

**CREATION OF TOURIST INFRASTRUCTURE IN  
ANDAMANS AND NICOBAR ISLANDS**

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

**MINISTRY OF HOME AFFAIRS**

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

**SIXTEENTH REPORT**

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**SEVENTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

PAC NO. 2197

# SIXTEENTH REPORT

## PUBLIC ACCOUNTS COMMITTEE (2020-21)

(SEVENTEENTH LOK SABHA)

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

MINISTRY OF HOME AFFAIRS



Presented to Lok Sabha on: 19-09-2020

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LOK SABHA SECRETARIAT  
NEW DELHI

September, 2020 /Bhadrapada, 1942 (Saka)

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**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2020-21)**

Shri Adhir Ranjan Chowdhury - Chairperson

**M E M B E R S**

**L O K S A B H A**

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

**R A J Y A S A B H A**

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

**SECRETARIAT**

1. Shri T. G. Chandrasekhar - Joint Secretary
2. Shri M.L.K Raja - Director
3. Smt. Anju Kukreja - Deputy Secretary
4. Shri Ashikho Alema - Assistant Executive Officer

## **INTRODUCTION**

I, the Chairperson, Public Accounts Committee (2020-21), having been authorised by the Committee, do present this Sixteenth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their One Hundred and Fifth Report (Sixteenth Lok Sabha) on '**Creation of Tourist Infrastructure in Andaman and Nicobar Islands**' relating to the Ministry of Home Affairs.

2. The One Hundred and Fifth Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on 19 July, 2018. Replies of the Government to the Observations/ Recommendations contained in the Report were received on 27 June, 2020. The Committee considered the draft Report on the subject and thereafter adopted the Report at their sitting held on 28 August, 2020. Minutes of the sittings form appendices to the Report.

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

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

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

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

Adhir Ranjan Chowdhury  
Chairperson  
Public Accounts Committee

(iv)

# REPORT

## PART - I

### INTRODUCTORY

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their One Hundred and Fifth Report (16<sup>th</sup> Lok Sabha) on the subject "**Creation of Tourist Infrastructure in Andaman and Nicobar Islands**" based on the C&AG Report No. 24 of 2016 relating to the Ministry of Home Affairs.

2. The One Hundred and Fifth Report (16<sup>th</sup> Lok Sabha), which was presented to Lok Sabha and laid in Rajya Sabha on 19<sup>th</sup> July, 2018 contained 9 Observations and Recommendations. Action Taken Notes in respect of all the Observations and Recommendations have been received from the Ministry of Home Affairs and are broadly categorized as under:

(i) Observations/Recommendations which have been accepted by the Government:

*Para Nos. 1,3, 5-9*

**Total: 7**

**Chapter - II**

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

*Para Nos. Nil*

**Nil**

**Total:**

**Chapter - III**

(iii) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which require reiteration:

*Para Nos. 2 & 4*

**Total: 2**

**Chapter - IV**

(iv) Observations/Recommendations in respect of which Government have furnished interim replies:

*Para Nos. Nil*

**Total: Nil**

**Chapter - V**

3. A detailed examination of the subject by the Committee revealed poor management of implementation and execution of Projects, delays in finalisation of DPR resulting in dropping of projects, unfruitful expenditure on uninitiated projects, irresponsible procurement of outlived vessel without undertaking any techno economic feasibility resulting in wasteful expenditure in manning the vessel which had to be disposed off ultimately, wasteful expenditure towards development of yacht marina and procurement of luxury boats, non-issue of work order resulting in abandonment of work, violation of financial rules and norms in releasing advance fund for implementation of projects, need for introducing a holistic script for the sound and light show at the Cellular Jail etc. The Committee had accordingly given the Observations/Recommendations in their One Hundred and Fifth Report.

4. The Action Taken Notes furnished by the Ministry of Home Affairs in respect of all the Observations and Recommendations of the Committee have been reproduced in the relevant Chapters of this Report. The Committee will now deal with the Action Taken by the Government on the Observations and Recommendations made in the Original Report which either need reiteration or merit comments.

#### **(Recommendation Para No. 2)**

5. The Committee noted that the Tourism Department had engaged in May, 2009 Indian Tourism Development Corporation Ltd. (ITDC) as consultant for preparing Detailed Project Report (DPR) for development of the tourist circuit, 'Port Blair Neil Havelock Baratang' "Project/Infrastructure Development for Destinations and Circuits (PIDDC) under the scheme of Ministry of Tourism". The Ministry of Tourism sanctioned the work of preparation of Environment Impact Assessment (EIA) report in October, 2010. The Department of Tourism, ANI awarded the work of preparaton of EIA study/ CRZ clearance to the NIOT in December 2011. The work of development of tourist facilities at Baratang was, however, excluded, citing various environment and tribal issues. The NIOT submitted the draft EIA reports for Port Blair, Havelock and Neil Islands on 27 December, 2012, 31 May 2013 and 20 November 2013 respectively and requested A&NI Administration for site-wise details such as project layout, technical justification, technical design, etc., for inclusion in their final report. However, even after three years, the Administration had not provided the requisite information. As a result, the project was not approved by the Ministry of Tourism, but they had tentatively allocated an amount of `5.00 crore under the PIDDC scheme in 2014-15. Thus, lack of follow up by ANI Administration rendered unfruitful expenditure of `18.45 lakh on the preparation of Detailed Project Report (DPR) and EIA reports. The Committee, therefore, desired to be apprised of the reasons behind the delay of three years in providing the requisite details for inclusion in the final DPR and recommended that stringent disciplinary penalty may be imposed against officials who were responsible for the delay. The Committee also desired to be apprised of the present status of the project.

6. The Ministry of Home Affairs in their Action Taken Note have stated as under:-

"As intimated by A& NI Administration, the Tourism Department had entered into an Agreement on 25th May, 2009 with India Tourism Development Corporation (ITDC) as a Consultant for preparation of Detailed Project Report (DPR) for development of tourist circuits, 'Port Blair-Neil-Havelock-Baratang' at a total cost of `10.00 lakh plus taxes.

The ITDC submitted a DPR in November, 2009 and `11.83 lakh was paid to ITDC. The DPR proposed for development of sites at Port Blair (ITF Ground, Carbyn's Cove), Baratang (Baludera beach, Middle Strait jetty, Limestone Caves & Jirkatang), Neil Island (Neil Kendra, Sitapur Beach, Laxmanpur Beach & Bharatpur Beach), Havelock beach (Radhanagar beach and Elephant beach). The facilities proposed to be developed included water harvesting, public conveniences, Kiosks for tourist facilitation, interpretation centers, souvenir kiosks, facade improvement, changing rooms, car parking, solid waste management, viewing deck, wayside amenities and signage.

The DPR was forwarded to MoT in March, 2010 for sanction under MoT scheme, 'Product/Infrastructure Development for Destinations and Circuits (PIDDC)'. However, MoT communicated that the proposal could not be considered due to non-submission of CRZ/environmental clearance vide letter dated 29/10/2010. The department requested the National Institute of Ocean Technology (NIOT) to take up work of preparation of Environment Impact Assessment (EIA) Report for CRZ clearance. However, during the same time, new Island Protection Zone Notification was notified in 2011 and the work of EIA for Port Blair, Havelock and Neil Island could only be awarded in December, 2011. An amount of ` 6.62 lakh was released to NIOT for preparation of EIA. The work of EIA for Baratang in the aforesaid circuit was not assigned to any agency as development of tourist facilities at Baratang had to be dropped due to various environmental and tribal issues.

NIOT submitted the draft EIA reports for Port Blair (Carbyn's Cove), Havelock (Radhanagar beach and Elephant beach) and Neil Island (Sitapur beach, Laxmanpur beach and Bharatpur Beach) on 27/12/2012, 31/05/2013 and 20/11/2013 respectively and requested for site-wise micro details such as technical justification of the project/ Work Plan for site clearance, Detailed technical drawings for the proposed infrastructure, site plan with detailed map in scale, details of construction namely BOQ, schedule, work plan for construction, material procurement and transport details, topography, survey map of the proposed site, project layout and technical design, quantity of construction materials required etc for inclusion in their final report.



The NIOT submitted final EIA Reports in respect of Havelock & Neil Island on 18/05/2016. The final EIA Report on Port Blair (Corbyn's Cove) was submitted by NIOT on 21/07/2016.

By this time, the old scheme namely 'PIDDC' (Product/Infrastructure Development of Destination and Circuits under which the DPR was prepared for availing Central Financial Assistance) had since been modified and MoT came up with new scheme titled "Swadesh Darshan".

As per 'Swadesh Darshan' scheme, fresh DPR consistent with the new guidelines was required to be prepared. Also, there was requirement of few new projects to be undertaken by the Administration for promotion of tourism, like improvement of facilities at Cellular Jail, development of infrastructure for Adventure Water Sports, Wayside amenities, promotion of use of solar power, etc. Accordingly, the existing DPR was revised and submitted in the new format under the new Swadesh Darshan scheme in September 2016.

At this point, it would be appropriate to highlight the fact that the portion of submitted DPR for setting up of beach facilities and Wayside Amenities in North & Middle Andaman and South Andaman including Neil Island, Havelock Island and Baratang under Swadesh Darshan scheme were prepared largely based on the inputs extracted from the earlier DPR prepared by ITDC without engaging any fresh consultant. This DPR was approved by MoT under Swadesh Darshan Scheme on 18.11.2016 and an amount of `42.18 crore was sanctioned against proposed amount of ` 48.89 crore.

Secondly, the EIA Reports prepared earlier by NIOT have come in handy while execution of projects under Swadesh Darshan and no fresh EIA reports were prepared for projects envisaged under Swadesh Darshan.

Further, it needs to be mentioned that the DPR and EIA reports were prepared under PIDDC scheme for setting up of infrastructure at selected sites in a very limited area viz. Neil/Shaheed Island (in 304 sq meter) Havelock (in 202 Sq meter), and Corbyns Cove (in 83 Sq meters). The components proposed to be set up at the identified locations ranges as per the EIA Report were Public Convenience, sit out, Souvenir Kiosks, Watch tower, signage viewing deck etc. The EIA report also provided the baseline study of site characteristics in each of the location for assessing the air quality, water quality and land use, fauna and flora etc which are needed in getting CRZ clearances. The data provided under EIA reports and the DPR prepared by ITDC were extensively utilized by the executing agencies viz. Forest Department /ALHW/PBMC etc for setting up of eco-friendly amenities in locations such as Corbyn's Cove (Port Blair), Bharatpur beach, Laxmanpur

beach, Sitapurbeach (Neil Island), Radhanagar and Elephant beach (Havelock Island).

The eco-friendly facilities developed at these sites includes setting up of Viewing Deck, Change room, sitting benches, toilets, façade improvements etc. at Corbyn's Cove beach by PBMC /Forest departments, eco-friendly huts, toilets, change rooms, beach furniture, Solid Waste disposal in Bharatpur, Laxmanpur and Sitapur beaches at Neil/Shahed Island by Forest Department, Solid Waste Disposal bins, Beach Furniture, facade improvement, viewing decks, eco huts, public convenience etc. in Radhanagar and Elephant beach at Havelock Island by Forest Department. The infrastructure developed by these departments during the period from 2012 to 2015 at these locations well exceeded what was supposed to be achieved through execution of the DPR prepared by the ITDC under Central Financial Assistance.

The DPR submitted by the consultant was based on plinth area and did not provide the actual exact quantities of construction materials sought by NIOT. It was only after Ministry of Tourism approved the proposed work, any of the executive agencies could have been directed by the Administration to prepare the detail estimate based on site conditions. It was only after the stage that further details which were sought by the NIOT could be made available by relevant executive agencies.

However, the required inputs for preparation of final EIA reports could not be provided expeditiously to NIOT because the Tourism Department (ANI) was not having technical expertise and is not an executing agency by itself. Since the extent of technical inputs required were large and could only be obtained from executing /construction agencies like Andaman Public Works Department (APWD) / Port Blair Municipal Council (PBMC), the department coordinated with these agencies for getting necessary inputs. Meetings at the level of Director / Secretary were held with these agencies to expedite providing of information and after much persuasion, required inputs were provided to NIOT on 11/12/2015.

