other related services fees, the earlier point of reference was 2002.
- vii. The Mission sought clarification in November 2012 from the Ministry whether the rates of 2002 or 2012 were applicable for passport and other related services because the latter rate would in fact reduce the fee in C\$ due to appreciation of the C\$ against the US\$ between 2002 and 2012. As the Ministry's earlier reference point related to the period when the passport fees

were last revised 2002, it was repeatedly conveyed that the current official RoE being communicated by FE Section of the Ministry in October 2012 would apply and not the rates of 2002. This could be because when the rates are revised, it is expected that the new ROE would become applicable as well as the fact that the rates in 2002 would have been much higher than the current rates in C\$. Thus, there seems to be a gap in communication between the HCI, Ottawa, and the Ministry and to this limited extent, there was certainly some ambiguity in the understanding of the Mission.

- viii. HCI Ottawa's proposal to revise the renunciation and penalty fees in local currency with effect from March 2013 was *ab initio* fallacious because of the very fact that (i) local currency had appreciated and not depreciated during the period 2010-2012 and (ii) there was no requirement to revise these two fees as the same were not part of the revised passport fees as per the gazette notification of September 2012. Mission should have, as per extant instructions, treated the two as Miscellaneous Services and should have only applied the same RoE as was being adopted for visa and consular fees. It can be concluded that there was serious lack of understanding as to the classification of the nature of services as well as confusion as to what rate would be applied for calculating the same.
- ix. If Mission had sought clarification from the Ministry, then Mission should have waited for proper clarification from the Ministry before going ahead and implementing. It would have been financially prudent and diligent to have waited for the clarification before any revision was done.
- x. When the passport fee was fixed w.e.f. 01/10/2012, the same seems to have been converted at the prevailing RoE as on October 2012. There seems to be no audit objection on this aspect. Hence, it is probable that since Mission linked the renunciation and penalty for non-surrender of Indian passport to passport services, the same rate as for passport fees was applied. This appears to be the basic reason for adoption of wrong rate of exchange.
- xi. Audit of the HCI, Ottawa and Consulates General of India, Toronto and Vancouver are done on an annual basis. It is surprising that the fixation of renunciation fees in local currency w.e.f. June 2010 and the revision of penalty charges in local currency were not mentioned in any previous audit reports for the period between 2010 – 2013. Audits conducted from 2010-12 did not raise any objections or make observations due to which revenue loss kept on accruing. Had the Audit observed these mistakes, the notional loss of revenue to the GoI could have been prevented.
- xii. HCI, Ottawa did definitely fail to observe the extant instructions and adoption of rate of exchange of June 2010 for renunciation and penalty was definitely anomalous. Instructions repeatedly clarified that (i) rate adopted should be

beneficial to the Government of India; (ii) rates should be revised in local currency only when local currency depreciated by 10% or more against the US Dollars and (iii) no revision in local currency to be done when the local currency appreciated against the US Dollars. Further, it was found that there were no papers to show that Mission had sought clarification when the renunciation charges were fixed in local currency.

xiii. It can be concluded that HCI, Ottawa lacked serious understanding of the instructions and concepts related to these two aspects (renunciation and penalty for misuse of passports after obtaining foreign citizenship) and thus, a wrong rate of exchange had been adopted. However, there is no evidence to show that these wrong rates were adopted due to any wilful negligence or with malafide intentions. The adoption of incorrect rate of exchange cannot be termed as inadvertent because the premise that led to such consequence was itself misplaced.

6. The Fact Finding Committee (FCC) found no evidence of any wilful negligence or malafide intention on the part of the officials of HCI, Ottawa, which could have benefited the officials concerned or anybody in particular. The confusion in the adoption of the RoE was due to lack of understanding on the part of the Mission's officials regarding the classification of these two services and adoption of the RoE. Generic responses from the Ministry did not help to address the specific points concerning the situation in Canada. It was also noted that the Audit carried out in 2010-12 did not point out this lapse in adoption of correct exchange rate. However, the FCC has not recommended any action against any officers/officials present in HCI Ottawa between June 2010 – March 2013 because the error arose due to serious misunderstanding of the instructions and basic concepts and not due with any malafide intention.

7. PSP Division has issued instructions to all Missions/Posts including those in Canada emphasizing the need to follow instructions/guidelines laid down strictly and to always first examine the case for revision of any fees/rates related to passport services and miscellaneous consular services on the thumb-rules that (i) rate adopted should be beneficial to the Government of India, (ii) rates should be revised in local currency only when the local currency depreciates by 10% or more against the US Dollar and (iii) no revision in local currency to be done when the local currency appreciates against the US Dollar. They need to ensure that there is no loss to the government while such revision of fees is done.

