

**GLOBAL ESTATE MANAGEMENT BY THE
MINISTRY OF EXTERNAL AFFAIRS**

MINISTRY OF EXTERNAL AFFAIRS

**PUBLIC ACCOUNTS COMMITTEE
(2015-16)**

THIRTIETH REPORT

SIXTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

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PUBLIC ACCOUNTS COMMITTEE **(2015-16)**

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Presented to Lok Sabha on: 21.12.2015

Laid in Rajya Sabha on: 21.12.2015

**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2015 / Agrahayana 1937 (Saka)

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ANNEXURE

Statement indicating the changes/modifications made in Draft Report 'Global Estate Management by the Ministry of External Affairs'

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2015-16)**

Prof. K.V. Thomas - Chairperson

MEMBERS

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Sudip Bandyopadhyay
4. Shri Ranjit Singh Brahmpura
5. Shri Nishikant Dubey
6. Shri Gajanan Kirtikar
7. Shri Bhartruhari Mahtab
8. Shri Ramesh Pokhriyal "Nishank"
9. Shri Neiphiu Rio
10. Shri Dushyant Singh
11. Shri Janardan Singh Sigriwal
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar Udasi
15. Dr. P. Venugopal

RAJYA SABHA

16. Shri Naresh Agrawal
17. Shri Satyavrat Chaturvedi
18. Shri Anil Madhav Dave
19. Shri Vijay Goel
20. Shri Bhubaneswar Kalita
21. Shri Shantaram Naik
22. Shri Sukhendu Sekhar Roy

SECRETARIAT

1. Shri A.K. Singh - Additional Secretary
2. Shri T.Jayakumar - Director
3. Smt. Bharti S. Tuteja - Deputy Secretary

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2014-15)

Prof. K.V. Thomas - Chairperson

MEMBERS

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9. Shri Neiphiu Rio
10. Shri Rajiv Pratap Rudy
11. Shri Janardan Singh Sigrwal
12. Shri Jayant Sinha
13. Dr. Kirit Somaiya
14. Shri Anurag Thakur
- 15¹. ***Vacant***

RAJYA SABHA

16. Shri Satyavrat Chaturvedi
17. Shri Vijay Goel
18. Dr. Satyanarayan Jatiya
19. Shri Bhubaneswar Kalita
20. Shri Shantaram Naik
21. Shri Sukhendu Sekhar Roy
22. Shri Ramchandra Prasad Singh

¹ Vacant *vice* Dr. M. Thambidurai who has been chosen as Hon'ble Deputy Speaker, Lok Sabha and has since resigned from the membership of the Committee.

INTRODUCTION

I, the Chairman, Public Accounts Committee (2015-16), having been authorised by the Committee, do present this Thirtieth Report (Sixteenth Lok Sabha) on '**Global Estate Management by the Ministry of External Affairs**' based on C&AG Report No. 16 of 2014, Union Government (Civil) (Performance Audit) relating to Ministry of External Affairs.

2. The Report of the Comptroller and Auditor General of India was laid on the Table of the House on 1st August, 2014.

3. The Public Accounts Committee (2014-15) selected the subject for detailed examination and report. The Committee took evidence of the representatives of the Ministry of External Affairs on the subject at their sitting held on 5th January, 2015. As the examination of the subject could not be completed, the Public Accounts Committee (2015-16) re-selected the subject for examination and took further evidence on 19th August, 2015. The Committee considered and adopted this Report at their sitting held on 17th December, 2015. Minutes of the Sittings form Appendices to the Report.

4. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type and form Part II of the Report.

5. The Committee thank their predecessor Committees for the valuable work done by them.

6. The Committee would like to express their thanks to the representatives of the Ministry of External Affairs for tendering evidence before them and furnishing the requisite information to the Committee in connection with the examination of the subject.

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

NEW DELHI;
21st December, 2015
30 Agrahayana 1937 (Saka)

PROF. K.V.THOMAS
Chairperson,
Public Accounts Committee.

REPORT PART- I

Introductory

An Embassy/Chancery/Mission/Post abroad is the main link and the immediate interface between the country it represents and the country in which it is situated. It is the key institution through which a country interacts and nurtures its cordial and harmonious relations with the host country. It acts as the saviour of its citizens in a foreign soil. A country's diplomatic presence abroad embodies its culture, its economic status and its strengths to the world. Accordingly, the role of Mission/ Posts abroad is to work towards strengthening the image of the country and to provide efficient services to the citizens of both their country and of the country where they are stationed. In order to reflect the unique identity of a nation, the Properties where these Missions/ Posts are housed should be functional while making national statement. The Ministry of External Affairs (Ministry), through its 180 Missions/Posts in various countries, occupies a large number of properties both in the country and abroad which include owned and leased properties. The Ministry's Estate Management Porfolio *inter alia* includes acquisitions, construction of properties for our diplomatic Missions/Posts, Cultural Centres and Residences abroad, renting and leasing properties abroad for the functioning of diplomatic Missions and their employees, exchange and acquisition of properties on reciprocal basis for diplomatic representation, managing Regional Passport Offices and other properties in India such as the Jawaharlal Nehru Bhawan and the Foreign Service Institute, and renovation of existing Government of India owned properties in India and abroad. The work related to acquisition and management of owned properties is carried out by the Project Division, while management of leased buildings is with the Property

Section of the MEA. The Projects Division in the Ministry vet projects falling under its mandate. The process of acquisition of properties is also facilitated by engagement of legal experts and consultants from the host country to ensure the convergence with the local laws and regulatory framework while keeping Indian rules and regulations in perspective. Once the design of the building is approved, professional architects and consultants are engaged for execution and monitoring. Acquisition of properties can be made on reciprocal basis as per Vienna Convention or as are offered by the host Government. But in most of the cases properties have been acquired through commercial market purchase. The Public Accounts Committee (108th Report of 1987-88) had emphasized the need for a gradual reduction of rental expenditure of MEA with sound investment in suitable properties.

2. A performance audit of 'Property Management by Ministry of External Affairs' was carried out by Audit for the period 1999-2000 to 2003-04 (C&AG's Report No. 17 of 2005). The issues raised in performance audit were examined by the PAC and its recommendations are contained in the 51st Report of the PAC (14th Lok Sabha) laid on the table of the Lok Sabha and Rajya Sabha on 24.08.2007. The Ministry's Action Taken Note on PAC recommendations were further scrutinised by the PAC. The assurances of Ministry and further recommendations (August 2008) of PAC as contained in fifty-first report of PAC (14th Lok Sabha) and seventy-fifth report of PAC (14th Lok Sabha) are given below:

- (i) Streamline the project planning mechanism in the Ministry with regard to property management and budgetary provisions.
- (ii) Expedite all the pre-construction activities in regard to their projects (reported to in the audit report), such as finalisation of design brief,

appointment of consultants etc and ensure execution of these project at all the stations within the targeted time frame through a specific monitoring plan for each project.

- (iii) Ministry should 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 should also be galvanised to make every possible efforts to minimize the rental outgo on leased accommodation.
- (iv) Listing out all the properties lying vacant for long periods and prioritize the same for prompt disposal in order to avoid further deterioration in their condition.
- (v) MEA should exercise more effective supervision over the Missions/Posts abroad to ensure that irregular expenditure on leased accommodations in excess of prescribed rental ceilings did not become a regular feature.
- (vi) MEA to revamp their inspection machinery so that the working of Indian Mission/Posts abroad in regard to property management is supervised in a more effective manner.

3. The action taken by Ministry of External Affairs and assurances made during the examination were as follows:

- (i) MEA informed PAC that it constantly endeavoured to improve property management through timely finalisation of proposals for purchase, construction as well as renovation of Government properties both in India and abroad.
- (ii) MEA further informed that corrective action had been taken as necessary, the work on construction projects and purchases had been streamlined to a great extent and continued efforts were being made to improve the monitoring, response time and effective control over spending by Missions.
- (iii) MEA assured that every effort was made to carefully ascertain the local procedures so that problems could be anticipated to the extent possible and advance action taken as necessary to avoid or minimize time and cost overruns.

- (iv) MEA informed PAC that it had taken several concrete steps to acquire properties abroad in order to reduce rental liabilities.
- (v) MEA further informed that since setting up the Projects Division in February 2005, it had exclusively focussed on construction/renovation/purchase and property management.
- (vi) MEA assured that it was taking expeditious action for disposal/use of vacant properties.

4. The present audit sought to assess efficiency of the utilisation and management of its global estate by MEA and review compliance of the assurances given to the PAC.

The major findings of the audit include

(i) **Lack of domain information and non-preparation of action plan**

It was seen that even essential domain information i.e. owned, rental and leased number of Chancery buildings/Embassy residences/Staff residences etc were not readily available with MEA. The absence of the information indicates a lack of a systematic approach towards reduction of rental liability as assured to the PAC. The MEA was also yet to develop an action plan for estate management despite an assurance given to the PAC.

(ii) **Delay in acquisition of property**

The Ministry had rendered assurance to the PAC that significant steps had been taken to streamline and speed-up the internal processes related to acquisition and construction of property. However, audit noted in seven cases (Geneva, Berne, Hamburg, Munich, Bishkek, Stockholm and Milan) deficiencies and delays in decision making. Failure in purchase of land/acquisition of property resulted in rental outgo amounting to ₹ 7.83 crore during 2011-12.

(iii) **Delays in construction activities**

Audit noted delays in commencement of construction of properties in ten cases (Shanghai, Port of Spain, Port Louis, Dar-Es-Salaam, Kathmandu, Tashkent, Kyiv, Brasilia, Doha and Nicosia). The delays were attributable to delays in submission of drawings, failure to firm-up the type of properties required, non finalisation of project designs, delays in obtaining approval from local authorities, frequent changes in project requirements and other procedural delays. Most of these delays were internal to the Ministry. The PAC during the examination of the previous audit report

of property management had also urged the MEA to put in place specific time frames and monitoring mechanism to avoid delay in pre construction activities. The annual rental outgo in these cases, in 2011-12 was ₹ 16.36 crore.

(iv) **Deficiencies in renovation/redevelopment activities**

Renovation/Redevelopment work of Government of India owned buildings has been taken up by the Ministry at various stations. Audit of records maintained at Ministry/respective Missions revealed that at four stations viz., Sydney, Hong Kong, Kuala Lumpur, and Jakarta there were irregularities and considerable delays in renovation/redevelopment work. This resulted in avoidable rental expenditure of ₹ 7.44 crore during 2011-12.

(v) **Delays in construction activities in India**

Lack of a systemic approach was also noted in domestic construction projects. Audit of records of five projects (RPO Jaipur, RPO Amritsar, RPO Mumbai, RPO Srinagar and FSI, Delhi) revealed that there were considerable delays in start of projects upto 22 years (RPO Jaipur). Construction at RPO Srinagar had not commenced though the land was purchased in December 2006. Avoidable rental outgo in respect of three RPOs (RPO Amritsar, RPO Mumbai and RPO Srinagar) during 2011-12 alone was ₹ 3.98 crore.

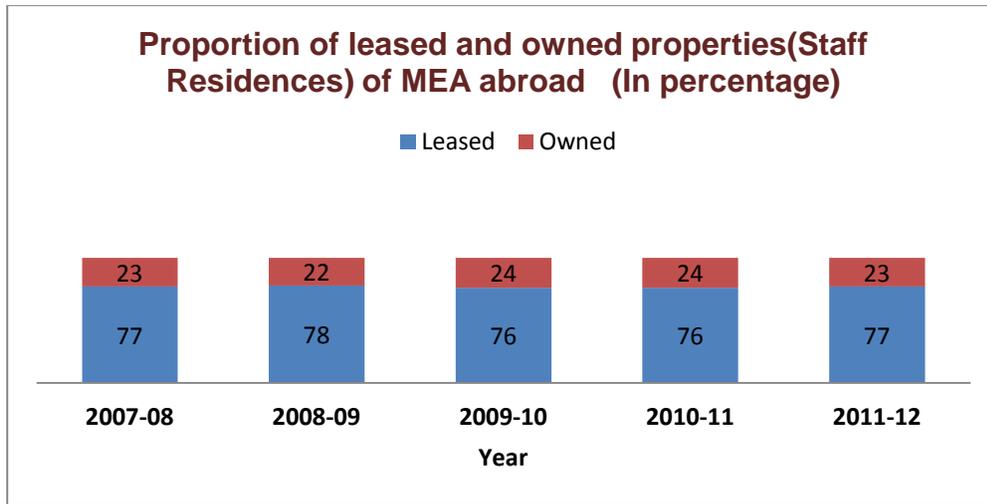
5. The Ministry operated 180 Mission/Posts in various countries. As per the information provided by MEA (October 2013) in respect of 157 Missions, the position of leased/ owned properties in the Missions/Posts abroad was as per the table given below:

Year	Chancery		Embassy Residence			ICCR ²			Staff Residence	
	Owned	Leased	Owned	Leased	P.O.C	Owned	Leased	P.O.C ³	Owned	Leased
2007-08	57	89	64	61	8	1	12	5	451	1491
2008-09	57	88	67	58	8	1	12	5	440	1517
2009-10	59	88	68	59	8	2	16	5	475	1515
2010-11	59	91	68	62	8	3	22	4	475	1532

² ICCR: Indian Council for Cultural Relations

³ P.O.C.: Part of Chancery

2011-12	62	95	70	62	8	3	20	4	481	1566
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6. The above graph showed that there was no change in the proportion of owned properties during the period 2007-08 to 2011-12, thus indicating that there was consistent reliance on leased properties abroad entailing large rental liability.

II. Organisational Set-up

7. The major functions of MEA relating to its estate management were acquisition, construction, maintenance and disposal of its properties in India and abroad. The work related to acquisition and management of owned properties is carried out by the Project Division, while management of leased buildings is with the Property Section of the MEA. The Projects Division was setup in February 2005 with a view to improve the Ministry's property management through timely finalization of proposals for purchase, construction and renovation of Government-owned properties both in India and abroad to be used as its offices and residences for employees.

8. The Project Division was headed by Joint Secretary (Project), who was assisted by a Director and an Under Secretary. Four officers on deputation from CPWD, two each of the rank of Superintending Engineer and Senior Architect, provide assistance in technical matters. The Property Section of MEA, headed by Joint Secretary (Establishment), looks after the renting of accommodation for Missions/Posts as well as residences of staff/officers posted abroad. The issues regarding security measures to be followed in Mission/Post abroad were dealt by Bureau of Security Division, which was headed by Joint Secretary (Personnel).

III. Absence of domain information

9. The Ministry assured (January 2007) the PAC that two separate five year plans were prepared for gradual reduction in rental liabilities. Accordingly, Audit asked the Ministry to provide information on the owned, rental and leased number of Chancery buildings/Embassy residences/Staff residences etc to assess the situation. The request for information was made in August 2012. Reminders were issued in November 2012, December 2012, April 2013 and May 2013. The Ministry provided information in respect of 157 Missions/Posts only by October 2013.

10. When the Committee asked as to why the Ministry took more than a year in furnishing the information required by the audit, it was submitted that the Ministry received annual rent statements from Missions/Posts abroad, which functions as a database of rented properties abroad. In August 2012, information relating to rented properties abroad was sought from all Missions/Posts as per format received from Audit. After studying the information received from Missions/Posts, in consultation with Audit, it was found that the information was not easy to compile in that format.

Therefore, in April 2013, a new format to seek information from Missions/Posts abroad was developed in consultation with Audit. Relevant information, after compilation, was provided to Audit, both in soft copy as well as hard copy.

11. When the Committee further enquired as to what are the reasons for not furnishing details of remaining 23 Missions, the Ministry submitted that the Ministry's database in the form of annual rent statements and Audit's initial format was not found amenable to compilation. So, the information was sought as per the revised format in April 2013 and Audit authorities were provided with information in respect of 160 Missions/Posts by 5/8/2013, based on which Audit had finalized its report.

12. When the Committee asked as to why the Ministry had not maintained any database about the properties abroad, the Ministry of External Affairs stated that the Ministry maintains a database of rented properties abroad in the form of Annual Rent Statements sent by Missions/Posts abroad.