There is no wilful delay or negligence on the part of Administration in executing the works. It may be appreciated that multiple agencies are involved in execution of works in the Islands and Tourism Department is not empowered to undertake public works. Due to Island conditions especially long rainy seasons and frequent cyclones, limited availability of appropriate resources, the working season for civil works in the Island is very limited. There is no financial loss or misappropriation of govt. ex-chequer in this case as the DPR/EIA prepared by the Govt. agencies viz. ITDC/NIOT have been fruitfully utilized by the Administration, though without availing Central Financial Assistance for executing these works. The essence of DPR, the design elements have been extensively utilized by various

executing agencies like APWD, PBMC, ALHW, Forest departments etc in placing tourist infrastructure facilities in other locations of the Islands also and has contributed in enhancing institutional capacities of these agencies.

Present status: As per the revised scheme of Swadesh Darshan, tourist's facilities are being augmented in various places in A&N Islands by availing Central Financial Assistance. Presently following facilities are being executed under Swadesh Darshan Schemes for which an amount of 42.18 crore has been sanctioned by the Ministry of Tourism, GOI on 18.11.2016. For availing fund under the scheme, no external agencies were engaged for preparation of DPR, as Tourism Department has gained experience and knowledge in preparation of DPR based on inputs/methods learnt out of DPR already submitted by ITDC and NIOT. Therefore, the expenditure of 18.45 lakh incurred by the Administration for preparation of DPR and EIA report have been useful.

Further, the following facilities are proposed to be executed for development of tourism in the Island under Swadesh Darshan scheme.

1. Upgradation of facilities in Cellular Jail
2. Improvement of seating capacity of sound & light show at Cellular Jail
3. Enhancement of tourists facilities at Cellular Jail
4. Strengthening foundation of Cellular Jail
5. Façade improvement of National Memorial
6. Upgradation of Veer Savarkar Park
7. Improvement of facilities at beaches and safety measures in Ross & Smith beach, Baludera, Ramnagar, Lalaji Bay, Laxmanpur, Bharatpur, Elephant beach, Kalapathar
8. e-auto Rikshaws
9. Way side amenities
10. Scuba Diving Centers
11. Signages at various locations
12. Illumination of Andaman Club

The above works are progressing. Due to continuous improvement of tourism products/facilities in A&N Islands, the tourists arrivals have also been considerably increased as mentioned below:

#### TOURISTS' INFLOW (2011-2018)

	2011	2012	2013	2014	2015	2016	2017	2018
Domestic	202221	238699	243703	285146	296684	384552	471919	498279
Foreign	15814	17538	14742	17235	14674	15466	15313	15242
Total	218035	256237	258445	302381	311358	400018	487232	513521

It may be seen from the above that the tourists arrival from 2011 to 2015 have been increased by 42% and from 2011 to 2018 by 135%

and first time it has crossed ` 5 lakh figure in 2018 which is a remarkable achievement. This has been possible due to continuous improvement of tourism products and facilities by the department and all out efforts of officers concerned.

Therefore, it is reiterated that there is no unfruitful expenditure in preparation of DPR and EIA reports for the projects as it has been utilized for the benefit of tourism promotion in A&N Islands, not just by Tourism Department, but also by other agencies.

It is also evident that the DPR/EIA reports have been utilized for preparation of DPR by departmental staff for availing Central Financial Assistance under Swadesh Darshan scheme."

7. Audit in their vetting comments stated as under:-

"(1) The Administration did not provide any suitable reply for the delay of three years in providing the requisite details such as project layout, technical justification, technical design etc. to NIOT for inclusion in the final DPR.

(2) No Stringent disciplinary penalty as suggested by the PAC was initiated by the Administration so far.

(3) The Administration provided the present status of works/projects under Swadesh Darshan Scheme (erstwhile PIDDC), which are at various stages of completion. This will be verified in subsequent audits."

8. In reply to the aforesaid Audit observation, the Ministry have stated as under:-

"The matter has been re-examined and the following are submitted:-

i. The Department placed work order for preparation of EIA report on NIOT Port Blair on 01.12.2011 and payment was made as per sanction order dated 27.12.2011, in January 2012.

ii. The draft EIA report in respect of Corbyn's Cove (South Andaman) was received from NIOT on 27.12.2012 and in respect of Swaraj Dweep (Havelock) on 31.05.2013 and Shaheed Dweep (Neil Island) on 20.11.2013. After getting the draft EIA reports, the Department approached executing agencies viz. APWD, PBMC, etc. to provide required technical inputs like details of site wise construction materials as per drawings, quantities of construction materials required, work plan for construction, schedule etc. for providing to NIOT for inclusion in the final EIA report with technical justification.

iii. The matter was followed up with the respective departments/executing agencies for providing the required inputs. Since no response was forthcoming, the Director (Tourism) took a meeting with the representatives of executing

agencies on 19.01.2015. This was followed up with another letter to APWD on 22.01.2015 and reminder dated 10.08.2015 to provide inputs.

iv. Having still not received any inputs from the executing Departments, the Director (Tourism) gathered the required details from an engineer of APWD and forwarded the same to the NIOT, Port Blair under his signature on 11.12.2015 for submission of final EIA reports.

v. In this period of about 2 years (after the receipt of draft EIA reports and furnishing of required inputs to NIOT) the Department had made its best efforts to coordinate with executing agencies to take the project forward. However, the delay took place due to no response from these executing agencies.

So there is no intentional delay in providing the requisite details by any officer of the Directorate of Tourism and has taken place due to inter-departmental coordination issues.

Moreover, the DPR/EIA reports have been utilized for preparation of DPR by departmental staff for availing Central Financial Assistance under Swadesh Darshan scheme."

9. The Committee note that the DPR was forwarded to Ministry of Tourism in March, 2010 for sanction under PIDDC Scheme which could not be considered due to non-submission of CRZ/environmental clearance, and the same was intimated through a letter dated 29-10-2010, after a gap of more than six months. Pointing out this deficiency at the stage of submission of DPR is depictive of lack of clarity on the requirements in the Terms of Reference / agreements signed between the entities which resulted in the avoidable delay in the whole process and showcases a lack of forethought and planning on the part of the Ministry/Department concerned. Further, it is seen that the required inputs for preparation of final Environment Impact Assessment (EIA) reports could not be provided expeditiously to NIOT because the Tourism Department of the Union Territory did not possess the technical expertise and the various executing agencies in the Andaman & Nicobar administration did not provide the required inputs in spite of repeated requests from the Department. This, as per the Action Taken Note was finally obtained not from the concerned agencies but from an engineer of APWD. It's a wonder that the required inputs that were expected from the agencies concerned could be obtained from one single official which, in unequivocal terms indicates that there is a possibility of assimilation of all the required information at a single point. Further, it is obvious that there is no effective supervision and control of these agencies by the senior most officials of the Administration. Moreover, it was sheer coincidence that despite the delay, the DPR, prepared by the India Tourism Development Corporation (ITDC) and the EIA, prepared by the NIOT could be utilized for projects under the revised scheme, 'Swadesh Darshan' lest the fund utilized for the preparation of DPR and EIA reports would have been rendered as wasted. The Committee, therefore, impress upon the Department to be more prudent in future, to consider all

variables in implementing a project including coordination with executing agencies and make judicious decisions so as to ensure fruition of projects without any hindrances.

**(Recommendation Para No. 3)**

10. The Committee found that the erstwhile Planning Commission sanctioned ` 2 crore in 2006 under the Tsunami Rehabilitation Programme (TRP) for setting up of Canopy Walkway (CW) in Andaman & Nicobar Islands (A&NI). Subsequently, the Forest Department suggested in September, 2008 Chidiyatapu and Mount Harriet for CW. The Committee observed that though the Forest Department suggested that the CW at Mount Harriet be taken up after gaining experience from the CW at Chidiyatapu, the Chief Secretary approved the proposal in December, 2008 and a Consultancy agreement signed in May 2009 with a private firm for both the sites. The Committee were unable to understand as to why the Chief Secretary approved consultancy agreement for both sites and what were the reasons for ignoring the Forest Department's suggestion in this regard which resulted in blockage of ` 4.33 crore. The Committee, therefore, desired that responsibility may be fixed against the Chief Secretary concerned for this injudicious decision.

The Committee were appalled to note that in violation of the GFR, the Department of Tourism had transferred ` 1.60 crore to the Department of Environment & Forests as 100% advance for timber for the canopy walkways project at Chidiyatapu and Mount Harriet despite latter expressing their inability to supply the full requirement of 364.44 cum of Padauk timber. The Committee desired to be apprised of the reasons behind releasing 100% fund in advance for procurement of timber. The Committee further desired that the Ministry of Home Affairs take immediate steps to penalize those personnel responsible for release of 100% fund in advance.

The Committee further noted that the CW project was allotted to Andaman Public Works Department (APWD) though the Department had not executed any projects of this nature in the past leading to delay in the implementation of the project. The ANI administration then roped in the Andaman Lakshadweep Harbour Works (ALHW) to take the work forward. However the project was dropped after incurring an expenditure of Rs. 5.62 crores on consultancy work, civil works & materials etc. The Committee were dismayed at the nonchalant and noncommittal attitude of the A&NI Administration in the implementation and completion of the project. The Committee recommended that a thorough enquiry may be conducted on the planning and decision making process, assignment of the project to APWD, delay in initiation of the project, engagement of ALHW and cancellation of the project. The Committee desired that responsibility may be fixed and stringent action taken against officials responsible for these lapses..

11. The Ministry of Home Affairs in their Action Taken Notes have stated as under:-

"As intimated by A& NI Administration, in the aftermath of Tsunami, it was incumbent upon the Tourism Department to come up with new Tourism Projects to revive the tourism sector of the Islands, so as to provide secure livelihood opportunities to the local population dependent upon various tourism activities in the Islands. The Canopy Walkway (CW) Project was one among such various projects identified for implementation for developing Islands as unique Ecotourism destination.

Though the Forest Department had suggested that the CW at Mount Harriet be taken up after gaining experience from the CW at Chidiyatapu, however, it was felt by the Administration that since Consultant is being appointed for the Canopy Walkway project, it would be appropriate to get Consultancy report/DPR made for both the projects in one go, even if they had to be taken up in a phased manner. Subsequently, during finalization of the scope of work, it was decided that the Consultant would also perform the role of an Independent Engineer who would oversee the project till completion. It was felt that it would be economical if both the projects were taken up simultaneously, as the same Consultant as well as Contractor would be taking up both the projects. It would not have been economical to engage the Consultant as an Independent Engineer till completion of both the projects in a phased manner which would have consumed much longer time.

A letter dated 23.03.2010 was received from Forest Department, wherein it had been pointed out that supply of such large quantity of timber in a short period would be very difficult citing various reasons. However, they also mentioned that in case the supply is to be effected in a short spell, the make shift units functioning in the island may be asked to supply a part of the quantity which will save time. They had further mentioned that considering the specific demand for a very specialized job of construction, Forest Department would make serious efforts to supply the quantity spread over in two financial years with corresponding reduction of the quantity for general public to a large extent. Forest Department had also mentioned that the DCF(Mill Division) is being advised to accept the estimated cost for the supply of Padauk sawn timber as an advance. Based on this, an amount of ` 1.60 crore was transferred to Department of Environment & Forest by Tourism Department as advance.

The project was not allotted to Andaman Public Works Department but a Special Division was created in APWD only to monitor the work and to cross check and verify the bills submitted by the Contractor. The expertise and experience of the Consultant as well as IIT, Bombay was taken for the project.

A meeting of Standing Finance Committee (SFC) was held under the chairmanship of Chief Secretary, A&N Administration on 23.11.2017 to examine the proposal submitted by ALHW for development of Canopy Walkway at Chidiyatapu at an estimated cost of ` 923.00 lakhs. As per the minutes of the SFC meeting, the Committee had detailed deliberations on all the pertinent aspects including project risk, cost benefit, internal rate of return, changing tourism landscape, etc. and felt that taking into account the current status of the project, the amount already spent on the said project vis-à-vis the cost escalation that is likely to take place by the time the said project gets completed and making a cost benefit analysis of this project, it would be prudent for the Administration not to go ahead with the same and altogether drop the said project at this stage.

As regards ` 1.6 crore released to Forest Department, as pointed out by Forest Department, on account of procedural difficulties in inter department transfer of funds, the Forest Department has agreed to provide timber to Tourism Department as and when required for various other projects against the funds available with them. Out of ` 1.60 crore, an amount of ` 1.44 crore has been deposited in the Revenue Head – "0406\_01\_101\_00\_00\_00" of Chatham Saw Mill under Forest Department for timber.