Audit's vetting comments on Ministry's ATN

The fact remains that there was no necessity for the Mission to obtain clarification from the Ministry since the provisions of Passport Manual were clear on the rate of exchange to be adopted. Besides this, the clear instruction regarding revision of

local currency only when it depreciated by 10% or more against the US Dollar did not require any clarification.

The primary responsibility for good governance is that of the Ministry through its internal control mechanism. The fact that the Ministry's internal audit mechanism and periodic inspections by CNV & I Division have not pointed out these discrepancies is a pointer to the lack of a robust internal control set up in the Ministry.

Also the Audits are conducted on a sample test check basis, and not intended to be a replacement of the required controls.

Hon'ble PAC categorically pointed out in its reports the need for strengthening internal audit mechanism of the Ministry as strong internal controls followed by regular internal audit are a hall mark of good governance.

The FCC (para xii of its report) noted that HCI Ottawa did definitely fail to observe the extant instructions and adoption of rate of exchange of June 2010 for renunciation and penalty was definitely anomalous. The FCC, however, did not address the issue of delayed revision of fees after receipt of clarification (January 2015) from Ministry at the instance of Audit.

Further Ministry has not furnished details of any review of all the Missions to check that such errors are not repeated as recommended by the PAC. Same may be furnished to PAC.

Ministry's comments on Audit's observations

Ministry had already admitted that there was no need for Mission to seek clarification and it has been stated that if once clarification had been sought, status quo should be maintained until the same was received. It has been brought out by the FCC that the basic issue was a fundamental lack of understanding of the rules and procedure and there was no malafide on the part of the officials. Audit's comment that the primary responsibility for good governance rests with the Ministry is valid and Ministry makes every effort to see that procedures are followed and errors are rectified as soon brought to light. The present case was complicated and hence the delay on the part of the Mission. It has already been conveyed to Missions that Ministry will take a serious view in such cases and that accountability will be fixed on the concerned officials in case it is found that proper procedure was not followed or stipulated rules and guidelines have been bypassed. Review of Missions is an ongoing process. After the completion of the integration of the passport issuance system Ministry would be in a better position to set up a real-time monitoring of such issues.

Observation/Recommendation

The Committee are disappointed to note that the internal audit of the Mission in Ottawa and the two Consulates at Toronto and Vancouver failed to point out the deviation in application of exchange rates which ultimately led to pecuniary loss. In this regard, in their 30th report on 'Global Estate Management' and 61st report on 'Action taken on recommendations/ Observations of the Committee contained in their 30th Report on 'Global Estate Management', the Committee, while observing that the internal audit system of the Ministry was not functioning properly, felt that there was a need for strengthening internal audit as a preventive and remedial mechanism and had strongly recommended that an effective internal e-audit system may be developed in the Ministry. The instant case of incorrect adoption of exchange rate on fees/penalties charged towards renunciation of citizenship and misuse of passports points to the same issue of lack of internal audit. The Committee has been categorically pointing out in their earlier reports the need for strengthening internal audit mechanism of the Ministry as strong internal controls followed by regular internal audit are a hall mark of good governance and are the need of the hour for the Missions. The Committee, accordingly, recommend that an effective mechanism for internal audit for early detection and rectification of irregularities/errors may be developed and they may be apprised thereof.

[Para 3, Part – II, of 112th Report of Public Accounts Committee
(16th Lok Sabha)]

Action Taken

Ministry has strong internal mechanism for exercising administrative control over Missions abroad. It includes internal audit, annual audit by the C&AG Team and periodic inspections by CNV & I Division.

Audit's vetting comments on Ministry's ATN

Audit does not agree with Ministry's contention that CAG's audit is a part of the internal control mechanism. CAG is an independent external auditor and an oversight mechanism on behalf of the parliament. Further Ministry's stand that it has strong internal mechanism for exercising administrative control over Missions abroad does not seem to be validated. Had the internal audit pointed out these mistakes, the notional loss of revenue to the Gol could have been prevented. The fact indicates that internal audit mechanism needs to be further strengthened by the Ministry.

Further, the Committee has been categorically pointing out in their earlier reports the need for strengthening internal audit mechanism of the Ministry as strong internal controls followed by regular internal audit. As desired by the Hon'ble PAC steps taken in this regard may be intimated to them.

Ministry's comments on Audit's observations

A sound internal control mechanism already exists in the Ministry. As indicated, further strengthening of the mechanism has been felt necessary. Accordingly, an additional post (Director level) for Internal Audit Wing has been approved. Number of units under Annual Audit Plan of Internal Audit has been increased and Internal Audit is regularly undertaken. Ministry has now assigned Nodal Officer in every Division to address inspection and audit issues. An e-Audit portal has also been set up to enhance prompt monitoring and reporting.