13. When the Committee enquired as to how the Ministry was taking steps for reduction in rental liability as assured to PAC in absence of even the basic data about ownership, the Ministry submitted that savings on rentals was only possible when there was a purchase or construction of staff residences or chancery. In almost all other situations, the scenario was of increasing rentals, much the same as exists in India. The Ministry already operates a system of rental ceilings in individual Missions to control rental expenses and with a view to ensuring efficient management of rental expenditure. However, rental liability had witnessed an increase due to general increase in rentals worldwide, opening of new Missions/Posts and recent depreciation of

Indian Rupee vis-à-vis US \$, Euro and other major currencies which had substantially pushed up rental expenditure in Rupee terms.

14. Supplementing the above view, the Secretary, Ministry of External Affairs during the oral evidence deposed as under:

"It has been our consistent endeavour to improve the efficiency of management and utilisation of Government-owned properties abroad and those being used by MEA in India. This is not always easy for a variety of reasons that include complexities of functioning in different environments, reconciling local requirements with our own rules and practices, operating with budgetary uncertainties at times, coping with dependencies outside the Ministry's control and factoring in changing norms, demands and costs. The Ministry's own capabilities have also been challenged in that process. I would be the first to admit that there is much room for us to improve. In my 39th year of service after having served as Ambassador in four Stations and No.2 in two, all of whom had major property issues. I can testify to both the difficulties and possibilities of better property management abroad. I would, however, like to assure the august Committee that this is a matter to which I now devote personal attention. I have inspected our properties in Kathmandu and only recently and I would also ensure that long-pending decisions in regard to Washington DC are hastened. I intend to go to Russia next month to look for reasons for delay there, a matter which the hon. Chairperson had mentioned. The action plan of the Ministry is also under re-evaluation. I would like the august Committee to know that the process has been initiated. I hope the august Committee will see a more responsive and active managerial approach in the months to come. It has been our consistent stand that Government of India-owned properties are preferable to those rented abroad as well as in India on account of both better projection of India's diplomatic presence and better functionality. That is also in keeping with our emerging and growing security concerns. Reduction in the rental liabilities is obviously a major consideration although I would emphasise there are stations where the viability of owning is an open question. Accordingly, the Ministry gives priority to acquisition of built-up properties, constructions and renovation of our diplomatic Missions and Posts, cultural centres and residences abroad. We also focus on renting and leasing our properties abroad for functioning of diplomatic Missions and residences of India-based officials in the interim. At home, managing the Regional Passport Offices and other properties in India such as the Jawaharlal Nehru Bhavan and the Foreign Service Institute are the main activities. A complete updated data-base of all the properties owned or rented by MEA has been created and the same has been submitted to the

august Committee while responding to its questionnaire. I would like to acknowledge the role of the august Committee in completing this exercise. It has been our consistent endeavour to reduce the rental outgo and increase the number of Government-owned properties. We do so while ensuring that the properties so selected represent India as a global player, a major economy and a significant culture. As the hon. Committee would have noted from our data base, there is still work to be done to improve our rental situation. About 55 per cent of our Chanceries still operate from rental premises. The situation is better for Embassy residences, about 40 per cent. If only 25 per cent of our staff residences are owned, it is because they do not have the same representational priority. The rent outflow abroad last year was, Rs.364 crore. After the first burst of property acquisition in 1950s, economic reasons slowed us down; in the 1970s and 1980s we also did not have the global footprint or the capacity to acquire too many properties. In the 1990s resources were a constraint. But the MEA started focusing thereafter on acquisition and construction of properties for our Missions and its officials looking at high rental cities first in a planned manner. In the last decade or more, there has been a steadier progress while addressing the backlog of the past. This is being helped by setting up a separate Projects Division in the Ministry, having its own technical team of engineers and architects to evaluate and vet projects falling under its mandate. The process of acquisition of properties is also facilitated by engagement of legal experts and consultants from the host country. This is to ensure the convergence with the local laws and regulatory framework while keeping our own rules and regulations in perspective. Once the design of the building is approved, professional architects and consultants are invariably associated with the project for execution and monitoring. The scale of work that awaits us is known to the hon. Committee. Twenty Missions properties abroad are yet to be constructed for various reasons, while six are currently under construction. We also have some major Indian Cultural Centres to complete. The very nature of the estate portfolio of the MEA is diverse and multifaceted reflecting the diversity. While managing government properties abroad, we face challenges which are peculiar to this Ministry. We have to modify our requirements in harmony with rules and regulations of foreign countries. In many cases, government norms on acquiring and construction properties are at variance with local laws of the country on land use, structure, access control or assembling. Our projects in Paris, Warsaw and Budapest are examples of delay due to such harmonisation. Some of our construction projects in such countries have had to adjust to changing international reality among them the disintegration of the Soviet Union. our project in Ukraine for example is still on hold due to the current political situation there. The threat of terrorism and security has to be factored in while locating designing and building properties abroad. Working with different regulatory frameworks, construction practices poses its own challenges. Reconciling local rules and regulations with general

financial rules can often take both time and effort. Acquisition of heritage properties comes with its own limitations on future expansion and renovation. We are facing such difficulties in execution of our projects such as in Paris. During the last 30 years, we have also seen fluctuations in fund availability, including freeze for construction activities in 1990s. Projects during this period such as Warsaw encountered delay at various stages. Hon. Committee may also bear in mind that to address the emerging realities in various countries and changing importance of our relationship, the size of our Missions are fluctuating. Missions in Asia have largely expanded while those in Europe have not. This resulted in a review of our projects necessitating changes in design and layout causing delay in implementation and execution of our construction and redevelopment".

15. The Ministry assured (January 2007) the PAC that two separate five year plans were prepared for gradual reduction in rental liabilities. Accordingly, Audit asked the Ministry to provide information on the owned, rental and leased number of Chancery buildings/Embassy residences/Staff residences etc to assess the situation. The request for information was made in August 2012. Reminders were issued in November 2012, December 2012, April 2013 and May 2013. Ministry provided information in respect of 157 Missions/Posts only by October 2013.

16. When the Committee asked as to how does the Ministry prepare budgetary estimates as well as the plans regarding its estate management function and monitor the properties managed by it, in the absence of a systematic approach, the Ministry stated that the Ministry prepares budgetary estimates keeping in view the projects which are under construction, projects under renovation and the acquisition proposals likely to be materialized in the current and ensuing financial year. The Ministry had a list of projects under construction and anticipated expenditure for the current and ensuing financial year. Now the Ministry have five years Action Plan (2014-19) for acquisition and construction of properties.

IV. Absence of action plan

17. The Ministry had informed PAC in January, 2007 that two separate five-year action plans had been prepared starting from the financial year 2006-07 for acquisition of built-up properties and for construction. Audit noted that the five-year action plans have not been prepared. As per the reply of the Ministry (March 2014), the process of developing a long term action has been initiated.

18. When the Committee asked as to why the Ministry gave a statement to PAC that two five-year action plans had been prepared starting from 2006-07 when no action plans were actually ready even by March 2014 and also to furnish the current status on the action plans, the Ministry submitted that the Ministry had in place a five year action plan (2014-19) for acquisition and construction of properties in Missions/Posts abroad.

19. When further sought as to why the Ministry had taken so long time for the preparation of the action plans, the Ministry submitted that the Estate Management portfolio of the Ministry underwent rapid fluctuation in view of involving international situation like impact of terrorism on various societies, popular uprising, regime changes, internal strife and external aggression. This made it difficult for a fully justified and implementable action plan for acquisition and construction of Government of India owned properties.

20. When the Committee desired to know whether any timeline had been fixed by which the long-term action plan would be prepared and also the current status on the action plan, the Ministry stated that they had a five year action plan (2014-19) for implementation.

21. Audit pointed out that, the Ministry had issued guidelines in August 1986 regarding purchase of property. When the Committee enquired whether it is a fact that the same did not contain clearly defined timelines for critical activities and whether the Ministry prescribed any timelines consequent to the observations of the Audit, the Ministry submitted that in November 2011, that they had issued revised guidelines to the Indian Missions/Posts abroad for sending complete and viable proposals for purchase of built up properties. No standard timelines have been defined for critical activities as local conditions vary from country to country. Taking note of the recommendation made by Audit, a five year Action Plan for acquisition of built-up properties and construction projects abroad for the period 2014-15 to 2018-19 was drawn up. The Action Plan was prepared with due diligence and following extensive consultations with our Missions/posts abroad. The Action Plan prioritizes projects for acquisition or construction on the basis of rental liability, security considerations and bilateral reciprocal arrangements.

22. The Secretary during the oral evidence further deposed as under:

"When it comes to construction, MEA has taken a number of initiatives to address pending issues and I mentioned the creation of a separate Projects Division. We have been focusing on targeting utilisation of budgetary resources available to us. We have also standardised templates like Expression of Interest, request for proposal, etc. These templates are harmonised in consonance with local rules of the country concerned but challenges are not infrequent in Africa and Europe and Latin American countries. During the last decade, we have been able to execute several construction projects successfully. These are in Berlin in 2002, Tokyo in 2009; Jawaharlal Bhavan in 2011; Beijing 2011; Kabil 2012; Abuja 2014; and Brazilia 2014. Out Chancery Construction projects in Darussalam and Bahrain are now on stream. A number of renovation projects have also been completed during this period. Later on, you had raised the issue of Action Plan. Now, essentially what had happened and

if I can explain it in simpler English rather than bureaucratic English is that when the time came to submit to the hon. Committee our Action Plans, I think at that time they could not find it".

V. Failure/delay in purchase of land/acquisition of property

23. Audit noted deficiencies and delays in decision-making, absence of time bound action plan for property acquisition inspite of assurance by the Ministry to PAC about streamlining and speeding up of the internal processes related to acquisition of property.

24. When the Committee desired the Ministry to give the status of the acquisition of properties in the Missions cited in the Audit Para, the Ministry submitted as under:

"Germany: Zonal Changing approval is expected soon. However, it is still subjudice.

Berne: In view of local city restrictions on new construction in city of Berne, it is not possible so far to locate suitable property.

Hamburg: Despite our extensive efforts, no suitable property has yet been identified.

Munich: We have not yet identified suitable property for acquisition.

Kyrgyzstan: The Government of the Republic of Kyrgyzstan has offered a small plot in size for 49 years of lease. Size is not suitable and lease period is at variance for standard 99 years' lease.

Sweden: No suitable property has been identified yet.

Italy: We have not been able to identify a secure and suitable property yet".

25. When the Committee further asked whether the Ministry had ever assessed in detail the reasons of the long delays in acquisition of properties abroad, it was stated that the delays in acquisition of properties could be attributed to local factors like political and security situation in the country, state of the property market, etc., as well as availability of adequate budgetary resources.

26. When the Committee asked as to what steps the Ministry had taken to address the issue of delays in acquisition, it was stated that Ministry had a firm and implementable five year action plan. Its fulfillment however, depends on the resources allocated.

27. In regard to the specific reasons for having a very large number of leased properties meant for staff residences abroad as compared to Chanceries, Embassy residences and ICCR offices, the Ministry submitted that with opening of new Missions/Posts abroad and growing deployment of India-based personnel there hiring of more properties abroad was unavoidable.

28. When the Committee desired to know the various steps and authorities involved in the process of acquisition of the properties abroad, the Ministry stated that steps taken by the Mission was to find suitable property for Chancery/Residences etc. as per norms such as space requirement, locality, security, structural soundness and price etc. The proposal for acquiring was then sent to the Ministry for consideration. The proposal was examined in Projects Division taking into consideration the points mentioned above. In principle approval was obtained from competent administrative authorities. After that it was examined from legal angle, security point of view and financial approval was obtained as per relevant provisions of Delegation of Financial Power Rules and General Financial Rules 2005.

29. The Committee noted that not much headway had been made in acquiring properties in the Missions pointed out by the Audit. When asked as to why the Ministry

was taking such a long time in even identifying a suitable property, the Ministry submitted as under:

"Both the Ministry and the concerned Missions/Consulates have been making efforts to identify suitable properties for acquisition in the Seven stations mentioned by the Audit viz Geneva, Berne, Hamburg, Munich, Kyrgyzstan, (Bishkek), Sweden (Stockholm) and Italy (Milan). The efforts of the Missions in identifying and pursuing purchase of properties are outlined below:

Permanent Mission of India, Geneva: Currently Government of India owned: Embassy Residence; Rented – Chancery and 5 Residences.

1. The Permanent Mission of India (PMI Geneva) has been pursuing purchase of a plot of land which meets with our requirements for construction of Chancery building since October 2009. At this point in time, the Landowner (M/s DNK) is still awaiting a formal approval from the Canton of Geneva for conversion of zoning law from “residential” to “office space” in respect of this plot of land. As a result of efforts of the Mission, the Canton of Geneva initiated a Revised PLQ (Zone Changing Approval) Process ON 17 July 2013. The State Council of Geneva also adopted the revised PLQ (No. 29408-530) on 16 April 2014 allowing a maximum of 30 days to file a legal appeal. One Appeal was filed by the owner of a neighbouring plot which has led to start of legal process and therefore delayed the adoption of the PLQ. The decision of the Court of Justice may be expected in the first quarter of 2015.
2. Ministry would also like to point out that the amount of CHF 4.5 millions (Approx. Rs, 21 crore) mentioned by Audit was kept only as a provision in budget and the money was not required due to legal implications in the deal. As regards the annual rental expenditure of Rs. 2.84 crore being incurred by the Mission, this expenditure is necessary as no other GOI owned property exists which has been kept vacant nor is there any other suitable plot of land for construction of chancery premises.

Embassy of India, Berne:

Government of India owned: Embassy Residence and 7 residences- Rented Chancery and 5 other staff residences.

Mission is constantly trying to identify property for Chancery with the requisite parameters of Security, connectivity, location and other relevant aspects mandated for Chancery. In 2007, Mission approached the owner of the current leased property housing the Chancery if he could consider selling the property and also requested the owner to give priority/preference to the Embassy in case he decides to sell.

Embassy has made regular efforts to identify property through local staff, local property agents with regular follow up of the efforts, but no suitable property could be located.

The basic problem encountered by the Mission is that Berne being a small city with restrictions on new constructions inside the town; there are very limited options available for purchase of property to house the Chancery. Mission however continues its efforts to locate a suitable property for the Chancery.

Consulate General of India, Hamburg:

Government of India owned – Embassy Residence; - Rented-Chancery and 3 residences

1. CGI Hamburg has been on the lookout for suitable properties including through advertisement in the local Dailies, but have not been able to locate/finalise any of the properties. Mission had identified 4 properties for CG's Residence in Dec 2006/Jan 2007. None of the properties were found economically viable with the Economic Cost being much lower than the asking price.
2. In Aug/Sept 2007, the Consulate forwarded details of 4 properties for CG's residence out of which three of them were found suitable in the initial analysis. A Property Team visited Hamburg in December 2007 to view the properties on offer and also additional properties shortlisted by the Consulate for Chancery and Embassy Residence and approved purchase of one property for CG's Residence. One of the shortlisted properties was purchased for CG's Residence after approval of competent authorities in 2008.
3. The Mission, however, continued to look for suitable properties including through advertisement but have till date been unable to locate suitable property for Chancery as properties in line with our requirements have not been available. The Mission is, however, continuing its efforts to locate suitable properties for acquisition.
4. As per the criteria for purchase of properties abroad, the economic cost of purchase of a Chancery building based on

current space norms and the rental escalation during the last 10 years works out to be Rs 19,57,76,674/-. The Ministry/Mission are seriously pursuing any proposal that falls within the range of economic viability.

Consulate General of India, Munich

1. Germany was identified as one of the high rental stations and CGI Munich was requested to prioritize acquisition of property and locate suitable properties for acquisition. Munich is a real estate market where property prices have shown an upward trend. It is difficult to find a good, well located and reasonably priced property in Munich that meets our economic criteria. The Consulate, in past, had tried to locate suitable properties, both for Chancery and CG's residence, through advertisement in prominent local newspapers and had inspected many properties; unfortunately none was found fit for various reasons viz. too expensive, requiring massive renovation, unsuitable lay-out and design, poor location, inadequate size, lack of privacy & security etc.
2. One Property that largely met Consulate's requirements in terms of space, location and other norms- was identified in 2011 for housing the Chancery. However, the deal could not be concluded as the price offered by the Ministry was not acceptable to the owner of the property. After inspections of over dozen odd properties, the Mission also shortlisted 4 properties for the residence of Consul General which were also not found suitable enough by the Property Team. Later in October 2012, more properties for CG's Residence were identified by the Mission. While most of the properties identified had to be rejected in view of the high price and not meeting the area norms in case of one property at Garteweg which met with the requirements of the Consulate but the purchase fell through as the landlord accepted another offer.
3. Consulate has, however, continued to make efforts to locate/identify suitable properties for purchase. Despite extensive efforts, not too many suitable properties could be identified and those identified were not found suitable for consideration as one of them was exorbitantly priced and other would have needed extensive renovation work.
4. As per the criteria for purchase of properties abroad, the economic cost of purchase of a Chancery building based

on current space norms and the rental escalation during the last 10 years works out to be Rs. 30,88,05,286 the Ministry/Mission are seriously pursuing any proposal that falls within the range of economic viability.