Further, the materials procured for the project are proposed for being used by various departments of A&N Administration. The Forest Department has been requested to use the foundations constructed for towers for the project at Chidiyatapu.

The review of project proposal midway is in itself a prudent act of Administration to ensure apt utilisation of resources as well as capability."

12. Audit in their vetting comments stated as under:-

"(a) As it was suggested by the Forest Department that the Canopy Work (CW) at Mount Harriet be taken up after gaining experience from the CW at Chidiyatapu, PAC had asked that why the Chief Secretary approved consultancy agreement for both sites and what were the reasons for ignoring the Forest Department's suggestion in this regard. The Administration's reply stated that it was felt that it would be economical if both projects were taken up simultaneously. However, the file notings of approval of the project does not show such recorded justification.

(b) Despite the PAC recommendation for a thorough enquiry, the ANI Administration neither conducted any enquiry nor fix any responsibility on any officials for lapse so far."



13. The Ministry in their Action Taken Notes on the aforesaid Audit observation stated as under:-

"The matter has been re-examined and following are submitted:-

i. The Canopy Walkway project was started in the aftermath of Tsunami to secure livelihood and boost economic growth in the Islands.

ii. Though the Forest Department had suggested that the Canopy Walkway project at Mount Harriet to be taken after gaining experience from the project at Chidiyatapu, the Administration felt that since process of appointment of consultant was already in process, both the sites may be included in the RFP document and get consultancy for both the projects which can later on be implemented in a phased manner. Subsequently, during finalisation of the scope of work the consultant would also perform as an Independent Engineer who would oversee the project till completion. Therefore, if the engagement of the consultant is done separately, the projects might have taken a longer time and may not be economical.

iii. The decision to drop the project was taken after due deliberation in the meeting of the Standing Finance Committee (SFC) which was held under the Chairmanship of the Chief Secretary, A&N Administration on 23.11.2017. The Committee after taking into account the current status of the project, the amount already spent on the said project vis-à-vis the cost escalation that was likely to take place by the time the said projects gets completed and making a cost analysis decided to drop the project."

14. The Committee note that in 2006, the Canopy Walkway (CW) project was envisioned for implementation under the Tsunami Rehabilitation Programme (TRP) for developing the Andaman & Nicobar Islands (A&NI) as unique ecotourism destination and Chidiyatapu and Mount Harriet were identified as project sites. The project was approved in December, 2008 and consultancy agreement was signed in May 2009. Despite the suggestion of the Forest Department to take up the CW at Mount Harriet after gaining experience from the CW at Chidiyatapu, the Administration had appointed a Consultant for both the projects, as it was felt by the administration that it would be economical if both projects were taken up simultaneously, and an amount of ` 1.60 crore was released to the Department of Environment & Forests as advance for timber required for the Canopy walkways projects which is in contravention of the provisions of GFR. However, after deliberating on the status of the project in 23.11.2017, the amount spent and the likely cost escalation of the projects on completion and making a cost analysis, the Standing Finance Committee (SFC), under the

Chairmanship of the Chief Secretary, A&NI, the project was dropped. The Committee observe that initially, despite the Forest Department's recommendation to the contrary, the administration went ahead with appointing a Consultant for both of the projects, citing it as an economy measure and then released the full amount of Rs.1.60 Crore as advance in contravention of the provisions of GFR and inspite of the Forest Department expressing difficulties in supplying the raw material in the particular time frame. Further, after a lapse of seven long years, the SFC decided to scrap the whole project citing cost escalation etc, thereby making the whole process a mockery. The Committee are of the view that the Administration ought to have foreseen the possible cost escalation of the projects and made necessary provisions to accommodate any unforeseen expenses and eventualities to ensure fruition of the projects. The Committee, therefore recommend that in future, necessary provisions may be made for unforeseen contingencies to ensure efficient implementation of projects within the targeted timeframe. Further, no reply has been given on the issue of contravention of the provisions of GFR. The Committee expect a specific explanation on the issue of acting in contravention of the provisions of the GFR.

(Recommendation Para No.4)

15. The Committee noted that the Tourism Department envisioned a floating restaurant and procured an outlived vessel namely M.V. Ramanujan, from the Shipping Corporation of India (SCI) at a cost of ` 1 crore without undertaking any techno economic feasibility survey of the project. However, the project could not materialized as the Department were unable to attract private bidders to undertake for designing, renovation, operation and maintenance of the vessel. The Committee found that a technical Committee opined in November, 2012 that the vessel required extensive repairs and fresh certifications and instead recommended disposal of vessel. The Committee were again constrained to observe that during the period April 2012 to 23 November, 2014, the Directorate of Shipping Services (DSS) incurred an expenditure of Rs. 0.78 crore ( ` 2.45 lakh per month) for manning the vessel, which could have been reduced by ` 0.29 crore had the Administration acted expeditiously on the SCI's recommendation on beaching the vessel. The Committee thus observed that till May, 2016, the environment clearance for ship breaking was pending and neither the vessel nor its contents had been disposed of. The Committee were of the view that the Department of Tourism ought to have undertaken a survey on the functional and the economic viability of procuring a decommissioned passenger vessel before undertaking the project. Moreover, the Committee were of the view that the Department ought to have sought potential interested players prior to procurement of the vessel. The Committee further opined that keeping in mind the deterioration of the unused vessel, the Department ought to have beached the vessel at the earliest so as to slow down the pace of deterioration and undertake repairs and redesigning for use. Noting that lack of proper planning and hasty

decision of the officials of the Department of Tourism without any techno economic feasibility study, the Committee desired that responsibility may be fixed and necessary action may be taken against the incompetent officials. The Committee also recommended that in future necessary surveys and researches may be undertaken by competent and experienced officials/experts before undertaking any such project.

16. The Ministry of Home Affairs in their action taken notes have stated as under:-

"As intimated by A& NI Administration, in the year 2010, operation of floating restaurant in these Islands was a new concept which the Department wanted to showcase for emulation by the private players of Tourism industry of the Islands. Since, procurement of a new vessel for the purpose would involve a huge capital investment, it was decided to seek transfer of a passenger vessel M.V. Ramanujam from SCI(Shipping Corporation of India) to Tourism Department at a total cost of ` 1 crore. The Department had gone ahead with the project (Operation of M.V. Ramanujam as a Floating Restaurant) with the approval of Hon'ble Lt. Governor considering it to be procurement from a Government of India Public Sector Enterprise and its operation as Floating Restaurant would have added a new attraction to the visiting tourists.

The Administration floated RFP for designing, renovation, operation and maintenance of the vessel M.V. Ramanujam as a floating restaurant on 20/04/2011 and last date of submission was extended till 07/08/2011. The RFP could not attract a single bidder. RFP was again floated on 07/10/2011 and it attracted a single bidder only. Accordingly, tender could not be finalised.

Further, due to non-operation of the vessel, the condition of the vessel deteriorated requiring extensive refit, repairs etc. Under these circumstances, it was not economically feasible to undertake the repair and operate the vessel. As such, it was decided to dispose of the same. Although, SCI made several attempts to dispose the vessel through Metal Scrap Trade Corporation but it failed as the vessel was not in a position to be towed to mainland.

Thereafter, on 11.12.2013, SCI suggested that A&N Administration may take permission to beach the vessel at Port Blair itself and then bids may be invited for breaking the vessel at Port Blair. The suggestion of SCI was examined in the Administration during discussions and meeting on various dates. On 23.12.2013, a Committee was constituted to make an assessment of hazardous materials onboard the said vessel. The Committee submitted its report on 22.01.2014 and after detailed discussions, it was decided that the vessel may be beached at Panighat. The procedure of removing hazardous materials and old stores from the vessel was started which

in itself was time consuming process. Formal approval of Hon'ble Lt. Governor for shifting the vessel was obtained on 22.05.2014.

Shifting of the vessel to a new location was a very complicated task which required high skilled, manpower & machinery, favourable highest tide, wind speed and weather. The Port Management Board and Directorate of Shipping Services were entrusted the responsibility and various dates were planned for executing the job, however on some occasions it had to be postponed either due to unfavourable wind or weather conditions.

All the above factors led to the unavoidable delay in shifting of the vessel and the vessel was finally shifted on 23.12.2014.

Presently, the vessel MV Ramanujam has been taken for condemnation and sale by the Directorate of Shipping Services, A&N Administration.

It is humbly submitted that in future necessary surveys and researches shall be undertaken by competent and experienced officials/experts before undertaking any such project and keeping in view response of service providers in the prevailing climatic and distant geographical conditions & locations respectively in these islands."

17. Audit in their vetted comments stated as under:

"(a) The Andaman and Nicobar Administration has not taken any action to fix responsibilities against the incompetent officials as desired by PAC.

(b) Further, as recommended by the PAC, the Ministry has given its assurance that in future necessary surveys and researches shall be undertaken by competent and experienced officials/experts before undertaking any such project and keeping in view response of service providers in the prevailing climatic and distant geographical conditions & locations respectively in these islands. The same will be verified by audit in case of similar projects are taken up by Administration in future."

18. The Ministry in their Action Taken Notes on the aforesaid Audit observation stated as under:-

"The matter was re-examined and following points are reiterated:

i. Operating of floating restaurant was completely a new concept in the Andaman and Nicobar Islands.

ii. Instead of procuring a new vessel at huge capital investment, a passenger vessel M.V.Ramanujam from SCI was transferred to Tourism Department with the approval of Hon'ble Lt. Governor.

- iii. The RFP for designing, renovation, operation and maintenance of the vessel could not be finalized despite it being floated twice, only one bidder came. During this period, the vessel condition deteriorated and it was not found economically feasible to undertake repair and renovation.
- iv. As such, it was decided to dispose off the same. SCI made several attempts to dispose the vessel through Metal Scrap Trade Corporation but it failed as the vessel was not in a position to be towed to mainland.
- v. Thereafter, on 11.12.2013, SCI suggested that A&N Administration may take permission to beach the vessel at Port Blair itself and then bids may be invited for breaking the vessel at Port Blair.
- vi. The suggestion of SCI was examined in the Administration. On 23.12.2013, a Committee was constituted to make an assessment of hazardous materials onboard the said vessel. The Committee submitted its report on 22.01.2014 and after detailed discussions, it was decided that the vessel may be beached at Panighat.
- vii. The procedure of removing hazardous materials and old stores from the vessel was started which in itself was time consuming process.
- viii. Formal approval of Hon'ble Lt. Governor for shifting the vessel was obtained on 22.05.2014.
- ix. Shifting of the vessel to a new location was a very complicated task which required high skilled manpower & machinery, favourable highest tide, wind speed and weather. The Port Management Board and Directorate of Shipping Services were entrusted the responsibility however on some occasions it had to be postponed either due to unfavourable wind or weather conditions.
- x. The vessel was finally shifted on 23.12.2014 i.e., after one year of the suggestion made by the SCI.
- xi. Presently, the vessel has been taken for condemnation and its disposal process is underway.

From the above, it is clear that the project was conceptually a new project to attract tourism. The project could not fructify due to various challenges such as condition of the vessel, non interest by service providers etc. so it is difficult to conclude that any particular official was responsible.

In view of the facts mentioned above and the reply submitted earlier, the Committee is requested to review the recommendation and their observation made under para (a) and (b) of vetted audit comments of para no. 2.1.3.3."

19. The Committee, observing that no techno economic feasibility survey of the project was taken by the Tourism Department before procuring the vessel, feel that the whole process of procuring the outlived vessel was hastily done without a concrete and committed vision by the Administration which ultimately resulted in scrapping of the project and dismantling of the vessel after having incurred significant expenses. The Committee are of the view that inputs of competent experts and experienced officials ought to have been taken before procuring the vessel. Further, noting that tender for designing, renovation, operation and maintenance could not be finalized in 2011, the Committee enquired as to why the decision to beach the vessel for breaking was delayed till 22.05.2014. The Committee feel that lack of vision and commitment on the part of the implementing agencies led to the abandonment of the project and therefore reiterate their earlier recommendation and desire that responsibility may be fixed and appropriate action taken against the errant officials. The Committee also recommend that in future the Administration should be more proactive and committed towards implementation of such projects.