Observation/Recommendation

The Committee note that the High Commission of India, London introduced the service of Fast Track Business Visa (FTBV) whereby business visa would be issued on same day on payment of additional visa fee and Service Charges. Audit contended that the Mission's decision to award processing of FTBV cases at enhanced Service Charge of GBP 25 per case in place of normal Service Charge of GBP 7.70 resulted in undue benefit of ₹ 10.72 crore to the Service Provider i.e. VF Services (UK) Ltd. The Committee observe from the reply of the Ministry that the High Commission of India, London had been receiving a large number of requests for urgent visas from business travellers and in the absence of a separate mechanism for receipt and processing of urgent business visa applications, it was very difficult for the Mission to handle such urgent visa requests. In this regard, Secretary MEA in his submission stated that with the introduction of e-visa, demand for the FTBV came down. The Committee further observe that e-visa is being handled by Ministry of Home Affairs. The Committee are apprehensive of coordination and jurisdictional issues in handling of e-visa which is being handled by Ministry of Home Affairs as the Missions come under Ministry of External Affairs, and hope that steps will be taken to streamline the whole process of issue of e-visa. It has further been stated in the final action taken note that FTBV has been dispensed with. In this context, the Committee are of the view that efficient delivery of Visa services across all missions is essential not only to promote trade and economic interests but also to allow seamless, smooth and hassle free movement of people from and to India. While taking care of security concerns is important on one hand, the focus should be on facilitation rather than hindrance. The Committee, therefore, recommend that all missions should provide, through their visa issuance services, visas on short notice for immediate travel on medical reasons, death of family/relative, or any other ground which can be justified by the traveller as urgent apart from business purposes.

[Para 4, Part – II, of 112th Report of Public Accounts Committee

(16th Lok Sabha)]

Action Taken

As per new contract effective from March, 2015, the Service Provider at HCI, London is not charging any additional service fee for emergency business visas. After due process Mission awarded the contract to VFS being L1 at a service fee of 7.44 Pounds. The new agreement was signed on December 15, 2014 for a period of four years valid up to March 31, 2019. Mission has stopped additional service fee for the Service Provider pertaining to fast track business visa.

Regarding visa issuance at short notice, it may be noted that Missions/Posts are empowered to issue visas on same day as per the local situation conditions.

Audit's vetting comments on Ministry's ATN

The consular service outsourcing contract between HCI, London and M/s VFS which was valid till March 2019 has now been extended till 31 December 2019 by signing an addendum (dated 1 March 2019) to the Agreement.

As per the current practice in vogue, for issue of urgent Business Visas, M/s VFS is charging (on behalf of the HCI) the 'applicable Visa fee' (as prescribed by the Ministry) and charges for issue of 'Business Visas on same day' (as prescribed by the Ministry).

In addition to the above charges the service provider is also charging Urgent Courier Charges of £12.33 (on its behalf), which has been agreed upon and approved by the HCI, London.

Hence, no further comments.

Ministry's comments on Audit's observations

The vetted comments of audit on Ministry's reply has agreed with the submission made by the Ministry. In view of this, the PAC para may be treated as settled.

Observation/Recommendation

The Committee note that the work of Fast Track Business Visas was not reviewed for a period of 5 years. The Mission continued outsourcing of this work at the prevalent rate of GBP 25 per application despite the Ministry expressing its reservations in June 2014, August, 2013 and May, 2014. In the context of above and incase of the contract related to issuance of fast track visas, Secretary, MEA in his oral submission to the Committee stated that the Ministry did not want to disturb the existing arrangement and had communicated to the Mission that the prevalent arrangement could continue till the expiry of the existing contract and that alternate possibilities could be explored thereafter. The apparent hesitation of the Ministry in giving clear directions to the Mission points towards incongruity in the administrative relationship of the Mission and the Ministry. The Committee recommend that steps be taken to ensure that administrative instructions of the Ministry are

followed consistently by the Missions and that there should not be any scope for discretion in the same.

[Para 5, Part – II, of 112th Report of Public Accounts Committee

(16th Lok Sabha)]

Action Taken

Ministry has strong internal mechanism for exercising administrative control over Mission abroad. It includes internal audit, annual audit by the C&AG Team and periodic inspection by CNV & I Division.

It may be noted that the main objective of the introduction of the FTBV (Fast Track Business Visa) was to facilitate short notice business travellers coming to India as well as increase the ability of the visa issuance system to cater to urgent needs, thus promoting our over trade and economic interests.