Kyrgyzstan (Embassy of India, Bishkek):

The Government of the Republic of Kyrgyzstan has offered a plot measuring 3000 Sq. mts for 49 years of lease. The size of the plot is not suitable and lease period is at variance from standard 99 years lease. Further the offer is subject to reciprocity with GOI offering a similar size property in Delhi at Rs.1 for the lease period of 49 years. The Mission is not in favour of acquiring land on reciprocity as the cost of land in Delhi cannot be compared with the cost in Bishkek and has suggested purchase of built up property for Chancery. The Mission is making efforts to locate a suitable one.

Sweden (Embassy of India, Stockholm):

Government Owned- Embassy Residence and one Residence; Rented- Chancery and 3 residences

1. No suitable property has been identified yet despite Mission's efforts. Properties identified by the Consulate in 2003 could not be purchased in view of the condition of the properties which needed extensive renovations and had single exit/entry. The proposals were also not economically viable as the prices of properties were at an all-time high.
2. A suitable property was located for Chancery in 2005 but the purchase could not materialize as the asking price was too high. Between 2005 and 2010 Consulate continued to make efforts to locate suitable properties. Another proposal to purchase an alternate ER and shift the Chancery to the Govt. Owned ER could not materialize due to the objections raised by the Management board of Corporate where Embassy Residence is located to the proposal.
3. In 2013, three properties were identified and discussions held with the owners. While in the case of one of the properties which was an historical building, the proposal was dropped in view of the restrictions that Heritage properties bring with them on Repairs/renovation works. The owners of the other two building pulled back from the proposal. In fact in the case of one of the buildings, Ministry's approval was also conveyed to acquire the property but the deal could not go through as the owners decided to defer the sale.

4. In September 2013, another property was identified but could not be pursued in view of its location in the outskirts of the City and high cost. A proposal for purchase of a "Heritage Property" could not be pursued in view of the restrictions that come with such properties in November 2014. Further in this case a bid amount had to be committed before start of the negotiations and it was felt that this could add complications at a later stage if the purchase does not come through.
5. As per the criteria for purchase of properties abroad, the economic cost of purchase of a Chancery building based on current space norms and the rental escalation during the last 10 years works out to be Rs. 49,10,20,727/-. The Ministry/Mission is seriously pursuing any proposal that falls within the range of economic viability.

Italy (Consulate General of India, Milan):

Government of India owned Embassy Residence and 5 Residences;
Rented-Chancery and 3 Residences

1. Mission has not been able to identify a secure and suitable property yet. Milan is hosting EXPO 2015 hence the real estate prices are significantly higher at present. Mission is continuously making efforts to locate suitable property. The Consulate General of India in Milan has been looking at purchase proposals for Chancery as well as residences of Consul General and other officials for the past many years.
2. In the beginning of 2008, the property team from the Ministry visited Milan to evaluate the proposals sent by the Consulate. 3 residence apartments for Consul, Vice Consul and Vice Consul/PS were purchased in September 2008. The remaining 2 for Assistant and Upper Division Clerk were purchased in September 2009.
3. Regular search and visits to evaluate suitable properties for Chancery office and residence of Consul General are carried out. In April 2010, the property team visited Milan to assess the properties identified and found suitable by CGI Milan for Chancery office and residence of Consul General. After evaluation by the property team, properties for Chancery and residence of CG were shortlisted and market evaluation was carried out. As the evaluation of residence of CG was much

less than the asking price, the owner refused to sell the property. As for the Chancery office, the owners informed the Consulate that the property was un-available.

4. Location/identification of suitable/adequate Chancery premises is not very easy as not many stand-alone properties are available and properties in a building are usually denied keeping in mind the huge number of people visiting the Consulate for services. Whenever suitable stand-alone properties are available, we are informed by various real estate agencies and the property is visited.
5. As per the criteria for purchase of properties abroad, the economic cost of purchase of a Chancery building based on current space norms and the rental escalation during the last 10 years works out to be Rs. 124,16,60,861/-. The Ministry/Mission is seriously pursuing any proposal that falls within the range of economic viability".

30. Audit further pointed out that most of the observations raised by the audit pertain to well-developed cities/countries. In all the cases there has been significant passage of time without identification of suitable properties. This indicates lack of a systematic and concerted approach by the Ministry/Mission. There does not appear to be any structured mechanism in place at the Missions/Ministry for interaction with the local government/professional agencies for identification of properties. To this the Ministry further submitted that identification/acquisition of properties was a continuous process undertaken by the Missions/Posts within the frame-work of the rules/regulations applicable for such acquisitions. Missions were constantly/continuously on the look out for suitable properties. Ministry on its part sends guidelines on such acquisitions regularly. The status of acquisitions in the Missions/Posts highlighted by the Audit were that for PMI Geneva, Switzerland the last legal impediment to the grant of PLQ was removed with the withdrawal of objection by Mr. Parratte on May 11, 2015. This paved the way for change of zoning regulations applicable on the plot of land from residential

to office space. The Mission had been advised to engage with the land owner and the construction company to finalise the Promise to purchase and sell Agreement (PVA) with the owner so as to ensure that the PVA was in accordance with the GFR/CVC guidelines. With respect to Eol Berne, CGI Hamburg, CGI Munich, Eol Bishkek, Eol Stockholm and CGI Milan Missions were continuing their efforts to acquire economically viable/suitable property.

31. The Secretary during the oral evidence further deposed as:

"Geneva is a city where it is very difficult to find a plot at the right place of the right size. So, for many years, we had been pursuing a particular plot. Now, what had happened was that we got into zoning problem because when we were trying to ensure change of zoning, the people living around the plot raised legal challenges to that. We have just settled the last of those legal challenges, and in fact, we have sent the proposal to the Ministry of Finance only about a few weeks ago saying that we should send an Empowered Committee to Geneva to tie this problem up before we have fresh issues".

32. When the Committee desired to know as to what were the disputed issues in respect of property acquisition in Geneva and for how long the case had been sub-judice and also to provide the latest status, the Ministry submitted that the Permanent Mission of India (PMI Geneva) had been pursuing purchase of a plot of land, which meets with the Ministry's requirements for construction of Chancery building, since October 2009. The basic issue was that the Canton of Geneva's approval was required for using this property as a Chancery i.e. approval for conversion of zoning law from "residential" to "office space" in respect of this property. As a result of efforts of the Mission, the Canton of Geneva initiated a Revised PLQ (Zone Changing Approval) Process on 17 July 2013 by redrawing the contours of the plot by including Chemin de Gaeis, a private road adjacent to the plot. Subsequently, the Municipalities of Grand

Saconnex and Pregny-Chambesey withdrew their earlier objections. However, five new objections were raised by the neighbouring landowners against the revised PLQ. The State Council of Geneva set aside the five objections and adopted the revised PLQ (No. 29408-530) on 16 April 2014, allowing a maximum of 30 days to file a legal appeal. One Appeal was filed by the owner of a neighbouring plot which has led to start of legal process and, therefore, delayed the adoption of the PLQ. In August 2014, the Permanent Mission of India to the UN in Geneva arranged a working session with Mr. Paratte, the complainant petitioner, to discuss his objections filed against the adoption of PLQ. Separately, Mission was also briefed by a representative of the construction company, M/s Implenia, in September 2014 that they have discussed with Mr. Paratte a possibility of purchasing his plot of land with a condition that he will withdraw his objection against adoption of the PLQ. The case had been sub-judice since July 2013. The PMI Geneva had been informed that the decision of the Court of Justice may be expected by the first quarter of 2015. The last legal impediment to the grant of PLQ was removed with the withdrawal of objection by Mr. Parratte on May 11, 2015. This paved the way for change of zoning regulations applicable on the plot of land from residential to office space. The Mission had been advised to engage with the land owner and the construction company to finalise the Promise to purchase and sell Agreement (PVA) with the owner so as to ensure that the PVA is in accordance with the GFR/CVC guidelines. Ministry also maintained a database of rented properties abroad in the form of Annual Rent Statements sent by Missions/Posts abroad.

33. When the Committee wished to know as to what prevented the Ministry from having its own database and suitably revising it on the basis of information received

from Missions, instead of wholly depending on the rent statements sent by Missions, the Ministry of External Affairs submitted that the Ministry was so far maintaining database in the form of Annual Rent Statements. Pursuant to the observations made by the Audit and the PAC, the Ministry had now compiled a comprehensive database of MEA properties abroad and MEA offices in India. The format used allows easy compilation and updating of data. The database covers all MEA properties abroad, both those owned by the Government of India as well as rented properties along with information on annual rental outgo. It covered not only Chancery buildings but all residences, Cultural Centres and plots of land. Further, it included MEA offices in India including Regional Passport Offices, Passport Sewa Kendras, ICCR Regional offices, and Branch Secretariats. While the Ministry maintains detailed information on GOI-owned properties, information in respect of rented properties abroad could be compiled and updated only on the basis of inputs received from Missions/Posts. This was because the Missions/Posts had delegated powers to surrender, rehire or change their rented properties within the prescribed rental ceilings. These changes were intimated to the Ministry at the end of Financial Year.

34. In response to the Committee's query to provide status and details thereof of their own database by February, 2015 as was promised to the PAC during the oral evidence held on 5.1.2015, the Ministry of External Affairs submitted that since the last meeting held on 5 January 2015, the Ministry of External Affairs had completed compilation of a comprehensive database of MEA properties abroad and MEA offices in India. The database covered all MEA properties abroad, both those owned by the Government of India as well as rented properties along with information on annual rental outgo. It

covered not only Chancery buildings but all residences and Cultural Centres. Further, it included MEA offices in India including Regional Passport Offices, Passport Sewa Kendras, ICCR Regional offices and Branch Secretariats. The database would be updated electronically. It would be updated annually in April.

VI. Inability to acquire land on reciprocal basis

35. Audit pointed out that, examination of the records maintained by the Ministry and various Missions/Posts revealed that Ministry failed to acquire plots of land on reciprocal basis at China and Bangladesh.

36. The Committee asked as to why the Ministry had not been able to take a decision to allot land to the Consulate General of China in Kolkata as this would facilitate the acquisition of land offered by China at Guangzhou and why and at what level the earlier decision was taken in case the Ministry was trying to delink the two issues. The Committee further asked as to why the delinking efforts was being taken now, particularly, in view of the reciprocity clause in the Vienna Convention. In response to this, the Ministry submitted that land allotment to the Chinese Consulate in Kolkata was in the jurisdiction of the Government of West Bengal. The Government of West Bengal had already allotted land to the Consulate in the Diplomatic Enclave in Kolkata (Action Area 11 E, Diplomatic Enclave New Town Kolkata-700156). The Ministry had concurred in the decision of the State Government. The Chinese Government was yet to agree to the offer in question. The Ministry was in dialogue with the Chinese Government/ Embassy of China in this regard. No decision had been taken by the Ministry to deny reciprocity with respect to the allotment of land for Chinese Consulate in Kolkata.

37. When the Committee desired to know how much of the construction at Dhaka, Bangladesh was complete as of now and whether the Ministry was contemplating action against the contractor for the delay, it was submitted that as of end of October 2014, around 75% of the work had been completed at Dhaka. Staff Housing Block of the project had been handed over by the contractor and occupied by the Mission's staff. Levy for compensation for liquidated damages against contractor shall be decided as per terms and conditions of the contract on completion of the project.

38. When the Committee enquired that how many countries' Missions had been allotted land on reciprocal basis and whether all these countries had allotted land to India in reciprocation, the Ministry stated that the initial information would be available with Ministry of Urban Development. The Ministry was in communication with the Land & Development Office of the Ministry of Urban Development to obtain the information on land given to the Foreign Diplomatic Missions in India on reciprocal basis. The information on this aspect as well as details of such countries which in turn have given land to Indian Missions abroad on reciprocal basis would be compiled on priority basis after receipt of the details from the Ministry of Urban Development.

39. When the Committee further asked as to what were the steps initiated by the Ministry to ascertain from the Ministry of Urban Development the details of land allotted to various countries on reciprocal basis and how many of these countries have reciprocated so far, the Ministry of External Affairs stated that they, were in communication with the Land and Development office of the Ministry of Urban Development to obtain the information on the land allotted to the Foreign Diplomatic

Missions in India on reciprocal basis and of such countries which had in turn given land to Indian Missions abroad on the same basis.

40. The Ministry further submitted that in response to the request made to the Ministry of Urban Development, it was submitted that land had been allotted / earmarked to Vietnam, Maldives, Fiji (only earmarked as of now, with proposal to finally allot the same), Bhutan, Bangladesh, Kuwait, Oman, Qatar and Uzbekistan. Reciprocally land had been allotted by countries Vietnam, Maldives, Bhutan, Bangladesh, Kuwait, Oman, Qatar and Uzbekistan to the Indian Missions in their countries. In case of Fiji, reciprocally the land had been earmarked as of now with an intention to finally allot the same. The Foreign Secretary during evidence deposed as under:

"In the particular case, we had identified land, but there had been a delay in completing the transaction because it was linked to the purchase of Chinese property in Kolkata. The Chinese asked for a larger amount of land while we asked for a smaller amount of land. The per square metre cost was very different and how we arrived at reciprocity became an issue. These were the kinds of problems we face when we acquire properties abroad. They were not simple transactions where you estimate the value, do the calculations and say 'yes' or 'no'. But I do want to say that it is not that rental expenditure, when properties are not purchased or finalised, is unauthorised. That is not the case. Looking back, perhaps from the very beginning, we should have insisted on reciprocity, but we did not. I think, those were early post-independence days. Maybe we were too enthusiastic, but today the situation is that we try to keep as many transactions reciprocal. We are trying to compensate with countries, where we have already given away land, to find ways of getting it back. Sometimes, it works and sometimes it is very difficult. You had referred to Dacca. Again we had encountered some delays. But I was there a few months ago. A part of the problem in the last stage was some liquidity problem which the company executing the project had. We have addressed those. I think, perhaps when I appear next time before the Committee, I can report to you that Dacca has been completed. It is partly already occupied. People have moved into the residential part. But there are parts which need to be done. Then comes the case of Port of Spain.

This is particularly a difficult case. I think, here a part of the reason was our own indecisiveness. People were very indecisive on the space norms, and the requirements of the cultural centre. I cannot blame anybody else other than ourselves for the situation. Again, I hope to give this my attention and come back to the hon. Committee. On Dacca, as I said, 74 of the residential accommodations are occupied and we are now literally in the last stages of completing that project. I hope by early next year that would be done.

VII. Purchase of building unsuitable for public assembly/representational functions for Indian Cultural Centre (ICC) at Eol, Paris.

41. Audit pointed out that MEA decided to purchase a property belonging to French Government for establishing Indian Culture Centre at Paris which was found to be unsuitable under French regulations by the two architects engaged by the Mission. The reports of both the architects were ignored and the property was purchased.

42. When the Committee asked as to why did the Ministry purchase the building when both the consultant architects had opined that the property was unsuitable and not in accordance with the French regulations, it was submitted that the Mission and ICCR had assessed that the property was the most appropriate and suitable property for Cultural Centre. It was assessment of the Ministry that with appropriate approvals from local Paris authorities, the property could become the functional Cultural Centre.

43. When the Committee queried as to why the building was purchased when it remained unutilized for 3 years after purchase and thus obviously was unsuitable for the purpose, the Ministry of External Affairs stated that certain renovations and refurbishments were needed in the property which were being undertaken.

44. The Committee further enquired whether the architect-consultant appointed for

renovation work submitted his plans and drawings and also to specify the current status whether the Cultural Centre had become functional. In this regard, the Ministry submitted that the Ministry had approved plans and drawings submitted by the architect-consultant. Renovation/ refurbishments were to be undertaken and completed by mid 2016.