(Recommendation Para No.7)

20. The Committee noted that the Tourism Department paid an advance of 8.87 crore (March 2012) to Andaman & Nicobar Islands Forest and Plantation Development Corporation Limited (ANIFPDCL), despite the poor financial state of ANIFPDCL, without entering into any agreement for development of one camp near Radha Nagar beach with 20 cottages in ANI to provide amenities of international standards for high end tourists. The Committee were constrained to find that ANIFPDCL submitted the project proposal after a delay of more than two years. In July 2014, however, the Chief Secretary noted that ANIFPDCL was on the verge of closure and the work could not be executed by them, the project was transferred to the Forest Department with a revised concept though the Tourism Department requested (July-August 2015) ANIFPDCL to refund the advance paid Rs. 8.60 crore had already been diverted for payment of salary to its employees and Rs, 26.05 lakh was spent on consultancy and other charges, and consequently, the advance remains un-refunded as on May, 2016 and the infrastructure has not been created even after more than nine years. The Committee were again perturbed to find that no specific approval had been accorded by the Tourism Department, A&N Administration to the ANIFPDCL for expenditure towards consultancy for the said project. The Committee took a serious view on the advance payment made by the Tourism Department to ANIFPDCL without entering into any agreement. The Ministry of Home Affairs have also failed to provide the reason as to why 100% advance payment was released to the said Corporation without any agreement or an MOU. The Committee were of the view that the inability of the Ministry to ascertain the reasons behind the violation of financial rules indicates serious lack of monitoring and vigilance at the central level. The Committee, therefore desired that the Ministry of Home Affairs conduct an enquiry into the reasons for the blatant violation of the

financial rules and penalize the officials responsible for the lapses. The Committee also desired that a strong central monitoring committee may be set up to oversee the financial flow and project implementation in the Andaman & Nicobar Islands.

21. The Ministry of Home Affairs in their action taken notes have stated as under:-

"As intimated by A& NI Administration, a project for setting up of eco-friendly cottages in Havelock to provide amenities of international standards for high end tourist was taken up by the Tourism department. The work was entrusted to Andaman & Nicobar Islands Forest and Plantation Development Corporation Ltd. (ANIFPDCL) - a Govt. of India undertaking.

A departmental advance of ` 8.87 crore was sanctioned by Administration in terms of Rule 75 of compendium on advances under GFR 2005 during March 2012 which was drawn and paid to ANIFPDCL for setting up of the 20 eco-friendly cottages at Radha Nagar, Havelock. The ANIFPDCL signed an agreement with the architect/ consultant on 20.06.2012 for preparation of structural design, drawing, supervision, interior designing, landscaping, and selection materials for the project. The architect submitted draft development plan for the project on 04.09.2012. The consolidated requirements of materials were submitted on 05.10.2012.

Meantime, the financial condition of ANIFPDCL deteriorated and it came on the verge of closure. Owing to the financial crunch, ANIFPDCL had diverted the bulk of the amount ( ` 8.60 crore) for payment of the salary of their staff in anticipation of receipt of funds from Govt. of India in 2014 (with the concurrence of Finance Department of Administration and approval of Administration).

The department thereafter tried to revive the project through Environment and Forest department. The matter of return of the amount of Rs.8.60 crore which was diverted for salary by ANIFPDCL was taken up with them. ANIFPDCL vide letter dated 15.12.2015 intimated that the budget proposal including additional amount of ` 8.61 crore to recoup the amount was submitted to the Ministry of Environment of Forest and Climate Change during the year 2014-15, but it was not considered/approved in the RE 2014-15 and BE 2015-16. The Department of Environment & Forest was approached to take up the matter with Ministry of Environment, Forest & Climate Change for return of the diverted amount to the Tourism Department. Ministry of Environment, Forest and Climate change vide letter No. 2-5/2003-SU(PT) dated 3.4.2017 addressed to the Chief Secretary, Andaman and Nicobar Administration informed that, the Ministry is in the process of preparing a draft cabinet note for closure of A & N Island Forest and Plantation Development Corporation Limited and it was decided to seek

waiver of deposit amount of ` 8.61 crore provided by A & N Tourism Department to ANIFPDCL during 2012-2013 for a deposit work at Havelock.

Another letter (no.FDC/Tech-II/G-226(B)/30 dtd. 24.04.2017) was received from Divisional Manager (P&M), ANI Forest & Plantation Development Corporation Ltd. addressed to Director (Tourism) wherein it is also mentioned that all the properties of their Corporation are attached to MoEF&CC, Govt. of India against the loan assistance being extended by the Govt. of India time to time for the disbursement of salary and wages of employees of their Corporation. A letter has been sent to DM (P&M), ANIFPDCL to directly approach MHA for writing off the above said amount. Nevertheless, the Administration is exploring the possibility of laying its claim on the properties of said corporation attached with MoEF&CC.

Further, the amount of ` 26.05 lakh paid towards consultancy and other charges cannot be entirely termed as unfruitful, as the Environment and Forest department is vested with drawings and designs which will be helpful for the other project of "Development of Eco Cottages at Neil Island" which was been proposed in Annual Plan 2016-2017 of Tourism Department.

In the meanwhile, ANIFPDCL has refunded the un-utilized amount of `2,20,94,692/- (Rupees Two crore Twenty lakh Ninety Four Thousand six hundred ninety two only) from the advance of ` 8.87 crores. For rest of the amount, it has been intimated by the ANIFPDCL that the matter is being taken up with MoEF&CC.

Present Status: It is humbly submitted that the Andaman and Nicobar Administration have received an amount of ` 2, 20,94,692/- from ANIFPDCL vide cheque no.383224 dated 01/01/2018 and the cheque, Deposited into Government Account vide challan no.728 dated 08.01.18.

The Government of India, Ministry of Environment of Forest and Climate Change, New Delhi vide letter No.F.No.2-6/2017-SU dated 24.8.2017 communicated that the Cabinet Committee on Economic Affairs (CCEA) in its meeting dated 16.08.2017 has approved the proposal of closure of Andaman and Nicobar Islands Forest and Plantation Development Corporation, Port Blair. Accordingly, ANIFPDCL has been closed and M/S. National Building Construction Corporation Limited, New Delhi (NBCC) designated land management authority for acquiring the assets of Andaman and Nicobar Islands Forest Plantation Development Corporation Limited located at Little Andaman, Mayabunder and Port Blair.



The Administration has taken up the matter with the Ministry of Environment & Forest and Climate Change, New Delhi for recovering the balance amount of ` 6.60 crores and the progress will be informed.

Andaman and Nicobar Administration humbly submitted that, a strong central monitoring committee will be set up to oversee the financial flow and project implementation in the Andaman & Nicobar Islands."

22. Audit in their vetted comments stated as under:

"i) The utilized amount of ` 2.21 crore, out of ` 8.87 crore advanced to ANFPDCL, was refunded by the ANIFPDCL in January 2018 and the same was deposited in Government account vide Challan No. 728 dated 8.1.2018. Regarding refund of the balance amount of ` 6.60 crore, the matter was taken up with Hon'ble LG, A&N Administration by the Government of India to write off the amount. Further development is awaited.

ii) The PAC were of the view that the inability of the Ministry to ascertain the reasons behind the violation of financial rules indicated serious lack of monitoring and vigilance at the central level and desired that the Ministry of Home Affairs (MHA) conducts an enquiry into the reasons for the blatant violation of the financial rules and penalize the officials responsible for the lapses. The Committee also desired that strong monitoring committee may be set up to oversee the financial flow and project implementation in the A&N Islands.

However, neither was any enquiry conducted nor was responsibility fixed on officials responsible for blatant violation of Financial Rules so far. Further, central monitoring committee was also not set up till date."

23. The Ministry in their Action Taken Notes on the aforesaid Audit observation stated as under:-

"The matter has been re-examined and the following points are reiterated:

i. A departmental advance of ` 8.87 crore was sanctioned by the Administration in terms of Rule 75 of Compendium on Advances under GFR 2005 during March 2012 which was drawn and paid to ANIFPDCL (a Govt. of India undertaking) for setting up of the 20 eco-friendly cottages at Radha Nagar, Havelock.

ii. Regarding the write off of the balance amount of ` 6.60 Cr., the matter is under process for seeking approval of the Hon'ble Lt. Governor as per the request of MoEF&CC, Govt. of India. After approval of Hon'ble Lt. Governor the matter will be sent to MHA for

seeking approval regarding write off of the balance amount of ` 6.60 Cr.”

24. The Committee note that the departmental advance of `8.87 crore was sanctioned by the Administration in terms of Rule 75 of Compendium on Advances under GFR 2005 during March 2012 which was drawn and paid to ANIFPDCL (a Govt. of India undertaking) for setting up 20 eco-friendly cottages at Radha Nagar, Havelock. However, since the projects could not be brought to fruition, the utilized amount of `2.21 crore, out of `8.87 crore was refunded by the ANIFPDCL in January 2018 and the same was deposited in Government account. On the matter of refund of the balance amount of `6.60 crore, the Committee note that the same has been taken up with LG, A&N Administration by the Government of India for writing off the amount. The Committee also note that the Ministry of Home Affairs has also not set up strong monitoring committee. The Committee are of the view that it is paramount to constitute a strong monitoring and vigilance committee to oversee project implementation in A&NI and seek to be apprised of the present position in regard to write off of the balance amount of `6.60 crore. Further, the Committee recommend that it may be made obligatory to sign agreements for all future contracts, which include appropriate provisions and all aspects of the projects, from conception till execution. The agreements would also encompass non-diversion of funds by the executing agency with severe penalty for contravention, if any. The Committee also observe and wonder as to how the finance department could give clearance when all the properties of ANIFPDC were attached with Ministry of Environment, Forest & Climate Control and hence consider it as a failure on the part of the Finance Department to evaluate the financial health of the entity before giving approval. The Committee, therefore, reiterate their earlier recommendation on setting up of a strong monitoring and vigilance committee to oversee the financial flow and project implementation in the A&N Islands without any further delay. The Committee wish to be and apprised of the action taken in this regard.

## CHAPTER II

### OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Observation/Recommendation

#### NEED FOR BETTER EXECUTION OF PROJECTS

The committee note that out of the 26 major works identified by the Administration of Andaman & Nicobar Islands under the Tsunami Rehabilitation Programme (TRP) and various schemes of the Ministry of Tourism, 18 projects were either dropped or not taken up at all and out of the remaining 8 projects, 2 projects were further dropped at different stages of implementation. The Committee also note that out of the 6 completed works, 3 were either not utilized or partially commissioned. The Committee are perturbed to find the dismal record of the Andaman and Nicobar Islands Administration in execution of projects. The Committee are of the view that lack of foresight and proper planning are the reasons behind the delays in project implementation, non-fruitation of projects and the consequent loss and unfruitful expenditure. The Committee, therefore, recommend that henceforth the Andaman & Nicobar Islands Administration should follow a systemic planning and effective decision making and take into consideration all variables like availability of resources, credibility of implementing agency based on past performances, timeframe for completion of projects, maintenance and economic viability of the project etc. at the planning stage of any project.

[PARA NO. 1]

#### Action Taken by the Ministry

As intimated by the Andaman & Nicobar Islands Administration they have committed to follow a systemic planning and effective decision making and take into consideration all variables like availability of resources, credibility of implementing agency based on past performances, timeframe for completion of projects, maintenance and economic viability of the project etc. at the planning stage of any project etc. This is noted for strict compliance.

Considering the above, it is earnestly requested that the PAC may kindly accept the above explanation.

#### Vetting comments of Audit

The recommendation of the PAC that 'Andaman & Nicobar Administration should follow a systemic planning and effective decision

making and take into consideration all variable like availability of resources, credibility of implementing agency based on past performances, timeframe for completion of projects, maintenance and economic viability of the project etc. at the planning stage of any project' has been accepted by the Administration, and has been noted for future compliance.

The compliance will be verified in subsequent audits.

### **Updated action taken reply of Department**

The Administration has already accepted the observation made by the Committee and noted for future compliance.