With the introduction of e-Visa, the demand for FTBV service has come down. As per the new contract effective from March 2015, the service provider is not charging any additional service fee for business visas.

Audit's vetting comments on Ministry's ATN

Steps taken by MEA to ensure that administrative instructions of the Ministry are followed consistently by the Missions without any scope for discretion may be informed to the PAC.

Ministry's comments on Audit's observations

Ministry has strong internal mechanism for exercising administrative control over Missions abroad. It includes internal audit, annual audit by the C&AG Team and periodic inspection by CNV & I Division. Further, to strengthen the monitoring mechanism regarding Consular services in Missions/Posts, CPV Division have already sent a circular to all Missions/Posts in March 2019 to furnish a bi-annual certificate on 1st of January and 1st of July every year confirming implementation of the latest instructions of the Ministry regarding fixation of consular fee and exchange rate, and also to furnish details of the deployment of personnel for the preceding 6 months period on the 1st of January and 1st of July every year. The Head of the Consular Wing will be responsible to furnish the certificates and information on the e-Samiksha portal, which will ensure fixation of individual responsibility in case of any dereliction of duty. Accordingly, Missions/Posts have started uploading the bi-annual certificates on e-Samiksha, which is closely monitored by CPV Division for effective compliance.

Observation/Recommendation

The Committee are constrained to note that the Mission did not undertake due diligence in estimating the Service Charges for Fast Track Business Visa. In August, 2008 it proposed a service charge of GBP 50 which was reduced in October, 2009 to GBP 25 without detailed estimation of cost, market survey and study and negotiations with the vendor. The Committee note that the new Service Provider agreed to render the same service at normal Service Charges

of GBP 7.44 w.e.f. March 2015 in a new agreement against the enhanced service charge of GBP 25 during 15 March 2010 to February 2015. The Committee find that while going for a fresh tender for visa work in July 2013, the Mission omitted to include this item of work. The Committee note that the contention of the Ministry that the service charge for fast track business visa in 2009 was based on prevailing market rates and negotiations, had not been supported with any documentary evidence on record. This clearly indicates that the decision of fixing the service charges for FTBV was arbitrary. The Committee, therefore, enjoin upon the Ministry to fix the responsibility on the concerned officers for this aberration and unfair trade practice and to refer the matter to the CVO of the Ministry for enquiry. It is needless to state here that the Committee be apprised of the trajectory taken in this regard. While noting that the Ministry has revised the standard tender document issued by Indian Missions and Posts abroad for outsourcing of visa, passport and consular support services, the Committee hope that the provisions so incorporated shall be followed in letter and spirit.

[Para 6, Part – II, of 112th Report of Public Accounts Committee
(16th Lok Sabha)]

Action Taken

This matter was taken very seriously by the Ministry. An MEA inspection team, comprising Shri Acquino Vimal, JS (CNV & I) and Ms Priyanka Chauhan, Director (Finance), visited High Commission of India in London on 5-6 April, 2018 to investigate the issue. In their report they concluded that there was no evidence of mala-fide or any vigilance angle.

It may be noted that the main objective of the introduction of the FTBV (Fast Track Business Visa) was to facilitate short notice business travellers coming to India as well as increase the ability of the visa issuance system to cater to urgent needs, thus promoting our over trade and economic interests.

With the introduction of e-Visa, the demand for FTBV service has come down. As per the new contract effective from March 2015, the service provider is not charging any additional service fee for business visas.

Audit's vetting comments on Ministry's ATN

Ministry's reply is silent on PAC's recommendation to refer the matter to the CVO of the Ministry for enquiry.

Further, a copy of report of the inspection team may be provided to the PAC.

Ministry's comments on Audit's observations

The CVO of MEA is JS (CNV & I) who himself led the inspection team to HCI London to investigate the issue. The inspection team, after examining all the aspects of the issues raised by the Audit, in their report, concluded that there was no evidence of malafide or any vigilance angle.

CPV Division is looking into implementation of the recommendations of the inspecting team.