45. When the Committee desired to know as to why the Ministry appointed architects/consultants twice to ascertain the suitability of the property when it had to go by its own assessment, it was submitted that the Ministry appointed architects/consultants twice in case of purchase of built-up properties only. At stage one the architects/consultants were appointed with a limited scope to assess the feasibility of the property in terms of its desired usage before the purchase and at the second stage the architect/consultant were appointed for the design purposes involving local body approvals, design and execution of the projects. In the instant case, the architect/consultant was appointed with a limited scope to assess the suitability of the building based on various aspects i.e. structural soundness, feasibility of utilisation of structure for the desired purpose, compliance with local regulations etc. Thereafter, decision on the proposal was taken by the Ministry/ICCR based on inputs from the architects/consultants along with broader aspects of importance of the project, legal issues etc. As such the Ministry/ICCR could not do away with the requirements of appointment of architects/consultants.

46. The Ministry further submitted that in the instant case, after surveying a number of properties, the Mission identified the French government owned 3-storied built-up

property located at 3, Avenue du Lowendal as suitable in terms of space availability and its prominent location. Director General (DG) ICCR in April 2009, visited this property at 3, Avenue du Lowendal, and along with the Ambassador of India, Paris confirmed India's interest to the French Government to acquire the identified property given its suitability from the point of view of space and the location. Also in September 2009, the new President ICCR, Dr. Karan Singh during his visit to Paris in connection with the installation of the Sri Aurobindo's Statue at UNESCO headquarters also confirmed the suitability of this property. The Property was finally recommended by a Property team after evaluating all the available options in August 2010. Subsequent to the confirmation by the ICCR/Ministry for this property, Ministry advised the Mission to commission market evaluation to assess the market value of the Property and simultaneously look at the feasibility and structural soundness of the same. At that stage, when the Government of India had already confirmed its interest in this French Government-owned property, architect who looked at the feasibility of opening Indian Cultural Centre, pointed out the unsuitability of the property based on its existing conditions. It was true that there were objections raised by both the consultant and architect on account of single entry / exit door. However, considering the usefulness of the property, ICCR/Ministry took up the matter with French Government which authorized the Mission to make additions/alterations in the existing building as well as, if required, to rebuild the property as per the requirements of the Indian Government by following building bye laws prevailing in the city. Ministry had already appointed the Architect-Consultant for renovation of the property and concept design of the renovation had been approved. The approved architect is to obtain the approval of local authorities for concept design

for renovation approved by the Ministry in terms of local bye laws. In terms of time line, the tender inquiry was expected to be floated in July 2015 and to award the contract by September 2015. It was estimated that the project could be completed by September 2016 and put to use for ICC at Paris.

47. The Secretary during evidence further deposed as under:

"The way I take it is that even whatever happened before my time, there are lessons to be learnt. In Paris, the issue is that we should have been careful about the heritage implications of a property. There is a big lesson to be learnt in every embassy, which is that you should be very, very careful when it comes to any heritage property and you should not get into a situation where you buy a property and then discover that there are some local Government rules that you were not fully alert to. That caution today is being displayed in some of our other transactions, for example, when we are approaching Stockholm. On the issue of Paris - you had referred to it and a number of Members had also referred to it – I think we got ourselves into a bad situation because the complexity of heritage property was not fully factored in. The French rules and regulations about renovating it were also not fully factored in".

VIII. Delay in commencement of construction

48. Audit examination of the records maintained by Ministry/respective Missions revealed inordinate delays in construction of Chancery/residential buildings in at least 10 cases.

49. When the Committee asked whether the Ministry had assessed the inordinate delays noted by the audit and ascertained the reasons for such delays, the Ministry of External Affairs stated that the Ministry had already provided reasons for delays in each of the construction projects mentioned in the audit's observations to the audit.

50. When the Committee further asked as to what steps had been taken by the Ministry to get the construction completed at the earliest consequent to the observation

of the audit, the Ministry submitted that given the financial constraints on the basis of budget allotment during last few years and its full utilization by the Ministry, it would not be possible for the Ministry to initiate the execution of construction for all the projects. The Ministry had prepared a priority list/ five years action plan (2014-19) for execution of these construction projects on the basis of anticipated budget allotment under Capital Outlay. On the basis of the five years action plan, the Ministry has been chalking out the time line for each of the activity/process. Ministry is regularly reviewing these activities vis-à-vis the time line.

51. To a pointed query of the Ministry as to when the Action Plan (2014-19) was approved and as to why the Ministry gave a statement to PAC that two five year action plans have been prepared starting from 2006-07 when no action plans were actually ready and whether the Ministry agree with the audit's view that the Action Plan was prepared only after completion of the Audit, the Ministry submitted that the current action plan 2014-19 was prepared / approved in August 2014. As regards Action plans for the period 2006-07, the two five year action plans for Acquisition of properties and Construction/Renovation of projects for the period 2006-07 to 2010-11 had also prepared. It was regretted that the same could not be traced on time to submit to the Audit authorities. The plans were misplaced perhaps during the shifting of the Project Division from Akbar Bhawan to Jawaharlal Nehru Bhawan. The error was however deeply regretted. The Ministry did not agree with the Audit that the Action Plans were prepared only after completion of the Audit. The Audit's view was erroneous and not based on the fact that the two Action Plans for 2006-2007 to 2010-11 were in place. The committee would notice that while the rate of success of sticking to the plan in

terms of finalization of purchases was markedly higher in the initial years of the plan, the success rate did fall after two years of the plan indicating the change in the international environment being more challenging due to rapid rise of terrorism and internal strife and war like situation at many places. However, during the same period the Ministry was able to acquire some other properties which had not been initially planned reflecting in the judicious use of Government funds.

52. Audit further pointed out that the Ministry had accepted the fact that the plans were not provided to audit and the same were misplaced during the shifting of the Projects Division. This was indicative of the fact that the Ministry did not give due importance to planned and a systematic approach to global estate management. This was also reflected by the fact that no action plan was prepared after 2010-11 and an action plan was prepared by the Ministry only in August 2014, after being pointed out by the audit. The action plan was only provided to the audit with the current ATN, hence a detailed analysis was not possible. However, preliminary scrutiny showed that the Ministry planned to acquire 37 properties between 2006-07 and 2010-11 it could not acquire 19 or 51% of the properties. Similarly, in case of construction projects 54 out of 108 projects or 50 % were yet to be completed. In fact 5 projects planned for 2006-07 and 21 projects for 2007-08 were yet to be completed.

53. The Ministry in response to the Audit observation further stated that as regards success rate of acquisition of properties as mentioned in their reply the rate of success in terms of finalisation of planned purchases was markedly higher @ 86% in the year 2006-07 and tapers down to 16.6% in the last year of the plan reflecting the changes in

the international environment. As regards audit's contention that only around 50% of planned properties were acquired, during the same period the Ministry was able to acquire some other properties which had not been initially planned reflecting in the judicious use of Government funds. Further changing international environment, impact of terrorism, regime change, internal strife, external war, lawlessness in view of poor social economic conditions, also contributes towards non-fulfilment of the Five Year Action Plan. In any given span of five years international environment definitely shifts its orientation and is not static or ideal as was assessed at the time of making Five Year Action Plan. Details of properties acquired during the period which were not initially envisaged under the action plan had already been furnished to Audit.

54. When the Committee desired the Ministry to provide the latest status regarding the stage of completion of the projects pointed out by the audit, the Ministry submitted as under:

"Latest update in respect of the project pointed out by the audit is as under:

CGI Shanghai	Selection of the Architect and finalization of Design Brief under process. Given the present status of the project, Ministry has prioritized this construction project to be commenced around April 2016 and completed by October 2017 as per its five year action plan (2014-19).
High Commission of India, Port of Spain (Mahatma Gandhi International Culture Centre)	Tender Documents for the project are under finalization. Given the present status of the project, Ministry has prioritized this construction project to be commenced around June 2015 and completed by December 2016 in its five year action plan (2014-19).
High Commission of India, Port Louis (Mauritius)	Local Body's approvals for construction of the buildings have been obtained. Detailed Estimates and Tender Documents for the project are under finalization. Given the present status of the project, Ministry has prioritized this construction project to be commenced around June 2015 and completed by

	December 2016 in its five year action plan (2014-19).
High Commission of India, Dar-Es-Salaam, Tanzania	Letter of Acceptance to the lowest bidder, for the construction of the building, has been issued. After signing the agreement with the Contractor, the construction is expected to commence in early December 2014.
Embassy of India, Kathmandu	Around 64.71% of the construction work completed.
Embassy of India, Tashkent (Uzbekistan)	It has been decided in the Ministry to float tender for the project in two bid system. Notice inviting Prequalification bids from the interested construction companies in Uzbekistan and India has been floated. Ministry has prioritized this construction project to be commenced around April 2015 and completed by October 2016 in its five year action plan (2014-19).
Embassy of India, Kyiv (Ukraine)	Recently, the Preliminary Design for the project has been finalized. Given the present status of the project, Ministry has prioritized this construction project to be commenced around September 2016 and completed by September 2018 in its five year action plan (2014-19).
Embassy of India, Brasilia.	The buildings have been completed in November 2013 and are being utilized by the Mission since December 2013.
Embassy of India, Doha Qatar	Ministry has kept this project pending since Mission is pursuing the larger plot of land with the Government of Qatar.
High Commission of India, Nicosia	Detailed Estimates and Tender Documents for the project are under finalization. Given the present status of the project, Ministry has prioritized this construction project to be commenced around June 2015 and completed by December 2016 in the five year action plan (2014-19).

55. When the Committee asked as to what steps had been taken by the Ministry to curb the delays in construction/purchase of properties in India and abroad and whether the Ministry had fixed any responsibility for the delays pointed out by the Audit, the Ministry submitted that the Ministry had taken steps to streamline the process of Acquisition of Properties and Construction projects to cut down on avoidable delays

which includes formulation of a firm and implementable action plan and prioritizing the Stations/ Construction projects identified/pointed out by the Audit authorities and other projects; Standardisation of documentations like Expression of Interests for appointment of Consultants/Architects, Terms of References for selection of Architects/consultants, Tender Documents for construction works and major renovations/repairs; regular monitoring of the Projects by the Project Monitoring Team formed at Mission level as well as by the Ministry through regular visits and monthly performance reports, and check lists have been put in place for points of consideration for construction projects to avoid exclusion of any important aspect which could delay the project at the time of execution.

56. As regards, delays in acquisition/construction projects, the Ministry submitted as under:

" (i) Current status of the acquisition of properties pointed out by the Audit in 7 stations has been given in reply to question No. 12

(ii) As regard, status of the construction projects pointed out by the Audit is as under:

Name of the Mission	Status as on January 2015
CGI Shanghai	Selection of the Architects and finalization of Design Brief has been finalized. The Post has been advised to circulate the Design Brief to the selected Architects for Design Competition. Given the present status of the project, Ministry has prioritized this construction project to be commenced around April 2016 and completed by October 2017 as per its five year action plan (2014-19).
High Commission of India, Port of Spain (Mahatma Gandhi International Culture)	Draft for the Tender Documents in respect of the project have been finalized. After approval of revised documents received from the Consultant, tenders are expected to be floated in first quarter of year 2015. Ministry has prioritized

Centre)	this construction project to be commenced around June 2015 and completed by December 2016 in its five year action plan (2014-19).
High Commission of India, Port Louis (Mauritius)	Local Body's approvals for construction of the buildings have been obtained. Detailed Estimates and Tender Documents for the project are under finalization. Given the present status of the project, Ministry has prioritized this construction project to be commenced around June 2015 and completed by December 2016 in its five year action plan (2014-19).
High Commission of India, Dar-Es-Salaam, Tanzania	Work has commenced w.e.f. 01 December 2014 with stipulated completion period of 18 months.
Embassy of India, Kathmandu	Around 65.00% of the construction work completed.
Embassy of India, Tashkent (Uzbekistan)	It has been decided in the Ministry to float tender for the project in two bid system. Prequalification bids from the interested construction companies have been received and are under examination. Ministry has prioritized this construction project to be commenced around April 2015 and completed by October 2016 in its five year action plan (2014-19).
Embassy of India, Kyiv (Ukraine)	Government of India, purchased a built-up property at Zabily Street, Kyiv, Ukraine at a cost of US\$ 800,000 in September 1995. Ministry also approved some essential renovations of US\$ 400,000 based on visual findings in the built-up structure in 1995. However, Land registration could not be done until August 1999 because of complex local regulations in Kyiv, Ukraine. Mission appointed a consultant for renovations works in February 1996 and initiated the proposal for renovations. However, after land registrations in March 1999 when the Mission approached for construction permit for renovations works, local authorities desired that Mission may get the structural investigations of the property and renovations shall be based on such investigations only. Subsequently the consultant proposed structural reinforcement of about US\$150,000 apart from renovations cost of US\$ 400,000. In view of this additional cost, the

	<p>Consultant also demanded revision in the consultancy agreement with increase in consultation fee. The Committee on Non-plan Expenditure (CNE) in its meeting held on November 3, 1999, during deliberations on the proposed renovations, suggested to the Ministry to explore option of disposing of the property. However, as the re-sale value of the property was found to be less than 1/4 (US\$ 200,000 against US\$ 800,000) of the purchase value, the options was not pursued further. In March 2000, A Technical team of Senior Architect and Structural Engineer from the Ministry visited Kyiv to assess the Structural Report viz-a-viz structural reinforcement proposal by the consultant. The team however, advised demolition of the existing structure in place of proposed renovations and recommended to construct a new building in the plot which the Ministry approved on January, 2001. Ministry in December, 2003 appointed M/s Arcom, Architect-Consultant for Construction of Chancery Residences in Kyiv, Ukraine following EOI and design competition of short-listed firms. Ministry also approved engaging of M/s GDIP, a local Govt. Agency to facilitate the Mission in obtaining the approval of design proposal from the local authorities. However, as the Ministry had purchased a built-up property, new construction on this plot necessitated signing of the Revised Lease agreement with the Kyiv authorities. This whole process took almost 4 years and finally in March 2007, with Ministry's approval the Land Lease Agreement was signed for 49 years permitting the Ministry for construction of Chancery Residences on the plot. In the meantime, looking at the potential of the plot, Ministry decided to construct the Chancery, a Multi-purpose hall for cultural activities along with Chancery Residences on this plot. However, as per prevailing local regulations, Mission had to obtain permission for change of land use from Residential to Mix-use (Chancery & residences). This change in Landuse required City Planning Argumentation (CPA), i.e. an Urban Feasibility Study based on the design concept of the project before the same is accepted for approval by the local authorities. Mission in September, 2010 engaged a specialize consultant for the Urban studies which completed this by end of 2011 and therefore change</p>
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in Landuse was received only in September 2012. Action was simultaneously initiated by the Ministry / Mission for preparation of a concept design for construction of the proposed Chancery-cum-residential complex. Ministry in February 2011, revised the Space area norms for the Missions abroad hence, the Concept design was also required to be revised and Ministry approved the Concept design of Chancery-cum-residential complex in April 2011. This also necessitated signing of supplementary agreement with the Architect-consultant in May 2011. The consultant in September 2012, submitted the preliminary design with a building design based on sustainable design parameters in anticipation of proposed changes in the local regulation in this regard. However these local laws have still not been enacted and therefore Ministry advised the architect-consultant to stick to conventional design only. Reasons for delay relate to the Kyiv city authorities and the Ukrainian Ministry of Regional Construction and Development which made changes in legislation and brought a new requirement regarding construction norms. After the change in construction norms which came into effect in October, 2009, the Ukrainian Parliament on September 22, 2011 adopted the 'Law of Ukraine on Amendments to Article 28 on Land'. Some of the major changes in Ukraine construction legislation for the period from 2010 to 2013 which according to the Architect-consultant have resulted in delay in obtaining local body approvals are as under;

- i. General terms and features of planning legislation - Three basic laws of planning legislation
- ii. The land issue in passing the licensing procedures in the construction
- iii. Territory planning
- iv. Design and construction of the object category of complexity.
- v. Licensing procedures in the construction

	<p>vi. Ecology</p> <p>Such frequent changes in the local land laws necessitated fresh/additional approvals. The Mission is working in close cooperation with state agency GDIP and the local Consultant has been making efforts to get the necessary approval from the Government of Ukraine. Senior Architect from the Ministry visited Kyiv in May, 2013 and had detailed consultations with the local Architect and with GDIP. After making the necessary changes in the design and layout plan, etc. the local Architect submitted updated functional layouts and space optimization configuration. Ministry has finalized the Preliminary Design for the project. However no progress has been made in the last one year because of political instability in the country. The Mission has also been engaged in evacuation & welfare of Indian nationals in the disturbed areas. Given the present status of the project, Ministry has prioritized this construction project to be commenced around September 2016 and completed by September 2018 in the five year action plan (2014 -19). However, we need to be conscious of the ongoing hostile situation in Ukraine and economy on the verge of default.</p>
Embassy of India, Brasilia.	The buildings have been completed in November 2013 and are being utilized by the Mission since December 2013.
Embassy of India, Doha Qatar	Ministry has kept this project pending since Mission is pursuing the larger plot of land with the Government of Qatar.
High Commission of India, Nicosia	Detailed Estimates and Tender Documents for the project are under finalization. Given the present status of the project, Ministry has prioritized this construction project to be commenced around June 2015 and completed by December 2016 in the five year action plan (2014-19).