### **(Observation/Recommendation)**

#### **ASSIGNMENT OF WORK WITHOUT ENSURING ADEQUATE RESOURCE AND VIOLATION OF GFR**

The Committee find that the erstwhile Planning Commission sanctioned Rs. 2 crore in 2006 under the Tsunami Rehabilitation Programme (TRP) for setting up of Canopy Walkway (CW) in Andaman & Nicobar Islands (A&NI). Subsequently, the Forest Department suggested in September, 2008 Chidiyatapu and Mount Harriet for CW. The committee observe that though the Forest Department suggested that the CW at Mount Harriet be taken up after gaining experience from the CW at Chidiyatapu, the Chief Secretary approved the proposal in December, 2008 and a Consultancy agreement signed in May 2009 with a private firm for both the sites. The Committee are unable to understand as to why the Chief Secretary approved consultancy agreement for both sites and what were the reasons for ignoring the Forest Department's suggestion in this regard which resulted in blockage of Rs. 4.33 crore. The Committee, therefore, desire that responsibility may be fixed against the Chief Secretary concerned for this injudicious decision and apprise the Committee of the action taken in this regard within three months of the presentation of this Report to Parliament.

The Committee are appalled to note that in violation of the GFR, the Department of Tourism had transferred Rs. 1.60 crore to the Department of Environment & Forests as 100% advance for timber for the canopy walkways project at Chidiyatapu and Mount Harriet despite latter expressed their inability to supply the full requirement of 364.44 cum of Padauk timber. The Committee desire to be apprised of the reasons behind releasing 100% fund in advance for procurement of timber. The Committee further desire that the Ministry of Home Affairs

take immediate steps to penalize those personnel responsible for release of 100% fund in advance.

The Committee further note that the CW project was allotted to Andaman Public Works Department (APWD) though the Department had not executed any projects of this nature in the past leading to delay in the implementation of the project. The ANI administration then roped in the Andaman Lakshadweep Harbour Works (ALHW) to take the work forward. However the project was dropped after incurring an expenditure of Rs. 5.62 crores on consultancy work, civil works & materials etc. The Committee are dismayed at the nonchalant and noncommittal attitude of the A&NI Administration in the implementation and completion of the project. The Committee recommend that a thorough enquiry may be conducted on the planning and decision making process, assignment of the project to APWD, delay in initiation of the project, engagement of ALHW and cancellation of the project. The Committee desire that responsibility may be fixed and stringent action taken against officials responsible for these lapses.

[PARA NO.3]

#### Action Taken by the Ministry

As intimated by A & NI Administration, in the aftermath of Tsunami, it was incumbent upon the Tourism Department to come up with new Tourism Projects to revive the tourism sector of the Islands, so as to provide secure livelihood opportunities to the local population dependent upon various tourism activities in the Islands. The Canopy Walkway (CW) Project was one among such various projects identified for implementation for developing Islands as unique Ecotourism destination.

Though the Forest Department had suggested that the CW at Mount Harriet be taken up after gaining experience from the CW at Chidiyatapu, however, it was felt by the Administration that since Consultant is being appointed for the Canopy Walkway project, it would be appropriate to get Consultancy report/DPR made for both the projects in one go, even if they had to be taken up in a phased manner. Subsequently, during finalization of the scope of work, it was decided that the Consultant would also perform the role of an **Independent Engineer** who would oversee the project till completion. It was felt that it would be economical if both the projects were taken up simultaneously, as the same Consultant as well as Contractor would be taking up both the projects. It would not have been economical to engage the Consultant as an Independent Engineer till completion of both the projects in a phased manner which would have consumed much longer time.

A letter dated 23.03.2010 was received from Forest Department, wherein it had been pointed out that supply of such large quantity of timber in a short period would be very difficult citing various reasons. However, they also mentioned that in case the supply is to be effected in a short spell, the make shift units functioning in the island may be asked to supply a part of the quantity which will save time. They had further mentioned that considering the specific demand for a very specialized job of construction, Forest Department would make serious efforts to supply the quantity spread over in two financial years with corresponding reduction of the quantity for general public to a large extent. Forest Department had also mentioned that the DCF(Mill Division) is being advised to accept the estimated cost for the supply of Padauk sawn timber as an advance. Based on this, an amount of Rs. 1.60 crore was transferred to Department of Environment & Forest by Tourism Department as advance.

The project was not allotted to Andaman Public Works Department but a Special Division was created in APWD only to monitor the work and to cross check and verify the bills submitted by the Contractor. The expertise and experience of the Consultant as well as IIT, Bombay was taken for the project.

A meeting of Standing Finance Committee (SFC) was held under the chairmanship of Chief Secretary, A&N Administration on 23.11.2017 to examine the proposal submitted by ALHW for development of Canopy Walkway at Chidyatapu at an estimated cost of Rs. 923.00 lakhs. As per the minutes of the SFC meeting, the Committee had detailed deliberations on all the pertinent aspects including project risk, cost benefit, internal rate of return, changing tourism landscape, etc. and felt that taking into account the current status of the project, the amount already spent on the said project vis-à-vis the cost escalation that is likely to take place by the time the said project gets completed and making a cost benefit analysis of this project, it would be prudent for the Administration not to go ahead with the same and altogether drop the said project at this stage.

As regards Rs. 1.6 crore released to Forest Department, as pointed out by Forest Department, on account of procedural difficulties in inter department transfer of funds, the Forest Department has agreed to provide timber to Tourism Department as and when required for various other projects against the funds available with them. Out of Rs.1.60 crore, an amount of Rs.1.44 crore has been deposited in the Revenue Head – "0406\_01\_101\_00\_00\_00" of Chatham Saw Mill under Forest Department for timber.

Further, the materials procured for the project are proposed for being used by various departments of A&N Administration. The Forest Department has been requested to use the foundations constructed for towers for the project at Chidiyatapu.

The review of project proposal midway is in itself a prudent act of Administration to ensure apt utilisation of resources as well as capability.

Considering the above, it is earnestly requested that the PAC may kindly accept the above explanation.

### **Vetting comments of Audit**

- (a) As it was suggested by the Forest Department that the Canopy Work (CW) at Mount Harriet be taken up after gaining experience from the CW at Chidiyatapu, PAC had asked that why the Chief Secretary approved consultancy agreement for both sites and what were the reasons for ignoring the Forest Department's suggestion in this regard. The Administration's reply stated that it was felt that it would be economical if both projects were taken up simultaneously. However, the file notings of approval of the project does not show such recorded justification.

Despite the PAC recommendation for a thorough enquiry, the ANI Administration neither conducted any enquiry nor fixing any responsibility on any officials for lapse so far.

### **Updated action taken reply of Ministry**

The matter has been re-examined and following are submitted:-

- i. The Canopy Walkway project was started in the aftermath of Tsunami to secure livelihood and boost economic growth in the Islands.
- ii. Though the Forest Department had suggested that the Canopy Walkway project at Mount Harriet to be taken after gaining experience from the project at Chidiyatapu, the Administration felt that since process of appointment of consultant was already in process, both the sites may be included in the RFP document and get consultancy for both the projects which can later on be implemented in a phased manner. Subsequently, during finalisation of the scope of work the consultant would also perform as an Independent Engineer who would oversee the project till completion. Therefore, if the engagement of the consultant is

done separately, the projects might have taken a longer time and may not be economical.

iii. The decision to drop the project was taken after due deliberation in the meeting of the Standing Finance Committee (SFC) which was held under the Chairmanship of the Chief Secretary, A&N Administration on 23.11.2017. The Committee after taking into account the current status of the project, the amount already spent on the said project vis-à-vis the cost escalation that was likely to take place by the time the said projects gets completed and making a cost analysis decided to drop the project.

iv. In view of the facts mentioned above and the reply submitted earlier, the Committee is requested to review the recommendation and their observation made under para (a) and (b) of vetted audit comments of para no. 2.1.3.2.

#### **(Observation/Recommendation)**

#### **WASTEFUL EXPENDITURE OF Rs.39.80 LAKH TOWARDS YACHT MARINA AND LUXURY BOATS**

The Committee note that in 2006 the Planning Commission allocated Rs. 26.50 crore under Tsunami Rehabilitation Programme (TRP) for development of one 50 unit yacht marina and procurement of a 35 room luxury boat and two mechanized luxury boats. The Tourism Department engaged a private consultant in November, 2008 and paid Rs. 23.12 lakh between March, 2009 and February, 2012. In June 2009 the Department obtained a No Objection Certificate from the Defence authorities in ANI for site development of marina at "Command Point and Viper Island". In the meantime a private party approached the Circuit Bench of the Calcutta High Court against the project and the local Defence Authorities, withdrew the clearance given earlier without assigning any reasons. The contractor also failed to furnish the performance guarantee, which in terms of the agreement was to be furnished by November, 2012 which ultimately led to the failure of the project to fructify after incurring an expenditure of Rs. 39.80 lakh in consultancy and advertisement charges. The Tourism Department stated (August 2015) that there was no possibility to undertake the work of the Yacht Marina due to non-submission of performance guarantee by the contractor and withdrawal of clearance by the Defence authorities. However, Audit observed that the ANI administration had not pursued with the Ministry of Environment and Forests and the Ministry of Defence for securing clearances after May, 2013. Further ANI Administration has not implemented the penalty clauses in the agreement with the contractor. The Committee are extremely unhappy



with the state of affairs in A&NI Administration and desire an enquiry may be instituted to fix responsibility and eventually award stringent punishment to the guilty officials. The Committee also recommend that Department of Tourism take necessary steps in ensuring that requisite clearances are obtained prior to awarding of work and explicit clause to this effect may be incorporated in all future Request For Proposal (RFP).  
[PARA NO. 5]

### **Action Taken by the Ministry**

As intimated by A& NI Administration, the Yacht Marina Project was taken up by the department in the best interest of the tourism sector of the Islands. The Islands were slowly becoming a favourite destination for high value tourist who used to visit the Islands with their foreign Yachts.

Planning Commission had approved the Yacht Marina Project during 2006 and thereafter the department had engaged a private consultant i.e. M/s Feedback Venture Pvt. Ltd. The site for development of marina at Viper Island was selected based on the report of consultant and 'No objection Certificate (NOC)' was also obtained (June, 2009) from the Defence authorities.

The EFC under the chairmanship of Secretary Tourism Gol held on 25/02/2010 cleared the proposal for inviting bids by issuing RFP for the Yacht marina project. As per the cleared RFP, environment clearance was to be obtained by the successful bidder which shall be facilitated by the Andaman and Nicobar Administration. The first request for proposal (RFP) under Public Private Partnership (PPP) mode failed to fructify, and fresh RFP was invited (September, 2010) based on which successful bidder was selected namely M/s Pembinaan Megah Mutiara Sdn. Bhd. and Reacon Engineers (I) Pvt. Ltd. Consortium. The offer of the successful bidder was accepted by the Standing Finance Committee (SFC) under the chairmanship of the Secretary Tourism Gol on 17/01/2012.

The concession agreement was registered on 05/03/2013. As per the agreement the successful bidder was required to submit the performance guarantee within 180 days from this date. On 07.03.2013, the Department had written to the successful bidder to submit the performance guarantee. However, a PIL was filed against this project on 25.03.2013 and also the No Objection Certificate issued by Defence was withdrawn by Andaman & Nicobar Command on 09.05.2013. Owing to these reasons the project could not be taken further. The feasibility Report of Yacht Marina has already been forwarded to PMB for their future projects and will help PMB to take the step forward.

As regards the recommendation of PAC to take necessary steps for ensuring the all requisite clearances are obtained prior to awarding of work it is humbly submitted that this aspect will be taken into consideration for all future projects. Considering the above, it is earnestly requested that the PAC may kindly accept the above explanation.

#### **Vetting comments of Audit**

a) The PAC desired that an enquiry may be instituted to fix responsibility and eventually award stringent punishment to the guilty officials. However, the fact remained that neither any enquiry was instituted by ANI Administration nor any stringent penalty was awarded by fixing responsibility on any individual so far.

b) The PAC recommended that Department of Tourism should take necessary steps in ensuring the requisite clearance are obtained prior to awarding of work and explicit clause to this effect may be incorporated in all future audits of the Department of Tourism.