Observation/Recommendation

The Committee note that incorrect fees was applied to 17,664 renunciation cases and 797 misuse of passport cases from June 2010 to February 2013, i.e. for almost 3 years, and incorrect downward revision on renunciation fees and penalty was applied to 27,057 renunciation cases and 5,125 misuse of passport cases from 1 March 2013 to 22 January 2015, i.e. for almost 2 years. The Committee infer that the Mission correctly revised the renunciation fees and penalty for misuse of passports with effect from 23 January 2015 only after being pointed out by Audit. The Committee are of the firm opinion that the delay in identification and rectification of the incorrect rate of exchange points towards a gap in communication between the Ministry and Missions. Accordingly, in the present scenario, in the opinion of the Committee, full computerization of all processes and systems is essential for effective communication and efficient service delivery. Accordingly, the Committee in unequivocal terms recommend that :-

- i. All the missions be fully computerized and connected with the central portal of the Ministry of External Affairs for real time interface between the Missions and the Ministry;
- ii. Information on various visa services provided, average number of days taken for the same and charges thereof may be made available online to ensure transparency. Further, a response time for clarification of queries regarding visa services be prescribed by the Ministry; and
- iii. Mechanism to ensure timely reporting and accountability may be created.

[Para 7, Part – II, of 112th Report of Public Accounts Committee
(16th Lok Sabha)]

Action Taken

In so far as the passport issuance part is concerned, the Division would like to inform that linking of all Missions/Posts abroad onto the Global Passport Seva Project (GPSP) is underway. So far, 39 Missions have already been linked to the system and work is in progress in 12 other Missions. With the completion of this project, it is expected that all the Missions/Posts being linked to one system it will enable better monitoring and real time reporting would become possible.

Audit's vetting comments on Ministry's ATN

PAC may be intimated about status of ongoing work in remaining 12 Missions alongwith timeline fixed for completion of remaining work.

Ministry's comments on Audit's observations

The integration has been completed in 54 Missions till 11.2.2020. Orders have been issued to all the remaining Missions/Posts to procure equipment so that the integration of their passport issuance system into the GPSP could be completed before 31st May 2020.

CHAPTER III

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

-NIL-

CHAPTER IV

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

-NIL-

CHAPTER V
OBSERVATION/RECOMMENDATIONS IN RESPECT OF WHICH THE
GOVERNMENT HAVE FURNISHED INTERIM REPLIES

-NIL-

NEW DELHI:
September, 2020
Bhadrapada, 1942 (*Saka*)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

MINUTES OF THE FOURTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2020-21) HELD ON 28TH AUGUST, 2020.

The Public Accounts Committee sat on Friday, the 28th August, 2020 from 1500 hrs. to 1715 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Adhir Ranjan Chowdhury - Chairperson

Members

LOK SABHA

2. Shri T.R Baalu
3. Shri Subash Chandra Baheria
4. Smt. Darshana Vikram Jardosh
5. Shri Bhartruhari Mahtab
6. Shri Vishnu Dayal Ram
7. Shri Rahul Ramesh Shewale
8. Shri Jayant Sinha
9. Shri Balashowry Vallabhaneni

RAJYA SABHA

10. Shri Naresh Gujral
11. Shri C.M Ramesh
12. Shri Bhupender Yadav

LOK SABHA SECRETARIAT

1. Shri T.G Chandrasekhar - Joint Secretary
2. Shri MLK Raja - Director
3. Shri Paolienlal Haokip - Additional Director

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

1. Ms.Shubha Kumar - Dy.CAG
2. Shri K. Srinivasan - DG
3. Shri Sanjay Kumar - DG
4. Ms.Ritika Bhatia - PD
5. Shri S.V. Singh - PD

REPRESENTATIVES OF THE MINISTRY OF TEXTILES

PART-I

1. At the outset, the Hon'ble Chairperson, welcomed the Officers of the C&AG of India to the sitting of the Committee. Thereafter, he invited suggestions of the Members on the following Draft Reports:-

(a) **** **** **** ****;

(b) Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 112th Report (Sixteenth Lok Sabha) on the subject, "Incorrect Adoption of Exchange Rate And Undue Benefit to the Service Provider";

(c) **** **** **** ****;

(d) **** **** **** ****; and

(e) **** **** **** ****

2. After deliberations, the Draft Reports were adopted by the Committee without any modifications/changes. The Committee authorized the Chairperson to finalize the Reports in the light of factual verification/vetting comments, if any and present the same to Parliament on behalf of the Committee.

3. The Chairperson, then, thanked the Members and the representatives of the Office of the C&AG of India for assisting the Committee in the examination of the subjects.

PART-II

The Committee then adjourned.

APPENDIX-II
(Vide Paragraph 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS
COMMITTEE CONTAINED IN THEIR ONE HUNDRED AND TWELFTH REPORT
(SIXTEENTH LOK SABHA)

(i)	Total number of Observations/Recommendations	07
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 1 to 6.	Total : 07 Percentage: 100%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government: Para Nos. Nil.	Total : 00 Percentage: Nil
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: Para Nos. Nil.	Total : 00 Percentage: Nil
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies: Para Nos. Nil.	Total : 00 Percentage: Nil