IX. Inefficiencies in renovation/ redevelopment

57. Audit pointed out that records maintained at Ministry/respective Missions revealed that at four stations viz., Sydney, Hong Kong, Kuala Lumpur and Jakarta, there

were considerable delay in renovation/redevelopment work.

58. When the Committee asked as to what corrective measures had been taken by the Ministry to complete the renovation/redevelopment works at the earliest at the properties cited in the audit para, the Ministry stated that in respect of Jakarta the Mission has taken resolute and clear cut action to implement the directive to rebuild the Chancery building. Ambassador had constituted a 3-member project team which regularly met and followed up on the issue. As directed by the Ministry, re-tendering was undertaken and every deadline prescribed by the Ministry had been met by the Mission. Mission and Ministry were working in harmony to exercise due diligence while anticipating projections for future requirements such as ASEAN Wing and Audit Wing. Audit was constantly reminded to communicate their decision for setting up Audit Wing in Jakarta. Space norms for the building are being concurred in the Ministry. With regard to Hong Kong it is clarified that the office space was purchased in August, 2010 and not in January, 2010. It may be noted that for a project of this scale, the necessary procedures and extant guidelines as laid down by CVC in tendering procedures were scrupulously followed. Simultaneously, Post had ensured that local laws and procedures were also complied with. Therefore, pending completion of renovation of chancery premises, rented premises had to be retained. The project was completed in April/May, 2012. The Mission moved into the new premises by 1st May, 2012. For Kuala Lumpur earlier, Mission had invited the tenders which could not be awarded due to poor response. Ministry was processing modified documents for re-tendering by lowering some of the parameters. With regard to Sydney Chancery the delay occurred in carrying out the fit-out works at Chancery due to ever-changing local laws and regulations which

Mission had to abide by. The tenders were floated on the basis of incorporating certain changes made by the Consultant. The bids were examined by the Ministry and approval for selection of the contractor for the project has been conveyed in October 2014. In respect of Grassmere Road Property (Sydney) the payment of rent could be avoided but the delay in taking the decision whether the property was to be disposed off or to be reconstructed/re-built resulted in avoidable payment of rent. Now it had been decided by the Ministry that the Property was to be renovated and Consultant had been appointed who had completed the designs and preparing tender documents for bidders.

59. When the Committee desired to know whether the Ministry had analysed the overall reasons for delays in the renovation/redevelopment works on the above properties and if so, whether the Ministry had issued any fresh guidelines that would obviate cascading delays in future, the Ministry submitted that they had done a thorough analysis. To overcome any delays in future which relates to internal approvals, the Ministry had standardized various templates of Expression of Interest (EOI), Reference for Proposal (RFP), Tender Document/GCC/SCC for new construction works/renovation/repair work at out Embassies/Missions/Posts, with the approval of the Integrated Finance.

60. When the Committee asked whether the Ministry make comparative analysis between properties that need renovation and those that were ready to move, the Ministry submitted in the affirmative and stated as under:

"The Ministry compares the properties available in the market before taking final decision to acquire the property.

As regards the reasons for delay pointed out by the Audit, given the varied factors that go into successful implementation of the Projects; some of

which are beyond the control of the Ministry/Government of India, it is submitted that no individual/group of individuals can be blamed for the delays in the Projects. The construction projects by the Ministry are awarded on lump sum basis. In case of delay in the executions of the project, financial outgo is not affected. This remains same as contract award cost. However, we are not able to reduce rental liability during the delay in execution of the project. Further as mentioned above, the process of acquisition of properties/construction projects have been streamlined. The Ministry is hopeful that delays in the ongoing and future projects will be reduced to minimum.

As regards to Regional Passport Offices and Passport Seva Kendras, CPWD has the mandate to execute construction work of all the Central Ministries and MEA is one of them. MEA has got most of its properties in India constructed through CPWD. Being the construction Agency, CPWD has to get the drawings approved for construction from local bodies. Local bodies take their own time for according approval. Besides, CPWD has its own defined system of selection of vendor and award of work which also takes a lot of time before actual commencement of work takes place.

Thus, completion of projects get delayed not only due to more time taken by CPWD to complete the actual construction but also due to time taken by local bodies in according approval, obtaining approvals from various State Government Departments and issue of completion certificate by local body, besides budgetary constraints. Since the delay in completion of a project is not attributable to any single person/Department, the Ministry is not in a position to fix responsibility for delays as pointed out by Audit.

Current Status/Updates:

a. Status of construction projects pointed out by the Audit is as under:

Name of the Mission	Status as on July2015
CGI Shanghai	Given the present status of the project, Ministry has prioritized this construction project to be commenced around April 2016 and completed by October 2017 as per its five year action plan (2014-19). Concept Designs from the selected

	Architects have been received. A team from Ministry is expected to visit Shanghai soon to finalize the selection of Architect, in consultation with Post, based on the best design entry and fee proposal.
High Commission of India, Port of Spain (Mahatma Gandhi International Culture Centre)	Detailed estimates for the project have been approved by the IFD. However, inputs from the Indian Council of Cultural Relation (ICCR) have been called for to ascertain if there is any change in the size of ICC in Port of Spain. After obtaining the input, Ministry would process for approval of Committee of non-plan Expenditure (CNE) to obtain approval to the revised project cost.
High Commission of India, Port Louis (Mauritius)	Local Body's approvals for construction of the buildings have been obtained. Detailed Estimates and Tender Documents for the project have been finalized. Tender drawings have been received from the Mission. Ministry is in the process of finalizing note seeking approval of Committee of Non-Plan expenditure (CNE).
High Commission of India, Dar-Es-Salaam, Tanzania	Work has commenced w. e. f. 01 December 2014 with stipulated completion period of 24 months. Construction of basement and ground floor slabs has been completed. Construction of first floor slab is underway.
Embassy of India, Kathmandu	The project has been impacted by the earthquakes which hit Nepal in recent past. Damage assessment to the structure is under process. It is likely that project would be delayed further. Shifting of the officers in bungalows has also been delayed. At present financial progress of the work is 71.03%.
Embassy of India, Tashkent (Uzbekistan)	It has been decided in the Ministry to float tender for the project in two bid system. Response to the Pre-qualification process was not satisfactory. Only two companies could be qualified. Tenders has been refloated in the single stage two bid

	<p>system in which the two earlier qualified firms will also allowed to submit their bids. Last date for submission of bids is 04 August 2015.</p>
<p>Embassy of India, Kyiv (Ukraine)</p>	<p>The recent violent conflicts in Ukraine with over 4,000 deaths and displacement of over 1 million people has taken a heavy toll on the economy of Ukraine with local currency depreciating nearly 3 times as compared to US\$. In view of this and Mission's recommendations, in March 2015, Secy (West) has approved placing the project "on hold". The situation is to be reviewed in the third quarter of the year 2015.</p>
<p>Embassy of India, Brasilia.</p>	<p>The buildings have been completed in November 2013 and are being utilized by the Mission since December 2013.</p>
<p>Embassy of India, Doha Qatar</p>	<p>Ministry of Foreign Affairs, Government of Qatar has made a verbal offer for allotment of an alternative plot of land measuring nearly 8,000 sq. M to our Mission. Mission is pursuing the matter with Government of Qatar. A definite timeline for further activities could be committed only after the above offer is materialized.</p>
<p>High Commission of India, Nicosia</p>	<p>Consultant has yet not finalized the Tender Documents and Estimates. Ministry is pursuing Mission to impress upon the Consultant to expedite submission. Consultant has been requested to revise the drawings (internal plan) carrying out the modifications as a parallel activity to avoid delay. Ministry has approved tender template based on FIDIC Conditions of contract for all new major construction projects. The same has been forwarded to Mission for advising Consultants to prepare tender documents based on FIDIC Conditions of Contract. However Consultant seems to have some reservations as contracts in Cyprus as a norm follow the British Conditions Joint Contracts Tribunal (JCT).</p>

- b. Current Status of the renovation projects pointed out by the Audit is as under:

Embassy of India, Jakarta	Ministry has approved concept designs to be submitted to the local authorities for their approval. The process takes some months. Ministry's observations on the Concept Design submitted by the Consultant in February 2015 have been conveyed to the Mission on 12 March 2015. Mission's response is awaited. Reminder issued on 01 June 2015.
CGI-Sydney (Chancery Project)	Renovation works had been completed on June 14, 2015. CGI, Sydney is working from the new premises from June 15, 2015.
CGI-Sydney (Residence at 5 Grassmere Road)	Ministry approved the supplementary proposal on March 13, 2015. Consultant has almost completed the designs, including for driveway and tender documents and is working on the estimates. As per the time line submitted by CGI Sydney, the work is slated to be completed by 31/12/2015.
CGI-Hong Kong (Chancery Renovation Projects)	Work completed in May 2012.
HCI- Kuala Lumpur (Chancery Renovation Projects)	In view of the multifold increase in the cost estimates of almost 80% the Mission/consultant has been requested vide letter dated April 10, 2015 for providing detailed justification for the increase.

X. Expenditure beyond delegated financial powers

61. Audit noted that CGI Vancouver, CGI Houston, Eol Panama City and Eol Chile, expenditure was incurred over and above the delegated financial powers on repair and

maintenance of Gol properties.

62. When the Committee asked as to what were the reasons for incurring expenditure in excess of delegated powers on repairs and maintenance of Gol properties in respect of the 4 Missions and whether the internal audit in the Ministry pointed out these shortcomings, the Ministry stated that all the Missions were advised to get the excess expenditure regularised by the Division. Only CGI Vancouver had taken action on the advice. The other three Missions had been reminded for taking necessary action. The works were of urgent nature and R&M could not be avoided or delayed. The Ministry had not received any inputs from the internal audit of the Ministry.

63. The Secretary during evidence deposed as under:

"A point was made about internal audit I think, it is a valid point. Hon. Members would perhaps know that we have a system of audit both from headquarters as well as from regional centres abroad from Kuala Lumpur, Washington, London and, in addition, from Delhi. If there is a case for strengthening audit systems – and it need not be physical audit – and accounting systems, we have something called IMAS. When transactions are made and money is expended, it is reported into the Controller of Accounts. So, if there are steps to be taken for strengthening that and improving the system and having more audits – regional audits and Delhi-based audits – it is something which we are completely prepared to look at because like we view the hon. Committee as a mechanism to make sure our practices improve, we also view audit in the same way. Audit is what makes for good administration".

64. When the Committee further enquired as to who was the competent authority to give sanction for expenditures in excess of delegated powers, the Ministry submitted that sanction for expenditures in excess of delegated powers was taken as per Delegation of Financial Power Rules and General Financial Rules 2005.

65. To a pointed query of the Committee to specify in how many cases had the

Missions sought ex-post-facto sanction for incurring such expenditure, the Ministry stated that CGI, Vancouver was the only Post which had sought ex-post-facto approval.

66. When the Committee desired to know whether the Ministry was contemplating any action against the officials of CGI Houston, Eol Panama City and Eol Chile for not heeding to the advice of the Ministry for regularizing the excess expenditure by the Division, it was submitted that the Ministry sought clarification from the concerned Missions/Posts. Replies/clarifications/documents had already been received from Embassy of India Chile for regularization. Mission's inputs were being examined for submitting to Finance Division for regularization of excess expenditure. Consulate General of India, Houston had taken up the matter with the Office of the Principal Director of Audit, Washington to drop the para and were yet to receive a reply from the Audit authorities in Washington. In the absence of any response from the Audit Office in dropping the para, they had requested the Ministry to regularize the expenditure. The Consulate had been asked to forward the requisite documents indicating the expenditure incurred, enabling the Ministry to consider regularization. Embassy of India, Panama had also forwarded documents requesting the regularization of expenditure. These were being processed in the Ministry. It had been reiterated to the Missions and Posts that they should not exceed the delegated financial powers without prior approval of the competent authorities in the Ministry. The Ministry further submitted that excess expenditure incurred by Eol, Panama had been regularized. Regularization was under process in case of other Missions/Posts.

67. Supplementing the above view, the Secretary during evidence deposed as under:

"There was a reference to regularisation of expenditure by four embassies/posts. Vancouver had replied. I am given to understand Panama has also sent a reply. Essentially this pertains to repairs which were undertaken without due authorisation. I believe, the case of Panama has been examined and regularised. I would look into the other two missions".

XI. Retention of vacant accommodation

68. Audit scrutiny revealed that in seven cases, the Missions had retained vacant accommodation in violation of the Rules. When the Committee asked as to why had the Missions retained the vacant accommodation for more than 90 days without approval of the Ministry, the Ministry stated that Missions/Posts abroad had delegated powers to retain a vacant residential accommodation up to 3 months after considering various factors viz. arrival schedule of the new officer, possibility of finding an alternative accommodation, rent payable during notice period required to terminate the existing lease, expenditure involved in storage of Govt.-owned furniture items etc.

69. When the Committee further asked whether the Ministry fix responsibility on these Missions regarding illegal retention, the Ministry submitted that in cases where surrendering of vacant accommodation was not in the Government's interest, the Ministry considers regularization of the period of vacant retention if it exceeds 3 months. Otherwise, the Ministry discourages retention of vacant accommodations by Missions/Posts. A few such cases occur due to unforeseen delay in arrival schedule of an officer's successor, limited possibility of finding alternative accommodation within existing rentals in an equally secure area, rent payable during notice period required to terminate the existing lease, cost of storage of Government-owned furniture items and agency charges involved in hiring alternate accommodation. Vacant accommodation

was often utilized as a transit accommodation to save on hotel stay of India-based officials on first arrival. Detailed clarifications in each of the 7 such cases mentioned in the Audit report had already been provided by Ministry.

XII. Property lying unutilised (Eol Berlin, Germany)

70. Audit scrutiny revealed that a ready built building in Stormstrasse, Berlin was purchased (1985) and was used as the residence of the Consul General of India until 1994. The building was subsequently converted into a Cultural Centre. The Cultural Centre was shifted (January 2001) to the new Chancery building and since then the property is lying unutilized.

71. When the Committee desired to know as to what were the reasons for not fulfilling the assurance given to PAC regarding the demolition of the building and the use of the land for building apartments for RG officers, the Ministry stated that reasons for delay in initiating the proposal for redevelopment of the Gol property were that initially Mission proposed to utilize the vacant property as residence for Dy. Chief of Mission based on the recommendation of the Property Team from the Ministry who visited Berlin (Year 2000). Mission initiated action (2004) to appoint architect to assess reconversion and conduct feasibility study for redevelopment of property. However, the proposal could not be materialized because of huge variation (ranging from Euro 2,000 to Euro 8,620) in the fee quoted by three consultants. In 2005, Ministry decided to make apartment building for India based officials of the Mission and decided to approach the Local Body for building permit. While processing the Local Body approvals (2006), the neighbours raised objections to the Mission's proposal of constructing apartment.

Mission hired lawyer (2007) to counter the objections of the neighbours. Application for building permit admitted by the Local Authorities in 2008 and approval was granted in 2009. Mission proposed to appoint a project manager for selection of architect as per the prevailing practices and procedure followed in construction project for Chancery in 2001. Ministry did not agree to the proposal of the Mission to appoint separate Project Manager as the small. In 2012, it was decided to appoint a single agency as architect consultant and construction manager. It was stated that the Committee may kindly consider the fact that it was only prudent to use the preparatory phase to ensure maximum, long-term utilization of the plot as also, the process of ascertaining the consultancy requirements and fine-tuning the details with the concerned authorities.