#### **Updated action taken reply of Ministry**

The matter for wasteful expenditure of Rs. 39.80 lakhs was Yacht Marina has been inquired into. In addition to the reply submitted earlier, the following is reiterated:

i. The project was conceptualised for promotion of high value tourism by inviting foreign yachts. Being a conceptually new project for the Islands, a consultant was hired and based on the reports submitted by the consultant Viper Island was selected.

ii. A No-Objection certificate was obtained from the Defence Authorities in June, 2009 i.e, before inviting RFP.

iii. The EFC under the chairmanship of Secretary (Tourism) Govt. of India held on 25/02/2010 cleared the proposal for inviting bids by issuing RFP for the Yacht marina project. As per the RFP, environment clearance was to be obtained by the successful bidder.

iv. Successful bidder was selected on the basis of RFP. The offer of the successful bidder was accepted by the Standing Finance Committee (SFC) under the chairmanship of the Secretary (Tourism) Govt. of India on 17/01/2012.

v. The concession agreement was registered on 05/03/2013. As per the agreement the successful bidder was required to submit the performance guarantee within 180 days from this date.

vi. On 07.03.2013, the Department had written to the successful bidder to submit the performance guarantee.

vii. However, a PIL was filed against this project on 25.03.2013 and also the No Objection Certificate issued by Defence was withdrawn by Defence authorities on 09.05.2013.

viii. The feasibility Report of Yacht Marina has already been forwarded to PMB (Port Management Board) for their future projects and will help PMB to take the step forward.

From the above, it is clear that NOC from defence authorities was obtained before issue of RFP. A successful bidder was also selected on the basis of RFP.

The bidder could not deposit the Performance Guarantee as before the due date, a PIL was filed and NOC issued by Defence was withdrawn.

So, it may be seen that no individual officer(s) can be held responsible for non-finalisation of the project.

In view of the facts mentioned above and the reply submitted earlier, the Committee is requested to review the recommendation and their observation made under para (a) and (b) of vetted audit comments of para no. 2.1.3.4.

**(Observation/Recommendation)**

### **NON-ISSUE OF WORK ORDER RESULTING IN ABANDONMENT OF WORK**

The Committee note that the Ministry of Tourism, Tourism Department and a private firm (consultant) entered into a tripartite agreement for developing two integrated tourism circuits during the 12<sup>th</sup> Five Year Plan. The Ministry of Tourism released an amount of Rs. 20 lakh as advance towards consultancy fee to the Tourism Department. The Tourism Department, however failed to identify various components of the project and no work order was issued to the consultant for preparation of the DPR. The Ministry of Tourism then withdrew from the agreement and the Tourism Department refunded the unutilized Rs. 20 lakh leading to the abandonment of the project. The Committee are unable to comprehend the rationale behind signing a tripartite agreement without identifying the components of the project. The Tourism Department ought to have envisioned and identified project components prior to entering into the tripartite agreement. The Committee deplore the tardiness of the Tourism Department in identifying various components of the project which ultimately led to the abandonment of the project. Pointing out the non-committal attitude of

the Tourism Department towards completion of the project, the Committee recommend that the Ministry of Home Affairs take necessary measures to revamp the Department and penalize the officials responsible for failure to identify project components. The Committee further recommend that the Tourism Department take a more proactive role in conceptualizing tourism projects identifying project components, preparation of project proposals, implementation of projects etc. in future.

[PARA NO. 6]

### **Action Taken by the Ministry**

As intimated by A& NI Administration, during 12<sup>th</sup> five year plan, Ministry of Tourism had planned several initiatives for comprehensive tourism development with the mission to increase countries share in world arrivals from 0.6 % to 1 % and to maintain at 12.16% growth rate of the domestic tourism.

As the part of this, MoT proposed three new initiatives in 2010.

1. Integrated development of tourist destinations/circuits.
2. Development of tourism parks.
3. Development of rural tourism clusters.

To assist the Ministry in this endeavour, IL&FS infrastructure Development Corporation Ltd., Delhi was appointed as National Level Consultant (NLC) by Ministry of Tourism. The NLC identified two circuits for development in the Islands, namely, Port Blair-Neil-Havelock-Little Andaman and Port Blair-Rangat-Mayabundur-Diglipur in their report submitted in October, 2012.

Simultaneously, the Ministry of Tourism appointed M/s SREI Infrastructure Finance Limited as State Level Project Management Agency (SLPMA) on 12/10/12 and a tripartite agreement was signed between MoT, SLPMA and A&N Administration. As per the agreement, the SLPMA was entrusted with the responsibility of setting up a Project Management Unit (PMU) in Port Blair with an expert each on Civil Work and Finance for implementation of Tourism projects identified by NLC. An advance of Rs 20.00 lakhs was released (in January 2013) by the MoT for payment of consultancy fee stipulating that further installments would be released on receipt of provisional Utilization Certificates (UCs).

The SLPMA submitted the cost estimate of preparation of DPR of all the projects identified by the NLC. Accordingly, only 8 projects were proposed for preparation of DPR by the SLPMA costing Rs. 50 Lakh.

As per tripartite agreement signed between SLPMA, MoT and A & N Administration:

1. The maximum consultancy fee as per the agreement is Rs. 20 Lakh for project costing more than Rs. 50 crore.

2. As per payment schedule of DPR fee in the Agreement, SLPMA will have to submit a Bank Guarantee to the state/UT for an amount equivalent to the cost of PMU for 6 months plus interest of 10% for one year by the State Govt. for release of first instalment of mobilization advance @ of 10% of the cost of preparation of DPR.

The SLPMA did not submit the required Bank Guarantee stating that they have already submitted Bank Guarantee to Govt. of West Bengal as PMU constituted is common for Govt. of West Bengal and UT of A & N Islands. This clarification was not acceptable to the Finance Department of the Administration and advised to proceed further as per provisions in the tripartite agreement. However, the PMU agreement was signed by the SLPMA with Govt. of West Bengal. In the above scenario, the Administration sought clarification from MoT vide letter dated 21/02/2014 to confirm whether the Bank guarantee submitted by the SLPMA to Govt. of West Bengal shall be valid for A&N Islands also in view of the reasons cited by the SLPMA.

Thereafter, the MoT vide letter dated 13/06/2014 requested the Administration to refund the amount released for the work related to SLPMA along with the interest since no payment has been released to the SLPMA.

In the light of above, Administration returned the amount of Rs. 20.00 lakhs received for preparation of DPR to the Ministry of Tourism since no work order could be placed to the SLPMA for preparation of DPR following the decision of MoT to withdraw from the tripartite agreement. The amount was returned vide Demand Draft No. 054896 dt. 29/7/2015.

The Committee had observed that it was unable to comprehend the rationale behind signing the tripartite agreement without identifying the components of the projects. It also says that the Tourism Department ought to have envisioned and identified projects components prior to entering into the tripartite agreement.

It is reiterated that there is no failure on the part of Administration in Identification of the projects. In fact, the National Level Consultant – M/s IL & FS had identified the projects components which could be developed in A&N Islands for tourism promotion after due consultation process with the tourism stakeholders/general public and the Administration and a report was submitted in February 2013. Only after this report, the MoT had appointed the State Level Project Management Agency i.e. M/s. SREI Infrastructure Finance Limited for preparation of DPR based on the tripartite agreement. Unfortunately, the SLPMA have not submitted the required Bank Guarantee to Directorate of Tourism as a prerequisite for issue of work order for preparation of DPR as per the tripartite agreement. **Proceeding with preparation of DPR ignoring**

the advice of Finance Department would have created major problems and disputes with SLPMA later on and landed the Administration in trouble and litigations etc.

It is submitted that the Tourism Department had identified 08 projects components to be set up as part of circuit development in a meeting held in Sept. 2013, for which DPR were to be prepared by the SLPMA. The tripartite agreement was executed detailing the commitments from agencies involved in the agreement for execution of identified projects. It is respectfully submitted that Department could not have assigned the work of preparation of DPR to an agency without collecting the required bank guarantee as per the Agreement.

The Ministry of Tourism also revised the scheme of Product/ Infrastructure Development for Destination and Circuits (PIDDIC) in February 2014 and came up with scheme of SwadeshDarshan for providing tourist infrastructure developments in States and UTs. As per this scheme, the Administration has availed financial assistance of Rs. 42.18 Cr. and several projects have been executed /are being executed. There is no tardiness on the part of Tourism Department in execution of projects and no opportunities have been lost in development of tourism in the Island by availing benefits under Central Financial Assistance. The objective of 12.16% growth in annual tourists arrival as envisaged under 12<sup>th</sup> Five Year Plan as per the relevant scheme at that time has also been achieved in respect of A&N Islands.

Considering the above, it is earnestly requested that the PAC may kindly accept the above explanation.

#### **(Vetting Comments of Audit)**

- a) The PAC recommended that Ministry of Home Affairs should take necessary measures to revamp the Department and penalize the officials responsible for failure to identify project components within the timeframe. However, no action, in this regard, has been initiated so far.
- b) The PAC recommended that the Tourism Department to take a more proactive role in conceptualizing tourism projects, identifying project components, preparation of project proposals, implementation of projects etc in future. These aspects would be scrutinized in future audits.

#### **(Updated Action Taken reply of the Ministry)**

The matter has been re-examined and the following points are reiterated for consideration:-

- i. The Ministry of Tourism appointed M/S SREI Infrastructure Finance Limited as State Level Project Management Agency (SLPMA) on 12.10.2012 and a tripartite agreement was signed between MoT, SLPMA and A&N Administration.

- ii. As per payment schedule of DPR fee in the agreement, the SLPMA have to submit a Bank Guarantee to the UT for release of first Instalment of mobilisation advance @ 10% of the cost of preparation of DPR.
- iii. It is a fact that the SLPMA has not furnished the required Bank Guarantee to the Department without which work order to SLPMA could not have been placed in time. Non furnishing of required Bank Guarantee by the SLPMA was adversely viewed by the Finance Department. In this situation, the Administration sought clarification from the MoT vide letter dated 21.02.2014 to confirm whether the Bank Guarantee submitted by SLPMA to Govt. of West Bengal will be applicable to A&N Islands also. There is no response from the Ministry and by the time, the Ministry had revised the PIDDIC scheme with SwadeshDarshan Scheme in February, 2014 and MoT withdrew from the tripartite agreement in June, 2014.
- iv. The Administration returned the amount of Rs. 20 Lakhs received for preparation of DPR to the Ministry of Tourism in July, 2015.
- v. The Department could not have assigned the work of preparation of DPR to an Agency without collecting the required Bank Guarantee. There is no fault on the part of officials of the Department in identifying project components/ not placing work order with the SLPMA.
- vi. The Administration is committed to make visible improvements in the functioning of Tourism Department and revamp the Department with a view to achieve sustainable tourism development in the Island. The Department will take proactive role in conceptualising Tourism projects in future and in its implementation.

In view of the facts mentioned above and the reply submitted earlier, the Committee is requested to review the recommendation and their observation made under para (i) and (ii) of vetted audit comments of para no. 2.1.4.2.

**(Observation/Recommendation)**

**VIOLATION OF FINANCIAL RULES**

The Committee note that the Tourism Department paid an advance of Rs. 8.87 crore (March 2012) to Andaman & Nicobar Islands Forest and Plantation Development Corporation Limited (ANIFPDCL), despite the poor financial state of ANIFPDCL, without entering into any agreement for development of two camps of 20 eco-friendly cottages each in ANI to provide amenities of international standards for high end tourists. The Committee are constrained to find that ANIFPDCL submitted the project proposal after a delay of more than two years. In July 2014, however, the Chief Secretary noted that ANIFPDCL was on the verge of closure and the work could not be executed by them, the project was transferred to the Forest Department with a revised concept though the Tourism Department requested (July-August 2015) ANIFPDCL to refund the advance paid Rs. 8.60 crore had already been

diverted for payment of salary to its employees and Rs, 26.05 lakh was spent on consultancy and other charges, and consequently, the advance remains un-refunded as on May, 2016 and the infrastructure has not been created even after more than nine years. The Committee are again perturbed to find that no specific approval had been accorded by the Tourism Department, A&N Administration to the ANIFPDCL for expenditure towards consultancy for the said project. The Committee take a serious view on the advance payment made by the Tourism Department to ANIFPDCL without entering into any agreement. The Ministry of Home Affairs have also failed to provide the reason as to why 100% advance payment was released to the said Corporation without any agreement or an MOU. The Committee are of the view that the inability of the Ministry to ascertain the reasons behind the violation of financial rules indicates serious lack of monitoring and vigilance at the central level. The Committee, therefore desire that the Ministry of Home Affairs conduct an enquiry into the reasons for the blatant violation of the financial rules and penalize the officials responsible for the lapses. The Committee also desire that a strong central monitoring committee may be set up to oversee the financial flow and project implementation in the Andaman & Nicobar Islands. The Committee have now been informed that the ANI administration is in the process of recovering Rs. 2.21 crore from the ANIFPDCL, which has not been diverted towards payment of salaries but is lying with the Corporation. For recovery of the balance amount along with interest, the Administration has already laid its claim/rights of first refusal on the properties of the ANIFPDCL, in the event of disposal of any of its assets, in view of the closure of the Corporation. The committee desire that the administration fix a deadline to recover the amount of Rs. 2.21 crore and apprise of the latest status on the recovery at the earliest.

[PARA NO. 7]

#### **Action Taken by the Ministry**

As intimated by A& NI Administration, a project for setting up of eco-friendly cottages in Havelock to provide amenities of international standards for high end tourist was taken up by the Tourism department. The work was entrusted to Andaman & Nicobar Islands Forest and Plantation Development Corporation Ltd. (ANIFPDCL) - a Govt. of India undertaking.

A departmental advance of Rs. 8.87 crore was sanctioned by Administration in terms of Rule 75 of compendium on advances under GFR 2005 during March 2012 which was drawn and paid to ANIFPDCL for setting up of the 20 eco-friendly cottages at Radha Nagar, Havelock. The ANIFPDCL signed an agreement with the architect/ consultant on 20.06.2012 for preparation of structural design, drawing, supervision, interior designing, landscaping, and selection materials for the project.



The architect submitted draft development plan for the project on 04.09.2012. The consolidated requirements of materials were submitted on 05.10.2012.

Meantime, the financial condition of ANIFPDCL deteriorated and it came on the verge of closure. Owing to the financial crunch, ANIFPDCL had diverted the bulk of the amount (Rs. 8.60 crore) for payment of the salary of their staff in anticipation of receipt of funds from Govt. of India in 2014 (with the concurrence of Finance Department of Administration and approval of Administration).

The department thereafter tried to revive the project through Environment and Forest department. The matter of return of the amount of Rs. 8.60 crores which was diverted for salary by ANIFPDCL was taken up with them. ANIFPDCL vide letter dated 15.12.2015 intimated that the budget proposal including additional amount of Rs. 8.61 crores to recoup the amount was submitted to the Ministry of Environment of Forest and Climate Change during the year 2014-15, but it was not considered/approved in the RE 2014-15 and BE 2015-16. The Department of Environment & Forest was approached to take up the matter with Ministry of Environment, Forest & Climate Change for return of the diverted amount to the Tourism Department. Ministry of Environment, Forest and Climate change vide letter No. 2-5/2003-SU(PT) dated 3.4.2017 addressed to the Chief Secretary, Andaman and Nicobar Administration informed that, the Ministry is in the process of preparing a draft cabinet note for closure of A & N Island Forest and Plantation Development Corporation Limited and it was decided to seek waiver of deposit amount of Rs. 8.61 crore provided by A & N Tourism Department to ANIFPDCL during 2012-2013 for a deposit work at Havelock.

Another letter (no.FDC/Tech-II/G-226(B)/30 dtd. 24.04.2017) was received from Divisional Manager (P&M), ANI Forest & Plantation Development Corporation Ltd. addressed to Director (Tourism) wherein it is also mentioned that all the properties of their Corporation are attached to MoEF&CC, Govt. of India against the loan assistance being extended by the Govt. of India time to time for the disbursement of salary and wages of employees of their Corporation. A letter has been sent to DM (P&M), ANIFPDCL to directly approach MHA for writing off the above said amount. Nevertheless, the Administration is exploring the possibility laying its claim on the properties of said corporation attached with MoEF&CC.

Further, the amount of Rs. 26.05 lakhs paid towards consultancy and other charges cannot be entirely termed as unfruitful, as the Environment and Forest department is vested with drawings and

designs which will be helpful for the other project of "Development of Eco Cottages at Neil Island" which was been proposed in Annual Plan 2016-2017 of Tourism Department.

In the meanwhile, ANIFPDCL has refunded the un-utilized amount of Rs. 2, 20,94,692/- (Rupees Two crore Twenty lakhs Ninety Four Thousand six hundred ninety two only) from the advance of Rs.8.87 crores. For rest of the amount, it has been intimated by the ANIFPDCL that the matter is being taken up with MoEFCC.

**Present Status:** It is humbly submitted that the Andaman and Nicobar Administration have received an amount of Rs.2, 20,94,692/- from ANIFPDCL vide cheque no.383224 dated 01/01/2018 and the cheque, Deposited into Government Account vide challan no.728 dated 08.01.18.

The Government of India, Ministry of Environment of Forest and Climate Change, New Delhi vide letter No.F,No.2-6/2017-SU dated 24.8.2017 communicated that the Cabinet Committee on Economic Affairs (CCEA) in its meeting dated 16.08.2017 has approved the proposal of closure of Andaman and Nicobar Islands Forest and Plantation Development Corporation, Port Blair. Accordingly, ANIFPDCL has been closed and M/S. National Building Construction Corporation Limited, New Delhi (NBCC) designated land management authority for acquiring the assets of Andaman and Nicobar Islands Forest Plantation Development Corporation Limited located at Little Andaman, Mayabunder and Port Blair.

The Administration has taken up the matter with the Ministry of Environment & Forest and Climate Change, New Delhi for recovering the balance amount of Rs.6.60 crores and the progress will be informed.

Andaman and Nicobar Administration humbly submitted that, a strong central monitoring committee will be set up to oversee the financial flow and project implementation in the Andaman & Nicobar Islands.

Considering the above, it is earnestly requested that the PAC may kindly accept the above explanation.

#### **Vetting comments of Audit**

i) The utilized amount of Rs. 2.21 crore, out of Rs. 8.87 crore advanced to ANFPDCL, was refunded by the ANIFPDCL in January 2018 and the same was deposited in Government account vide Challan No. 728 dated 8.1.2018. Regarding refund of the balance amount of Rs. 6.60 crore, the matter was taken up with Hon'ble LG, A&N Administration by the Government of India to write off the amount. Further development is awaited.

ii) The PAC were of the view that the inability of the Ministry to ascertain the reasons behind the violation of financial rules indicated serious lack of monitoring and vigilance at the central level and desired that the Ministry of Home Affairs (MHA) conducts an enquiry into the reasons for the blatant violation of the financial rules and penalize the officials responsible for the lapses. The committee also desired that strong monitoring committee may be set up to oversee the financial flow and project implementation in the A&N Islands.

However, neither was any enquiry conducted nor was responsibility fixed on officials responsible for blatant violation of financial Rules so far. Further, central monitoring committee was also not set up till date.

#### **(Updated Action Taken Replies of the Ministry)**

The matter has been re-examined and the following points are reiterated:

i. A departmental advance of Rs.8.87 crore was sanctioned by the Administration in terms of Rule 75 of Compendium on Advances under GFR 2005 during March 2012 which was drawn and paid to ANIFPDCL (a Govt. of India undertaking) for setting up of the 20 eco-friendly cottages at Radha Nagar, Havelock.

ii. Regarding the write off of the balance amount of Rs.6.60 Cr., the matter is under process for seeking approval of the Hon'ble Lt. Governor as per the request of MoEF&CC, Govt. of India. After approval of Hon'ble Lt. Governor the matter will be sent to MHA for seeking approval regarding write off of the balance amount of Rs.6.60 Cr.

In view of the facts mentioned above and the reply submitted earlier, the Committee is requested to review the recommendation and their observation made under para (i),(ii) and (iii) of vetted audit comments of para no. 2.1.4.3.

#### **(Observation/Recommendation)**

#### **VIOLATION OF NORMS OF FINANCIAL PROPRIETY**

The Committee note that the Tourism Department engaged the Indian Tourism Development Corporation (ITDC) for up-gradation of the Light and Sound (L&S) show at Cellular Jail at a total cost of Rs. one crore without tender enquiry and despite the fact that the incumbent annual maintenance contractor quoted a rate of Rs. 65.50 lakh for the work in the preliminary assessment of the cost of upgradation. Without initiating the work, and without providing cost break-up details, ITDC proposed for additional scope of work at a cost of Rs. 85 lakh. Despite the shortcomings of the ITDC proposal the Chief Secretary accepted (August 2011) the revised cost which was paid to ITDC, as advance.

Such payment of full advance violated Rule 159 of the GFR which states that advances to Public Sector Undertakings should not exceed forty per cent of the contract value, except in consultation with the Financial Advisor of the Central Government Ministry/Department. The Committee also note that equipment valued at around Rs. 85 lakh purchased to meet the requirements of the additional scope of work remained unused. However, in May 2016, the Department stated that laser machine along with screen and fog machine was utilized on two occasions. The Committee cannot accept the reply of the Ministry since the sound and light show where the equipment is to be used performs six days a week all through year. Unable to comprehend the rationale behind the procurement of equipments worth Rs. 85 lakh and keeping it unused, the Committee desire to be apprise of the reasons behind the non-utilization of equipments and recommend that the Tourism Department undertake necessary measures to upgrade the sound and light show to accommodate the unused equipments and fully utilize them without any further delay.

The Committee also note that ITDC completed the upgradation work on the sound and light show after a delay of 30 months. The upgradation work cost Rs. 169.96 lakh out of the Rs. 185 lakh. While the balance amount of Rs. 0.15 crore and an amount of Rs. 5 lakh have been recovered from ITDC as liquidated damages for the delay, the Tourism Department is yet to recover an amount of Rs. 2.92 lakh, as interest on the balance amount from the ITDC. The Committee, therefore, desire that the interest amount of Rs. 2.92 lakh may be recovered from ITDC without any further delay and apprise the Committee of the same.

**[PARA NO. 8]**

#### **Action Taken by the Ministry**

As intimated by A& NI Administration, the Light & Sound show at Cellular Jail has been an important attraction for tourist visiting the Andaman & Nicobar Islands. Considering the technological advancements in the field, it was decided to upgrade it and make it more attractive. Only for the purpose of preliminary assessment of the cost of up gradation of the show, an estimate was obtained from the AMC Contractor M/s DD Electronics Pvt. Ltd., who had quoted an amount of Rs. 65 Lakh for the said purpose.

However, since originally ITDC had set up the project, it was decided to award the up gradation work to ITDC on "Nomination Basis" under the provisions of Rule 184 of GFR 2005 based on the following justification:

1. During a meeting held in New Delhi on 4.8.2008, Joint Secretary, Ministry of Tourism, GOI, had informed that the SEL projects financed by MoT are implemented/maintained by ITDC. It was also advised that the A&N Administration may like to follow the same model for such projects of Sound and Light show after taking the approval of the competent authority.
2. ITDC is a public sector undertaking under Ministry of Tourism, Government of India and also has vast experience in such sound and light projects for Ministry of Tourism, Government of India, as well as for various State Tourism Departments.
3. The Sound and Light show system at Cellular Jail was installed by ITDC on turnkey basis in Oct.1990.

However, ITDC in turn followed Rule 181 and selected the executing agency through open tenders. As such, the contention of audit that Rule 181 of GFR 2005 has not been followed appears to be misunderstood as in this case the department had in fact followed Rule 184 (Outsourcing by Choice) with the approval of the competent authority and in consultation with the Finance Department and then ITDC followed Rule 181 which implies that the final price was discovered only by GFR 181.

It is a fact that the additional laser machines, screen and projector etc., which were procured with the aim to enhance the show, were later removed since it was not generally appreciated within the existing show. Tourism Department will utilise the equipments.

It is also humbly mentioned that all efforts will be made to recover the amount of Rs. 2.92 lakh as interest on the balance amount from ITDC from its future payments.

Considering the above, it is earnestly requested that the PAC may kindly accept the above explanation.

#### **Vetting comments of Audit**

- i) The PAC was unable to comprehend the rationale behind the procurement of equipment worth Rs. 85 lakh and taking keeping it unused, the Committee desire to be apprise of the reasons behind the non utilization of equipment. However, no suitable reply has been provided by the Administration in this regard.
- ii) The PAC recommended that the Tourism Department should undertake necessary measures to upgrade the sound and light show to accommodate the unused equipment and fully utilize them without any further delay. The Administration has invited tenders for up gradation of Sound and Light show, but instead of accommodating the equipment, these equipment have been stated to be included in the list of 'Buy Back' materials to be taken by the successful bidder.

iii) The interest amount of Rs. 2.92 lakh has not yet been recovered from the ITDC. The Department stated that the interest amount of Rs. 2.29 lakh would be adjusted against the due payment of ITDC of Rs. 3 lakh at the time of final settlement of accounts.