72. To a pointed query of the Committee as to what was the present status of the project and when it was likely to be completed, the Ministry submitted that presently, the concept design and the consultant architect cum construction manager for the project had been finalized. Ministry had prioritized this construction project to be commenced around June 2015 and completed by December 2016 in its five year action plan (2014-19).

XIII. Jawaharlal Nehru Bhawan

73. Audit pointed out that the Ministry of Urban Development, allotted (1992 and 1994) two adjoining plots of land at New Delhi to MEA for construction of office building. The concept design prepared by CPWD was approved by MEA in July 2004 and the building was named Jawahar Lal Nehru Bhawan. In September 2004, MEA accepted that there would be a shortfall in office space in JNB and assured Ministry of Finance that their

first priority would be to surrender the rented premises occupied by MEA.

74. When the Committee wished to know as to why did the Ministry first shift the non-rental units in Shastri Bhawan to Jawaharlal Nehru Bhawan contrary to its own assurance to the Ministry of Finance that its first priority would be to surrender the rented premises, the Ministry submitted that the factual position was that Ministry had begun to vacate its offices from the rented building Akbar Bhawan even before the construction project for Jawaharlal Nehru Bhawan had been fully completed. Within a very short time frame the shifting of all offices from rented Akbar Bhawan (8 floors plus two basements) was completed. The shifting of offices to JNB thereafter was based on functional considerations as well as space availability.

75. When the Committee desired to know as to whether the Jawahar Lal Nehru Bhawan had now been fully occupied with MEA offices and if so have all the offices functioning from the rented premises been shifted to the new HQs, the Ministry submitted that Jawaharlal Nehru Bhawan had been fully occupied. In fact, there was currently a shortage of office space faced by the Ministry. Nevertheless, efforts were made to shift remaining Divisions in rented Buildings. Accordingly, the International Law Division had also been shifted to JNB a few months ago leaving only a two small units (Hajj Cell and Special Kuwait Cell) in ISIL Building. Efforts were being made to shift these to JNB as well.

XIV. Regional Passport Offices (RPO)/ FSI

76. Audit scrutiny revealed inordinate delays in construction of properties on the plots of land acquired by the MEA for its various passport offices countrywide and for Foreign

Service Institute (FSI) building.

77. When the Committee asked the Ministry to furnish a statement providing details of rented/ owned buildings for all RPOs in the country, the Ministry submitted a statement providing detail of rented/owned building for all RPOs in the country as under:

S.No	Name of RPO	Annual Rent for PO bldg. being paid	Annual rent for PSK	Total Rent
1	AMRITSAR	29,83,200	nil	29,83,200
2	BHOPAL	24,40,368	nil	24,40,368
3	COIMBATORE	23,84,400	nil	23,84,400
4	DEHRADUN	8,05,716	50,80,800	58,86,516
5	GUWAHATI	10,23,400	nil	10,23,400
6	JAMMU	7,51,596	nil	7,51,596
7	JALANDHAR	83,36,160	nil	83,36,160
8	KOLKATTA	44,31,780	nil	44,31,780
9	MADURAI	3,84,000	nil	3,84,000
10	MALAPPURAM	18,65,544	nil	18,65,544
11	PUNE	55,99,128	nil	55,99,128
12	RANCHI	27,28,152	31,60,500	58,88,652
13	SRINAGAR	32,17,140	12,20,142	44,37,282
14	TRIVENDRUM	24,19,800	nil	24,19,800
15	TRICHY	11,34,864	nil	11,34,864
16	SHIMLA	nil	23,29,704	23,29,704
17	RAIPUR	nil	35,86,932	35,86,932

Following 18 (Eighteen) Passport Offices are functioning in MEA owned buildings:

S. No.	Passport Office	S. No.	Passport Office
1	Ahmedabad	10	Lucknow
2	Bangalore	11	Panaji
3	Bareilly	12	Patna
4	Bhubneswar	13	Raipur
5	Chandigarh	14	Thane
6	Cochin	15	Visakhapatnam
7	Hyderabad	16	Chennai
8	Jaipur	17	Surat
9	Kozhikode	18	Mumbai

Following 4 (Four) Passport Offices are functioning in Government owned buildings:

S. No.	Passport Office	S. No.	Passport Office
1	Delhi	3	Nagpur
2	Ghaziabad	4	Shimla

78. Supplementing the submission of the Ministry the Secretary during evidence deposed as under:

"The ICCR building and Branch Secretariat in Chennai and Guwahati are the exceptions. Insofar as properties relating to CPV Division is concerned, the data centre in Delhi, the disaster recovery centre in Chennai, 15 out of 37 RPOs and 5 out of 82 Passport Seva Kendras are rented by the Ministry. So are two other regional offices of ICCR. Details have been submitted to the hon. Committee. Out of these 15 rented RPOs I am happy to inform the hon. Committee that land have now been allocated by State Governments in seven cases. We hope to follow up quickly on the rest. Over the last seven years, RPOs at Vizag, Surat, Bhubaneshwar, Lucknow and Jaipur have moved to newly constructed MEA own buildings. This is a positive trend. Construction of a building for housing RPO Mumbai has been completed and now formalities for full occupation certificate are underway. I can also report progress in construction of Amritsar and Jalandhar RPOs".

79. When the Committee desired to know as to what measures the Ministry had taken to complete the construction and other works at the earliest at the properties cited in the audit para, that the plot was acquired in 1983 but the construction commenced only in 2005 the Ministry submitted that the plot of land which was allotted 1983 was got cancelled due to various reasons. The plot over which building was constructed was given possession on 30.03.2001 and the project was approved by the Ministry in September 2004. Hence construction of the building took 3 years only. With respect to Amritsar Audit scrutiny revealed that the plot was allotted in Feb. 2008 but the construction could not commence even after lapse of 5 years as on January 2013. In this regard the Ministry stated that it approved the project in August 2013. The work had commenced in April 2014 which was likely to complete by 2015 With respect to the Regional Passport Office, Mumbai, Audit highlighted that the land was purchased in December 2005, the construction was supposed to be completed by November, 2009

but had not been completed as of January 2013. The Ministry stated that CNE gave approval in September 2008. Foundation work was completed in October 2009 but actual building work started in January 2011 by CPWD. CPWD took long time to award the work. Now the building was almost complete and MMRDA was being requested to issue occupancy certificate. Audit pointed out that the property at Srinagar was purchased in December 2006 but the construction had not been commenced as of January 2013. The Ministry stated that boundary wall and approach road had been constructed. CPWD were requested to revise the drawings as per observations made by Project Division of the Ministry of External Affairs. Revised estimates were awaited from CPWD. Audit highlighted that the property at Jalandhar was purchased in May 2007 but construction could not be started as of January 2013. The Ministry submitted that a lot of time was taken in finalization of drawing and obtaining approval from local bodies. The construction started in May 2013 and was supposed to be completed in June 2014. The date of completion is likely to extend as sufficient funds could not be released due to budgetary constraints during 2013-2014.

80. The Secretary, Ministry of External Affairs deposed as under:

"There are some cases. In the case of Mumbai, I looked at as to why the property took so long. At every stage, there was delay – in taking over the land, there was delay; and CPWD giving out the tender, there was delay. It is not a justification. It is a lesson to us that we need to have tighter control, tighter timelines, maybe more review meetings. Again, it is something where probably we have to work better with Departments outside the Ministry".

81. As per the audit, subsequent changes in the planning of FSI led to extra expenditure of ₹ 47.86 lakhs, even then all the 22 hostel rooms on the second floor were never put to use and 41 residential units also remained unutilised. When the

Committee desired the Ministry to explain the reasons for such underutilization, it was submitted that the 22 hostel rooms on the 2nd floor were too small to use and lying vacant since FSI occupied this building in 2006. The expenditure of ₹ 47.86 lakhs was for conversion of these single rooms into 11 double rooms to be identical as on ground and 1st floors. CPWD had completed the work and these 11 rooms were ready for allocation to new 2014-Batch IFS Officer Trainees when they join FSI in mid-December 2014. The induction into India Foreign Service was constantly increasing every year and two batches overlap for about 8 months in a year. There were 34 Officer Trainees in 2011-Batch and 36 in 2012-Batch. There were 25 Officer Trainees in 2013-Batch and 31 Officer Trainees of 2014-Batch would be joining in mid-December 2014. There were only 29 hostel rooms and the number of hostel rooms will be increased to 40 from December 2014. As two batches overlap, Officer Trainees were accommodated in residential units. Residential units were not underutilised except for short intervening periods between the departure and arrival of batches of Officer Trainees which was unavoidable. Details of utilisation of residential units as on 14.11.2014 was as follow:

Block	Type	No. of Flats	Remarks
A	7	1	Occupied
B	5B	2	Both occupied
C	5A, 4	2 + 6 = 8	5 occupied. Vacant units are allocated to Officer Trainees during the period of overlap
D	3, 2	20+ 10 = 30	7 occupied. Vacant units are allocated to Office Trainees during the period of overlap
E	1	11	All occupied as residential units and for essential services as CPWD, house-keeping etc.

82. Supplementing the above submission of the Ministry, the Secretary Ministry of External Affairs deposed during oral evidence as under:

"India's diplomatic presence abroad needs to keep pace with its growing international role and prominence while being representative of our unique identity. Properties where our Missions are housed or where our diplomats live, particularly those having representational duties, do reflect these aspects. Our work space abroad needs to be functional while making a national statement. Likewise, the Ministry's assets in India should facilitate efficient service delivery to Indian citizens.

As regards the other two points, which you had made, one was that properties must make an impact. I think that it is a very valid point. I would submit that it is changing for the better. On the whole, I have visited in the last six months as Foreign Secretary, may be about 30-40 Embassies. Yes, there are some Embassies where I was very unhappy and I made it very clear that the appearance of the Embassy had to be changed.

A point, which has to be borne in mind, is that perhaps we need to have a stricter property inspection, maintenance, renovation mechanism. We have an inspection mechanism, but they inspect the working of the Embassy. They also do property on the site, but one thought after today's examination is that perhaps we need to setup a mechanism to look at the maintenance and appearance of property in a very focused and dedicated way.

I am completely in agreement with him. I think that in a variety of areas today Europe is setting rules, which can either benefit us or hurt us. We have just learnt, for example, in the pharmaceutical sector as to how much Europe can hurt us by one decision, which calls into question generics from India. So, I am in full agreement with the point. It is an Embassy that I would like to strengthen very much within the available manpower. I would certainly like to see it report more effectively as a watchdog. It has an extremely capable Ambassador, but Ambassadors also require backup as I discovered. So, it is something that I would bear in mind.

Now, when we say better asset management, it means a continuous review of all these aspects also as to what is happening in India in the RPOs, in the Passport Seva Kendras, and in the offices that we manage. It also includes maintenance, repairs and make sure that if repairs are done, then we do not have the kind of problem we had in Panama and Vancouver where people exceeded their limits. In a sense, what it means is that tighter control, more oversight and better management".

PART-II

Observations/Recommendations

1. The Committee note that the Ministry manages properties in 180 Missions/ Posts abroad in addition to its offices in India which include owned/ leased/ rented properties. The Estate Management portfolio of the Ministry includes, *inter alia*, acquisitions, construction of properties abroad for diplomatic Missions/ Posts, Cultural Centres and residences abroad for the functioning of diplomatic Missions and their employees, exchange and acquisition of properties on reciprocal basis for diplomatic representation, managing Regional Passport Offices and other properties in India such as Jawahar Lal Nehru Bhawan and the Foreign Service Institute and renovation of existing Government of India properties in India and abroad. The Committee note from the submission of the Secretary that the consistent stand of Government of India has been to prefer owned properties to those rented abroad as well as in India and accordingly, the Ministry gives priority to acquisition of built-up properties, constructions and renovation of diplomatic Missions and Posts, cultural centres and residences abroad. The Committee, however, find that about 55 per cent of Chanceries, 40% of Embassy residences and 75 % of staff residences still operate from rental premises and the total rental outgo on properties abroad has been steadily increasing over the years and stood at ₹363.8 crore in 2013-14. The Committee also note that as many as 20 properties abroad are yet to be constructed while 6 are currently under construction apart from some major Indian Cultural Centres awaiting completion. In India, the ICCR building and Branch Secretariat in

Chennai and Guwahati, 15 out of 37 regional Passport Offices, 5 Passport Seva Kendras, the data centre of CPV Division in Delhi, and 2 other regional offices of ICCR in Chennai are still operating from rented premises. The Committee are unhappy to note that the Ministry did not maintain even basic records of its properties, there were delays in construction on acquired properties ranging from 14 to 51 years, there have been significant delays in identifying properties and finalizing deals, the renovation process has taken decades to complete, planning and assessment of the requirements of the buildings has been unsatisfactory; there has been tardiness in acquisition of properties on reciprocal basis and monitoring of various works by the Ministry has been deficient. The Committee's examination of the audit findings have brought forth the need for radical measures for improving Ministry's handling of the activities relating to Estates Management. Accordingly, the considered opinion of the Committee has been given in the succeeding paragraphs.

2. The Public Accounts Committee in their 51st Report (14th Lok Sabha) (based on C&AG Report No. 17 of 2005) presented to the Parliament on 24.8.2007 had recommended that the Ministry should put in place a suitable mechanism for streamlining the management of estates operated by it. The Committee are unhappy to note that the Ministry had provided truncated information that too in respect of only 157 Missions/ Posts out of 180 Missions/ Posts to Audit after several reminders. When the Committee took oral evidence in January 2015, the Ministry could not furnish even basic information about the properties owned/leased/ rented by its Missions/ Posts. Taking note of the aforesaid

situation, the Committee during evidence observed that the significance of database on property cannot be over-emphasized for a Ministry that endeavored to improve the efficiency of management and utilization of properties abroad and gradually reduce its rental liabilities. The Committee felt that creation of a database was the first step towards streamlining the project planning mechanism with regard to property management and budgetary provisions. The Committee, however, appreciate the efforts made by the Ministry in creating a detailed database regarding properties owned/leased/rented by it for 2011-12, 2012-13 and 2013-14 and placing it before them during evidence held in August, 2015. The Committee are of the view that this database would be instrumental in better management of properties by providing a comprehensive overview for effective planning and by filling in the gaps in monitoring process .The Committee desire that the database should also include details about the ownership (including previous ownerships) of all the properties (leased/ rented/ owned), the details of the inventories and the details of the periodical verification of the inventories. The Committee further desire that all the documents relating to the properties be microfilmed for effective monitoring of those properties and be readily available for scrutiny. The Committee direct the Ministry to upload the database on its website within two months.

3. The Committee note that the Ministry could not submit two five year action plans to Audit for 'Acquisition of properties' and 'Construction/ Renovation of projects' for the period 2006-07 to 2010-11. Audit, therefore, observed that the five year action plans were prepared by the Ministry only in August, 2014 and not in

2007 as informed by it to the PAC. On being asked by the Committee, in their post-evidence questionnaire in January, 2015, the Ministry while furnishing the plans regretted that the plans could not be traced on time for submitting to the Audit. The Ministry explained that the plans were misplaced perhaps during the shifting of the Project Division from Akbar Bhawan to Jawaharlal Nehru Bhawan and therefore Audit's view is erroneous and not based on the fact since the two Action Plans for 2006-07 to 2010-11 were in place. The Committee take note of the reply given by the Ministry earlier to the Audit i.e. in March, 2014 that the process of developing a long term action plan had been initiated and the fact was that it was a long overdue action which needed to be acted upon. The Committee are not able to comprehend how the plans that were implemented during the period 2006-07 to 2010-11 were misplaced by all the concerned offices who had been involved in executing those plans. The Committee are of the considered opinion that more than just documents, action plans, once in place, become ingrained in the working culture as they channel all efforts towards attainment of targets by fixing the responsibilities, tracking the achievements and reviewing/ revising according to the changing needs and scenarios. The Committee are of the view that non-submission of action plans for the years 2011-12 to 2013-14 to Audit as wells as the Committee connotes non-existence of action plans for these years since the action plan for next five years commenced in 2014-15. The Committee opine that Audit made its observation after taking note of facts before it and, therefore, its view cannot be termed as erroneous. The Committee would like the Secretary to revisit all the files relating to the action plans for the years 2006-07 to

2010-11 and 2011-12 to 2013-14 and apprise the Committee of the accurate position urgently. The Committee also expect that the action plan for 2014-15 to 2018-19 would be implemented rigorously and targets set therein would be achieved within the time frames.

4. The Committee are of the opinion that to ensure efficient utilization of public money , the Ministry may, besides setting timeframes in the action plan, introduce performance indicators such as rent per square metre, other operating costs per square metre, total property costs per square metre and total property costs as a percentage of total operating expenses. These indicators would eventually help the Ministry in ascertaining comparative costs of the properties, whether fair rental is being paid for a property and taking appropriate decisions accordingly to reduce costs.

5. The Committee note that the deficiencies and delays in decision making persisted despite the assurance by the Ministry to the Public Accounts Committee in 2008 that significant steps had been taken to streamline and speed-up the internal processes related to acquisition of the properties. The Committee further note that Audit had pointed out Permanent Mission of India (PMI) Geneva, Switzerland which had been functioning from leased premises since June 1976 and the property shortlisted in 2009 for purchase resulted in expenditure of ₹1.22 crore on legal proceedings till March 2012 as it involved zone changing approval from the local authorities. Audit has also pointed out the cases of Embassy of India (Eol) Berne, Consulate General of India (CGI) Hamburg, CGI Munich, Eol

Bishkek, Eol Stockholm and CGI Milan where there have been significant delays in either acquiring a property after the decision to do so or efforts have not been fructified which resulted in rental outgo of ₹7.83 crores in 2011-12. The Committee would like to know about rental outgo in these Missions for the year 2012-13, 2013-14, 2014-15. The Committee note from the reply of the Ministry that the last legal impediment to the grant of PLQ was removed in May, 2015 and that the PMI, Geneva has been advised to engage with the land owner for completion of formalities. The Ministry have further stated that all other Missions are continuing their efforts to acquire economically viable/suitable property. The Committee find that there have been significant delays in identifying properties and even after identification, in many cases, the deals have fallen through for one reason or other, pointing to a serious lack of time bound, committed and professional approach in identification and negotiation of properties. The Committee are of the view that a detailed Search Report may be prepared for all the properties that have been identified for acquisition and made available to the Ministry and the members of the purchase committee. The Committee, therefore, desire that interaction with professional agencies abroad for timely identification, acquisition, development and maintenance of properties may be done in a more scientific, professional and structured manner by forming small teams comprising analysts and in cases where identification and finalization of the deals have taken longer time the team may be led by an official from the Ministry to effectively negotiate and finalize the transaction. The Committee would like to be apprised of the steps taken by the Ministry in this regard.

6. The Committee note that the Vienna convention made reciprocity the cornerstone of diplomatic relations between countries but are unhappy to find from the information provided by the Ministry of Urban Development that land has been reciprocally allotted/ agreed for allotment to only 9 countries out of 180 Missions/ Posts of India in various countries. Reciprocal allotment for Indian Missions abroad has been done in Adis Ababa, Dar-es-salam, Dhaka and Tashkent. According to the Audit, the Ministry failed to acquire plots of land on reciprocal basis at CGI, Guangzhou, China even after 8 years of establishment of the Post there. The Committee note with serious concern that the construction at a reciprocally acquired building for HCI, Dhaka, Bangladesh is not complete even after 22 years of allotment. The Committee are of the view that the inability of the Ministry to finalize deals on reciprocal basis is a reflection on the poor negotiation initiatives and lack of will in the Ministry. The Committee while acknowledging the constraints within which such deals are to be made feel that the efforts to strike deals on reciprocal basis may be intensified in a rational and professional manner and negotiations be pursued rigorously to curb any further delays.

7. The Committee are shocked to find that when asked about the status of reciprocally allotted lands, the Ministry could not furnish any records of the lands allotted on reciprocal basis as it did not sincerely follow up the allotments after referring the decision to allot land to the Ministry of Urban Development. The Committee are dismayed to note that the Ministry does not keep any record of the

lands allotted on reciprocal basis and are depending on Ministry of Urban Development to provide details as and when required. The Committee earnestly desire that the Ministry of External Affairs should maintain a proper record of both decisions taken by it in respect of reciprocal allotments of lands and the lands allotted accordingly by the Nodal Ministry/ Authority. The Committee would like to be apprised of the action taken in this regard within six months.

8. The Committee note that the Ministry decided to purchase a property belonging to French Government for establishing India Cultural Centre at Paris and both the architects/ consultants engaged by the Mission to assess the suitability of the building based on structural soundness, feasibility of utilization of structure for the desired purpose , design, execution and compliance with local regulations etc. reported that the building was not suitable to be used as a cultural centre since the building neither had two exits nor enough provision for assembly of at least 100 people as required under French regulations. The Committee further note that the Ministry ignored the reports of the architects and purchased the property for ₹30.03 crore in March 2011 which has been lying unutilized since then. As per the reply of the Ministry, the issues raised by the Architects/ Consultants were taken up with French Government which authorized the Mission to make addition/ alterations in the existing building as well as, if required, to rebuild the property by following bye laws prevailing in the city. However, information relating to taking up the matter with French Government was not provided to the Audit. The Ministry has now appointed another Architect-Consultant for renovation of the property to make it suitable for cultural centre

and as reported by the Ministry the project is likely to be completed by September, 2016. The Committee are astonished to find that the Ministry did not heed to the advice of the Architects/ Consultants and went on with the acquisition of the property which eventually resulted in idling of assets and wasteful expenditure on maintaining the property. The Committee are of the view that making such a deal without proper planning and consultation tantamount to criminal negligence. The Committee also take serious note of non-furnishing of important information to Audit by the Mission and desire that all the relevant records be produced to the Audit urgently within two months. The Committee after going through the reply of the Ministry feel that the objections raised by the Architects/ Consultants after the confirmation by the Ministry/ ICCR for purchase of the property were not brought before the Ministry by the Mission. The Committee are of the considered opinion that a comprehensive system of reporting be evolved where all such deviations from routine procedures get automatically identified and reported to the Projects Division so that a judicious and prudent decision could be arrived at and the project implemented without loss of time and escalation of cost. The Committee would like to be apprised of the action taken in this regard within two months.

9. The Committee note that there were inordinate delays in construction of Chancery/ residential buildings at various stations viz. CGI Shanghai, China, HCI of Port of Spain, Trinidad & Tobago, Port Louis, Mauritius, Dar-Es-Salaam, Tanzania, Eol, Kathmandu, Nepal, and Eol, Nicosia, Cyprus, Tashkent, Uzbekistan, Eol Kyiv Ukraine, Brasilia, Brazil, and Doha, Qatar. The Committee

find from the reply of the Ministry that apart from EoI, Brasilia and Tanzania where construction has been completed and commenced respectively, none of the other Missions have been able to make much headway yet. The Committee are unhappy to note that there have been tremendous delays in commencing the construction process as is evident from the case of EoI Tanzania where the plot was allotted in June 1987 on lease for 33 years and construction work commenced only in December 2014 i.e. after 27 years. Similarly, in Uzbekistan and Cyprus, even after 26 years, construction has not yet commenced. The Committee are shocked to note that, as per the database submitted by the Ministry, the construction at EoI Tokyo commenced after 53 years of purchase of land in 2007. The Committee while taking note of the reply of the Ministry that it has prioritized construction work of the unduly delayed projects for completion in its current five-year action plan opine that besides prioritizing construction work of the unduly long projects the Ministry need to fix responsibility and take exemplary action against the officers for such unpardonable delays. The Committee deprecate that the Ministry and the concerned Missions/ Posts were oblivious of such apparent delays which resulted in wasteful expenditure in terms of rental outgo in all these years at the same time incurring, expenditure on maintaining the acquired properties for decades and cost escalation over the years which would ultimately be borne by the Government of India. The Committee are unhappy to observe that loss of opportunity, consequent delays and cost escalation in respect of all such properties would increase the actual cost incurred in acquisition of these properties tremendously. The Committee,

therefore, are of the considered view that Ministry take urgent steps by incentivizing the Missions/Post for good performance and by fixing the responsibility and taking stern action against the erring officials for not meeting the targets to get the long pending construction works completed at the earliest and apprise the Committee of the action taken thereon within two months.

10. The Committee note that there were considerable delays in renovation/ redevelopment works at Government of India buildings at CGI, Sydney, Australia, CGI, Hong Kong, HCI, Kuala Lumpur, Malaysia and Eol Jakarta, Indonesia. The Committee note from the reply of the Ministry that in three out of six cases works have been completed as of now but in remaining cases works have not yet been started. The Committee concur with the observations of the audit that delays have led to avoidable expenditure of more than ₹ 7 crore. The Committee feel that Ministry issue comprehensive guidelines to all its Mission/ Posts abroad to prepare an yearly action plan for achieving targets in the five-year action plan of the Ministry. This yearly action plan may enumerate the anticipated requirements in the year for better property management including the renovation and repair requirements during the year with timelines for completing the same. The Committee would like to be apprised of the action taken by the Ministry in this regard within two months.

11. The Committee note that a building purchased in Stormtrasse, Berlin in 1985 for the residence of Consul General of India was converted into Cultural Centre in 1994. In January 2001, the Cultural Centre was shifted to the new

Chancery building and since then the property has been lying unutilized. The Committee note from the reply of the Ministry that initially the Mission wanted to convert it into the residence of Deputy Chief of the Mission but later decided to make apartment building for India based officials and local body gave its approval in 2009. The Committee find that the Mission proposed to appoint a Project Manager for selection of Architect as per the prevailing practices and procedure followed in construction project for Chancery in 2001 but the Ministry did not agree to the proposal of the Mission to appoint separate Project Manager due to small scale nature of the project and a single agency as Architect Consultant and Construction Manager was appointed in 2012. The Committee observe that after the approval given by the local body, the appointment of Architect Consultant and Construction Manager took unduly long time due to the absence of any updated uniform guidelines for the Missions/ Posts in this regard. The Committee are of the view that the Ministry should issue comprehensive updated guidelines to all its Missions/ Posts abroad detailing the procedures to be adopted for identification, acquisition, approval from the Ministry as well as local authorities renovation, refurbishment, conversion and disposal of the properties. The Committee would like to be apprised of the action taken by the Ministry in this regard within two months.

12. The Committee note with serious awe that CGI Vancouver, CGI Houston, EoI Panama City and EoI Chile incurred expenditure over and above the delegated financial powers on repair and maintenance of Government of India properties. The Committee also note with dismay that the Missions in Oman,

Libya, Tehran, Moscow, Bucharest, Guangzhou and Pyongyang had retained vacant leased residential accommodation for more than 90 days without the prior approval of the Ministry as required under the relevant Rules. The Committee find from the reply of the Ministry that the expenditure incurred by CGI Houston, Eol Panama City and Eol Chile are yet to be regularized by the Ministry. The Committee also observe that the Ministry has now examined all the cases of unauthorized retention and regularized all of them. The Committee are, however, perturbed to note the reply of the Ministry that due to large number of Missions/Posts to be audited coupled with limiting factors of manpower, limited budgetary resources, there is no periodicity for conducting internal audit. The Committee while noting the observation of the audit that in case of Oman, Libya and Moscow, the Mission could have applied for prior approval of the Ministry for retention. It clearly establishes that the internal audit system of the Ministry has not been functioning properly as otherwise these irregularities would have been easily brought out. The Committee feel that the need for the internal audit as a preventive and remedial mechanism cannot be over emphasized and, therefore, strongly desire that the officials of the Ministry be adequately sensitized and an effective internal e-audit system may be developed in the Ministry to minimize such recurrences. The Committee may be apprised of the action taken by the Ministry in this regard within two months.

13. The Committee note that two adjoining plots of land were allotted in New Delhi by the Ministry of Urban Development for construction of office building of Ministry of External Affairs in 1992 and 1994 respectively. The concept design of

Jawahar Lal Nehru Bhawan, prepared by CPWD, was approved by the Ministry in July, 2004. It is astonishing to note that while the Ministry blames the local conditions, rules of a foreign country for the delay in construction/renovation of properties it is difficult to understand the reason for a delay of more than a decade even to get a concept design prepared and approved in New Delhi by the Ministry. The Committee note that the Ministry accepted in September, 2004 that there would be shortfall of space in this office building and assured the Ministry of Finance that rented premises would be surrendered first. The Committee are shocked to note that in 2011, the units located in non-rental building was shifted first which resulted in continuing rental outgo of ₹62.79 lakh p.a. The Committee note from the reply of the Ministry that it could only vacate its offices from ISIL Building (rented) partially. The Committee are surprised to note the reply of the Ministry that due to severe constraints imposed on the Ministry in construction of Jawahar Lal Nehru Bhawan on the grounds of FAR norms and number of storeys, a shortfall of about 2500 sq.m., all the offices could not be shifted. The Committee are amazed to find that a Ministry is feigning ignorance of the law of the land. The Committee are of the view that the Ministry faltered in its assessments and did not evaluate correctly its needs either at the time of allotment or at the time of approving the designs. The Committee expect a Ministry dealing with so many countries and their laws to be well-versed with the laws of its own country first. The Committee desire that the Ministry take up the issue with the Ministry of Urban Development only after a prudent assessment of its current and future

needs of land and apprise the Committee of the action taken thereon within two months.

14. The Committee note that there were inordinate delays in construction of properties on the plots of land acquired by the Ministry for its various passport offices country-wide viz. Jaipur, Amritsar, Mumbai and Srinagar resulting in huge outgo of avoidable rent. The Committee note from the reply of the Ministry that except for Srinagar all other buildings are ready or will be ready by the end of 2015. The Committee, however, feel that there have been significant delays in the construction of buildings even in India and are astonished to find that Passport office, Jaipur, took over the building 25 long years after acquiring the plot. The Committee are shocked to find that CPWD has taken two and a half years for submitting revised drawings and estimates for Srinagar Regional Passport Kendra. The Committee are of the view that lackadaisical attitude of the officers and lack of follow up and persuasion on part of the Ministry has contributed to these inordinate delays. The Committee desire that alongwith fixing the timeframes for completion of construction the responsibility of the officers may be fixed and they may be asked to give periodic updates on each of the property under their supervision. The Committee further feel that a comprehensive mechanism may be developed so that allotment of land, its construction is done in a time bound manner for future needs. The Committee may be apprised of the action taken by the Ministry in this regard within two months.

15. The Committee note that the Ministry purchased a plot of land in New Delhi for construction of Foreign Service Institute (FSI) building in 1990 and the work was to be completed by 1995 at a project cost of ₹11.50 crore. The Project was finally completed in 2007 at a cost of ₹25.85 crore. The Committee also note that due to deficiencies in planning 20 rooms at the ground floor and 38 rooms at the first floor were merged into 10 and 19 rooms in 1999 and in 2014 , the rooms at second floor were also merged at additional cost of ₹47.86 lakh. The Committee find from the reply of the Ministry that the rooms at the second floor were not touched to avoid delays in completion of project. The Committee are of the view that if the rooms at ground and first floors were merged at the stage of construction itself then merging of rooms at the second floor would not have delayed the project any longer than it already did. The Committee feel that delay of 12 years in construction led to cost escalation and then merging 22 rooms into 11 which also increased the total cost of construction of the building point towards the utter lack of judicious and futuristic planning and poor professional property management in the Ministry. The Committee, therefore, reiterate that the Ministry should give due emphasis to the objectives of the project, suitability of the property for that objective, futuristic needs, reasonableness of costs and completion of work in a time bound manner while planning for construction, refurbishment or renovation of the properties owned by it.

16. The Committee note that the Ministry had set up a Projects Division in 2005 that exclusively focuses on construction/ renovation/ purchase and deals with property management. The Committee feel that Projects Division has to work

earnestly as the results over these years do not project any marked improvement in either the ratio of rented/leased to owned properties or curbing the delays in identification/ acquisition/ construction/ renovation of the properties. The Committee note that the Project Division headed by Joint Secretary(Project) looks after transactions related to purchase, construction and renovation of Government owned properties both in India and abroad whereas Property Section of the Ministry headed by Joint Secretary (Establishment) is responsible for the renting of accommodation for Missions/Posts as well as residences of staff/officers posted abroad. Ideally, there should only be one leader and one plan for a series of activities seeking accomplishment of the same objective as envisaged in Principle of Unity of Direction. The Committee are, therefore, of the view that Projects Division and Property Section be brought together under Joint Secretary (Project) who may be made responsible for preparation of action plan, its implementation and review etc. in respect of all the transactions relating to identification, acquisition, construction, renovation and refurbishment of all the properties whether owned/ leased or rented properties.

17. The Committee desire that the Projects Division should be pro-active in its approach and work towards identifying stations where the Indian Missions needs to be strengthened. The Committee are of the considered view that earnest efforts may be made to augment India's diplomatic presence by depicting its rich and composite cultural heritage, particularly, in countries which are emerging as strong economies. The Committee, accordingly, feel that after emergence of European Union, the Embassy of India at Brussels require utmost attention of the

Ministry and recommend that the Indian Embassy at Brussels i.e. the hub of European Union be expanded and strengthened at the earliest.

18. The Committee further feel that besides being functioning efficiently the workspace abroad needs to represent unique identity of the country. The Committee, therefore, are of the view that the presentation of all embassy buildings may be given specific importance as they show-case Indian culture to the country where they are stationed. The Committee, therefore, desire that all the buildings may be refurbished/ renovated to improve their aesthetic appearance to give visitors a feel of the rich and precious cultural heritage of India.

NEW DELHI;
K.V.THOMAS
21st December, 2015
Chairperson,
30 Agrahayana 1937 (Saka)
Committee.

PROF.

Public Accounts

**MINUTES OF THE THIRTEENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE
(2014-15) HELD ON 5TH JANUARY, 2015.**

The Committee sat on Monday, the 5th January, 2015 from 1130 hrs to 1330 hrs in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Prof. K.V. Thomas - **Chairperson**

Members

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Bhartruhari Mahtab
4. Shri Janardan Singh Sigrival
5. Shri Shiv Kumar Udasi
6. Dr. Kirit Somaiya
7. Dr. P. Venugopal

RAJYA SABHA

8. Shri Satyavrat Chaturvedi
9. Dr. Satyanarayan Jatiya
10. Shri Bhubaneswar Kalita

LOK SABHA SECRETARIAT

1. Shri A.K Singh - Joint Secretary
2. Smt. Anita B. Panda - Director
3. Shri Jayakumar T. - Additional Director
4. Shri Ajit Kumar Yadav - Under Secretary
5. Shri Amrish Kumar - Under Secretary

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

1. Shri A.K. Singh - Deputy C&AG (RC)
2. Shri Satish Loomba - Director-General (Central Expenditure)
3. Shri L.S. Singh - Principal Director (RC)
4. Shri Purshottam Tiwary - Principal Director (PAC)
5. Shri Saurabh Shukla - Director (O/o DGCE)

REPRESENTATIVES OF THE MINISTRY OF EXTERNAL AFFAIRS

1. Smt. Sujatha Singh - Foreign Secretary
2. Shri R.Swaminathan - Special Secretary (AMS &CPV)
3. Smt. Mukta Tomar - Additional Secretary (AD)
4. Shri Binoy Kumar - AS & Financial Advisor

REPRESENTATIVES OF THE MINISTRY OF URBAN DEVELOPMENT

1. Shri Dharmendra - Joint Secretary
2. Shri M.K. Joshi - Deputy L&DO

2. At the outset, the Chairman welcomed the Members and the representatives of the office of C&AG to the sitting of the Committee. The Chairperson, then, apprised the Members that the meeting was convened to consider Memoranda No. 2 regarding selection of additional subjects for examination by the Committee during their current term. He also apprised the Members that eighteen Reports of the C&AG were laid in Parliament since their last selection of subjects and observed that as per rules these stand referred to the PAC.

3. The Chairman, then, sought the views of the Members and the Audit Officers on some of the relatively more important paras/subjects from these Reports for detailed examination by the Committee. During the course of discussions, the representatives of C&AG briefed the Committee on certain paras/subjects and highlighted the Audit

findings for facilitating their consideration by the Committee in finalizing selection of additional subjects. After due deliberations the Committee selected Forty–six additional subjects as shown in **Annexure-I**.

4. The Chairman then thanked the Members and the Audit Officers for their valuable suggestions for selection of additional subjects.

5. Thereafter, the representatives of the Ministry of External Affairs were called in. Then the Officers of the C&AG of India briefed the Committee on the subject 'Global Estate Management by the Ministry of External Affairs' based on the C&AG Report no. 16 of 2014. The Chairperson welcomed the representatives of the Ministry of External Affairs to the sitting of the Committee and delineated several issues concerning the subject for instance delay in decision-making for property acquisition resulting in a huge rental outgo, absence of basic information with regard to Ministry of External Affairs' properties abroad, failure to acquire plots on reciprocal basis in China and Bangladesh, delay in construction of building for Regional Passport Offices and FSI, etc. He underlined the need to create an efficient information system in the Ministry of External Affairs as well as a well-documented Action Plan for better estate management. The Foreign Secretary, in her opening remarks, assured the Committee of the Ministry's endeavour to improve the efficiency of management and utilization of MEA's property abroad and in India. She also enumerated reasons for long delays in acquisition of property i.e. political and security situation, inadequate budgetary resources etc. and recognized the need to have a better and updated database of the estates under MEA's control.

6. The Members then raised various issues which *inter-alia* included criteria to acquire property abroad on reciprocal basis, delay in construction of acquired properties within India and abroad by MEA, increase in annual rental outgo for Jalandhar RPO, absence of centralized database of properties managed by MEA despite the matter taken up by the PAC 10 years ago, space shortage in the Jawaharlal Nehru Bhavan, constitution and mandate of the Purchase Committee of MEA, reasons to acquire an unsuitable property in Paris, etc.

7. The Committee then decided to convene their next Sitting on the subject in mid-February, 2015 and desired the Ministry to provide concrete replies to the points raised by the Committee.

A copy of the verbatim proceedings was kept on record.

The Committee, then, adjourned.

Appendix - II

MINUTES OF THE SIXTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2014-15) HELD ON 19TH AUGUST, 2015.

The Committee sat on Wednesday, the 19th August, 2015 from 1500 hrs to 1715 hrs in Committee Room No. '53', Parliament House, New Delhi.

PRESENT

Prof. K.V. Thomas - **Chairperson**

Members

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Nishikant Dubey
4. Shri Bhartruhari Mahtab
5. Shri Janardan Singh Sigriwal
6. Shri Shiv Kumar Udasi
7. Dr. Kirit Somaiya
8. Shri Anurag Thakur
9. Dr. P. Venugopal

RAJYA SABHA

10. Shri Vijay Goel
11. Shri Bhubaneswar Kalita
12. Shri Sukhendu Sekhar Roy

LOK SABHA SECRETARIAT

1. Shri A.K. Singh - Additional Secretary
2. Smt Anita B. Panda - Director
3. Shri Jayakumar T. - Additional Director

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

1. Shri P. Mukherjee - Dy. C&AG (C)
2. Shri Shubha Kumar - DG (RC)
3. Shri Satish Loomba - DGACE
4. Shri Menish Kumar - PD (PAC)
5. Shri Saurabh Narain - Director (DGACE)

REPRESENTATIVES OF THE MINISTRY OF EXTERNAL AFFAIRS

1. Dr. S. Jaishankar - Foreign Secretary
2. Ms. Mukta D. Tomar - Additional Secretary (AD)
3. Shri Binoy Kumar - Additional Secretary & FA
4. Shri U.S. Pant - Pr. CCA
5. Shri Sanjay Kumar Verma - Joint Secretary (Projects)
6. Shri Jaideep Mazumdar - Joint Secretary (COP)
7. Ms. Sangeeta Bahudur - Joint Secretary (FSI)
8. Shri Muktesh K. Pardeshi - Joint Secretary (PSP) & CPO
9. Shri Sibi George - Joint Secretary (AD & Estt.)
10. Ms. Nutan Kapoor Mahawar - Joint Secretary (Parl. & Coord)
11. Smt. Namrata Kumar - DDG (ICCR)

2. At the outset, the Hon'ble Chairperson welcomed the Members of the Committee followed by a briefing by the C&AG officials to the Members of the Committee on the subject '**Performance Audit of Global Estate Management by the Ministry of External Affairs**' based on the C&AG Report No. 16 of 2014 and the issues involved therein.

3. After the briefing, the witnesses were called in. The Hon'ble Chairperson welcomed the representatives of the Ministry of External Affairs and made the following

observations: (i) Fulfillment of assurances given to Public Accounts Committee was extremely important for it is the nerve of Parliamentary form of governance.

(ii) Expressed happiness to place on record that the Ministry had come up with a comprehensive data base of the properties owned by the Ministry of External Affairs and praised the Foreign Secretary and his team of officers for the achievement.

(iii) The Ministry should have a very good manual in place on the functioning of different lease arrangements across the world to understand various bottlenecks and challenges.

(iv) Four Missions viz. Panama City, Houston, Vancouver and Chile had incurred an irregular expenditure of ₹ 20.29 crore beyond the power delegated to subordinate authorities and only CGI Vancouver was stated to have initiated action for regularisation though it was pointed out as early as 2014. Failure of the Financial Adviser to ensure such expenditure within the powers delegated to the subordinate authorities deserved to be brought to the notice of the Secretary, Department of Expenditure, Ministry of Finance.

(v) The Cabinet Secretary should be brought to notice of the importance of Result Framework Document (RFD) of the Department and also Annual Performance Appraisal Report (APAR) of the officers in achieving targets for examining its effectiveness at the field level to avoid delay and cost overrun construction of the Foreign Service Institute in Delhi.

(vi) Fix responsibility for the contributory negligence which facilitated loss to the public exchequer by way of loss for not using the single rooms and additional expenses for conversion of the single rooms into double rooms of the Foreign Service Institute, Delhi.

(vii) Bring to the notice of the Government in the Ministry of External Affairs for considering to establish an effective internal audit system in the Ministry.

- (viii) The sad state-of-affairs, viz, purchase of building not suitable for cultural centre and contrary to French Government regulations, non-availability of documents relating to correspondence with the French Government for scrutiny etc. be brought to the notice of the Government in the Ministry of External Affairs.
- (ix) The Foreign Secretary should look into the issue of the notice for unauthorised retention of vacant leased accommodation in the seven Missions of Oman, Libya, Tehran, Moscow, Bucharest, Guangzhou and Pyongyang.
- (x) The Ministry should draw a list of countries where reciprocal acquisition of properties could be attempted in the current action plan and also indicate where such attempts had been made but failed . The Ministry should also draw a list of properties where construction had been delayed and list out the reasons for the same. Moreover, the Ministry should fix responsibility to avoid the recurring situation where it becomes difficult owing to different persons having been in position during different periods.

4. Thereafter, the Foreign Secretary, Ministry of External Affairs introduced himself and his colleagues and briefed the Committee about the efforts made by them on the issues involved therein. The Members then sought clarification from the representatives of the Ministry which *inter-alia* included the reason for two and half years delay on the part of the CPWD in submitting revised drawings and estimates of Regional Passport office, Srinagar and the silence of MEA in this regard; need for a structured mechanism at the level of the Ministry for interaction with professional agencies for identification, acquisition, development and maintenance of its properties; time bound completion of projects in India and abroad; need for facelift of our embassies depicting our rich cultural heritage; details on outsourcing of passport and visa services; shortage of staff/infrastructure in Indian embassies specially in Brussels Embassy which is the headquarter of European Union; non-constitution of a Committee to review the progress in acquisition and construction of property, non-defining of a clear cut policy of 'Better Asset Management', non-utilisation of property, inordinate

delay in the commencement of construction of property from 14 to 51 years, non-exercise of due diligence in taking approval from local authorities for the construction of Embassy in Paris; misplacement of two Five Year Action Plans as assured to the PAC in 2007; reciprocal acquisition of property in other countries; road map for acquisition/completion of property; fixing of responsibility for the delay in the acquisition of property of Indian Embassy in Paris; non-identification of Missions undergoing heavy rent burden; engaging firms other than CPWD for construction of property in India etc.

5. Thereafter, the representative of the Ministry replied to the queries raised by the Members on related aspects particularly the various lapses/irregularities/shortcomings in the management of estates by the Ministry of External Affairs. As some queries required detailed and statistical information, the Chairperson asked the representatives of the Ministry to furnish written replies to the Secretariat at the earliest. The representatives agreed to do the same.

6. The Chairperson thanked the representatives of the Ministry for appearing before the Committee and the representatives of the Office of the C&AG of India for providing assistance to the Committee in the examination of the subject.

The witnesses, then withdrew.

A copy of the verbatim proceedings was kept on record.

The Committee, then, adjourned.

MINUTES OF THE SIXTEENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2015-16) HELD ON 17th DECEMBER, 2015.

The Committee sat from 1000 hrs. to 1100 hrs. on 17th December, 2015 in Room No. "51", Parliament House, New Delhi.

PRESENT

Prof. K. V. Thomas - **Chairperson**

MEMBERS

LOK SABHA

2. Shri Nishikant Dubey
3. Shri Bhartruhari Mahtab
4. Shri Janardan Singh Sigriwal
5. Dr. Kirit Somaiya
6. Dr. P. Venugopal
7. Shri Ramesh Pokhriyal "Nishank"
8. Shri Dushyant Singh
9. Shri S.S. Ahluwalia
10. Shri Gajanan Kirtikar
11. Shri Shiv Kumar Udasi

RAJYA SABHA

12. Shri Bhubaneswar Kalita

LOK SABHA SECRETARIAT

1. Shri A. K. Singh - Additional Secretary
2. Shri T. Jayakumar - Director
3. Shri Tirthankar Das - Additional Director
4. Smt. Bharti Tuteja - Deputy Secretary

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

1. Shri Rakesh Jain - Deputy C&AG (RC)
2. Ms. Shubha Kumar - Director General of Audit (RC)
3. Shri Parag Prakash - Director General of Audit (ADS)
4. Shri Mukesh P. Singh - Director General of Audit (ACE)
5. Shri Manish Kumar - Principal Director of Audit (PAC)

2. At the outset, the Chairperson welcomed the Members to the Sitting of the Committee. Thereafter, the Committee took up the following draft Reports for consideration:

- (i) Draft Report on the subject “**Global Estate Management by the Ministry of External Affairs**” based on C&AG Report No. 16 of 2014.
- (ii) XXXXXX XXXXXX XXXXXX
- (iii) XXXXXX XXXXXX XXXXXX

3. The Chairperson invited suggestions of the Members on the above mentioned draft Reports. After discussing the contents of these draft Reports, the Committee adopted the draft Reports at Sl. No (i) with some changes/modifications which are indicated in the enclosed Annexure. The Committee then adopted the draft Report at Sl. No. (iii) without any changes/modifications. The Committee, however, decided to postpone the adoption of draft Report at Sl. No (ii) for further examination of the subject.

4. The Committee authorized the Chairperson to finalise these Reports in the light of verbal discussion and consequential changes arising out of factual verification by the Audit and present the same to Parliament.

The Committee then adjourned.

X Doesn't pertain to this Report.

Annexure

**Statement indicating the changes/modifications made in Draft Report
'Global Estate Management by the Ministry of External Affairs'**

Sl. No.	Para No.	Read
1.	2	Add at the end of Para No. 10 of draft report The Committee desire that the database should also include details about the ownership (including previous ownerships) of all the properties (leased/ rented/ owned), the details of the inventories and the details of the periodical verification of the inventories. The Committee further desire that all the documents relating to the properties be microfilmed for effective monitoring of those properties and be readily available for scrutiny. The Committee direct the Ministry to upload the database on its website within two months.
2.	5	Line No. 24 add after 'identification and negotiation of properties' The Committee are of the view that a detailed Search Report may be prepared for all the properties that have been identified for acquisition and made available to the Ministry and the members of the purchase committee
3.	8	Line No. 23 add after 'maintaining the property'. The Committee are of the view that making such a deal without proper planning and consultation tantamount to criminal negligence.
4.	8	Add at the end of Para No. 8 of draft report within two months
5.	9	Add at the end of Para No.9 of draft report within two months
6.	10	Add at the end of Para No.10 of draft report within two months
7.	11	Add at the end of Para No.11 of draft report within two months
8.	12	Add at the end of Para No.12 of draft report within two months
9.	13	Add at the end of Para No.13 of draft report within two months
10	14	Add at the end of Para No.14 of draft report within two months