### **Updated Action Taken Replies of the Ministry**

The matter has been re-examined and in addition to the earlier reply the following points are reiterated:

- i. The cost obtained from AMC Contractor was only for the purpose for preliminary assessment of the cost of upgradation of the show.
- ii. The original project had been designed by ITDC so it was decided to award the work to ITDC on nomination basis under the provision of Rule 184 of GFR 2005.
- iii. That the additional laser machines, screen and projector etc., which were procured with the aim to enhance the show but were later removed since it was not generally appreciated within the existing show.
- iv. Tourism Department has taken up the project of upgradation of sound and light show where these materials have been listed as a buy back material to be taken by the successful bidder for accommodating these equipments, as these equipment have become out dated and obsolete and will not match the present day technology.
- v. It is also mentioned that all efforts will be made to recover the interest amount of Rs. 2.92 lakh from future payments to be made to ITDC.

In view of the facts mentioned above and the reply submitted earlier, the Committee is requested to review the recommendation and their observation made under para (i), (ii) and (iii) of vetted audit comments of para no. 2.1.4.3.

### **(Observation/Recommendation)**

#### **HOLISTIC SCRIPT FOR THE SOUND AND LIGHT SHOW**

The Committee note that the sound and light programme continues to run as per the original script even after completion of upgradation of the light and sound show. The Committee feel that the script of the show does not display a complete picture of the nation's history and the struggle for independence. The Committee, therefore desire that a research team may be constituted so as to collect patriotic feats and contributions of different communities/personalities from all corners of the country imprisoned there and incorporate the same in the script of the show and present a holistic view on the history of the country. The Committee also desire to be intimated of the action taken in this regard.

**Action Taken by the Ministry**

As informed by A& NI Administration, the suggestion of PAC is noted for compliance. The interludes/music will be reduced. The recommendation of PAC is noted for future.

Considering the above, it is earnestly requested that the PAC may kindly accept the above explanation.

**Vetting comments of Audit**

No action has been taken in this regard, as yet.

**Updated action taken reply of Department**

The Administration has asked ITDC to upgrade the Light and Sound Show and ITDC has invited the bids and selection of service provider is in process.

The observation of the Committee regarding changing the script of the light and sound show will be taken up at the appropriate forum for consideration and decision.

CHAPTER III

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

-NIL-



## CHAPTER IV

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

#### (Observation/Recommendation)

#### UNFRUITFUL EXPENDITURE OF Rs. 18.45 LAKH ON UNINITIATED PROJECT

The Committee note that the Tourism Department had engaged in May, 2009 Indian Tourism Development Corporation Ltd. (ITDC) as consultant for preparing Detailed Project Report (DPR) for development of the tourist circuit, 'Port Blair Neil Havelock Baratang' "Project/Infrastructure Development for Destinations and Circuits (PIDDC) under the scheme of Ministry of Tourism". The Ministry of Tourism sanctioned and the work of preparation of Environment Impact Assessment (EIA) report in October, 2010. Subsequently, CRZ clearance was awarded in December 2011 to the National Institute of Ocean Technology (NIOT). The Ministry of Tourism awarded the work of preparation of EIA study/CRZ clearance to the NIOT in December, 2011. The work of development of tourist facilities at Baratang was, however, excluded, citing various environment and tribal issues. The NIOT submitted the draft EIA reports for Port Blair, Havelock and Neil Islands on 27 December, 2012, 31 May 2013 and 20 November 2013 respectively and requested A&NI Administration for site-wise details such as project layout, technical justification, technical design, etc., for inclusion in their final report. However, even after three years, the Administration had not provided the requisite information. As a result, the project was not approved by the MoT, but they had tentatively allocated an amount of Rs.5.00 crore under the PIDDC scheme in 2014-15. Thus, lack of follow up by ANI Administration rendered unfruitful the expenditure of Rs. 18.45 lakh on the preparation of DPR and EIA reports. The Committee, therefore, desire to be apprise of the reasons behind the delay of three years in providing the requisite details for inclusion in the final DPR and recommend that stringent disciplinary penalty may be imposed against officials who were responsible for the delay. The Committee also desire to be apprised of the present status of the project.

[PARA NO. 2]

#### Action Taken by the Ministry

As intimated by A& NI Administration, the Tourism Department had entered into an Agreement on 25<sup>th</sup> May, 2009 with India Tourism

Development Corporation (ITDC) as a Consultant for preparation of Detailed Project Report (DPR) for development of tourist circuits, 'Port Blair-Neil-Havelock-Baratang' at a total cost of Rs. 10.00 lakhs plus taxes.

The ITDC submitted a DPR in November, 2009 and Rs. 11.83 lakhs was paid to ITDC. The DPR proposed for development of sites at Port Blair (ITF Ground, Carbyn's Cove), Baratang (Baludera beach, Middle Strait jetty, Limestone Caves & Jirkatang), Neil Island (Neil Kendra, Sitapur Beach, Laxmanpur Beach & Bharatpur Beach), Havelock beach (Radhanagar beach and Elephant beach). The facilities proposed to be developed included water harvesting, public conveniences, Kiosks for tourist facilitation, interpretation centers, souvenir kiosks, Façade improvement, changing rooms, car parking, Solid waste management, Viewing deck, wayside amenities and signage.

The DPR was forwarded to MoT in March, 2010 for sanction under MoT scheme, 'Product/Infrastructure Development for Destinations and Circuits (PIDDC)'. However, MoT communicated that the proposal could not be considered due to non-submission of CRZ/environmental clearance vide letter dated 29/10/2010. The department requested the National Institute of Ocean Technology (NIOT) to take up work of preparation of Environment Impact Assessment (EIA) Report for CRZ clearance. However, during the same time, new Island Protection Zone Notification was notified in 2011 and the work of EIA for Port Blair, Havelock and Neil Island could only be awarded in December, 2011. An amount of Rs. 6.62 lakhs was released to NIOT for preparation of EIA. The work of EIA for Baratang in the aforesaid circuit was not assigned to any agency as development of tourist facilities at Baratang had to be dropped due to various environmental and tribal issues.

NIOT submitted the draft EIA reports for Port Blair (Carbyn's Cove), Havelock (Radhanagar beach and Elephant beach) and Neil Island (Sitapur beach, Laxmanpur beach and Bharatpur Beach) on 27/12/2012, 31/05/2013 and 20/11/2013 respectively and requested for site-wise micro details such as technical justification of the project/ Work Plan for site clearance, Detailed technical drawings for the proposed infrastructure, site plan with detailed map in scale, details of construction namely BOQ, schedule, work plan for construction, material procurement and transport details, topography, survey map of the proposed site, project layout and technical design, quantity of construction materials required etc for inclusion in their final report.

The NIOT submitted final EIA Reports in respect of Havelock & Neil Island on 18/05/2016. The final EIA Report on Port Blair (Corbyn's Cove) was submitted by NIOT on 21/07/2016.

By this time, the old scheme namely 'PIDDC' (Product/ Infrastructure Development of Destination and Circuits under which the DPR was prepared for availing Central Financial Assistance) had since been modified and MoT came up with new scheme titled "Swadesh Darshan".

As per 'Swadesh Darshan' scheme, fresh DPR consistent with the new guidelines was required to be prepared. Also, there was requirement of few new projects to be undertaken by the Administration for promotion of tourism, like improvement of facilities at Cellular Jail, development of infrastructure for Adventure Water Sports, Wayside amenities, promotion of use of solar power, etc. Accordingly, the existing DPR was revised and submitted in the new format under the new Swadesh Darshan scheme in September 2016.

At this point, it would be appropriate to highlight the fact that the portion of submitted DPR for setting up of beach facilities and Wayside Amenities in North & Middle Andaman and South Andaman including Neil Island, Havelock Island and Baratang under Swadesh Darshan scheme were prepared largely based on the inputs extracted from the earlier DPR prepared by ITDC without engaging any fresh consultant. This DPR was approved by MoT under Swadesh Darshan Scheme on 18.11.2016 and an amount of Rs 42.18 crore was sanctioned against proposed amount of Rs. 48.89 cr.

Secondly, the EIA Reports prepared earlier by NIOT have come in handy while execution of projects under Swadesh Darshan and no fresh EIA reports were prepared for projects envisaged under Swadesh Darshan.

Further, it needs to be mentioned that the DPR and EIA reports were prepared under PIDDC scheme for setting up of infrastructure at selected sites in a very limited area viz. Neil/Shaheed Island (in 304 sq meter) Havelock (in 202 Sq meter), and Corbyns Cove (in 83 Sq meters). The components proposed to be set up at the identified locations ranges as per the EIA Report were Public Convenience, sit out, Souvenir Kiosks, Watch tower, signage viewing deck etc. The EIA report also provided the baseline study of site characteristics in each of the location for assessing the air quality, water quality and land use, fauna and flora etc which are needed in getting CRZ clearances. The data provided under EIA reports and the DPR prepared by ITDC were extensively utilized by the executing agencies viz. Forest Department /ALHW/PBMC etc for setting up of eco -friendly amenities in locations such as Corbyn's Cove (Port Blair), Bharatpur beach, Laxmanpur beach, Sitapurbeach (Neil Island), Radhanagar and Elephant beach (Havelock Island).

The eco-friendly facilities developed at these sites includes setting up of Viewing Deck, Change room, sitting benches, toilets, façade improvements etc. at Corbyn's Cove beach by PBMC /Forest departments, eco-friendly huts, toilets, change rooms, beach furniture, Solid Waste disposal in Bharatpur, Laxmanpur and Sitapur beaches at Neil/Shahed Island by Forest Department, Solid Waste Disposal bins, Beach Furniture, Façade improvement, viewing decks, eco huts, public convenience etc. in Radhanagar and Elephant beach at Havelock Island by Forest Department. The infrastructure developed by these departments during the period from 2012 to 2015 at these locations well exceeded what was supposed to be achieved through execution of the DPR prepared by the ITDC under Central Financial Assistance.

The DPR submitted by the consultant was based on plinth area and did not provide the actual exact quantities of construction materials sought by NIOT. It was only after Ministry of Tourism approved the proposed work, any of the executive agencies could have been directed by the Administration to prepare the detail estimate based on site conditions. It was only after the stage that further details which were sought by the NIOT could be made available by relevant executive agencies.

However, the required inputs for preparation of final EIA reports could not be provided expeditiously to NIOT because the Tourism Department (ANI) was not having technical expertise and is not an executing agency by itself. Since the extend of technical inputs required were large and could only be obtained from executing /construction agencies like Andaman Public Works Department (APWD) / Port Blair Municipal Council (PBMC), the department coordinated with these agencies for getting necessary inputs. Meetings at the level of Director / Secretary were held with these agencies to expedite providing of information and after much persuasion, required inputs were provided to NIOT on 11/12/2015.

There is no willful delay or negligence on the part of Administration in executing the works. It may be appreciated that multiple agencies are involved in execution of works in the Islands and Tourism Department is not empowered to undertake public works. Due to Island conditions especially long rainy seasons and frequent cyclones, limited availability of appropriate resources, the working season for civil works in the Island is very limited. There is no financial loss or misappropriation of govt. exchequer in this case as the DPR/EIA prepared by the Govt. agencies viz. ITDC/NIOT have been fruitfully utilized by the Administration, though without availing Central Financial Assistance for executing these works. The essence of DPR, the design elements have been extensively utilized by various executing agencies like APWD, PBMC, ALHW, Forest

departments etc in placing tourist infrastructure facilities in other locations of the Islands also and has contributed in enhancing institutional capacities of these agencies.

**Present status:** As per the revised scheme of Swadesh Darshan, tourist's facilities are being augmented in various places in A&N Islands by availing Central Financial Assistance. Presently following facilities are being executed under Swadesh Darshan Schemes for which an amount of Rs. 42.18 crore has been sanctioned by the Ministry of Tourism, GOI on 18.11.2016. For availing fund under the scheme, no external agencies were engaged for preparation of DPR, as Tourism Department has gained experience and knowledge in preparation of DPR based on inputs/methods learnt out of DPR already submitted by ITDC and NIOT. Therefore, the expenditure of Rs. 18.45 Lakhs incurred by the Administration for preparation of DPR and EIA report have been useful.

Further, the following facilities are proposed to be executed for development of tourism in the Island under Swadesh Darshan scheme.

1. Upgradation of facilities in Cellular Jail
2. Improvement of seating capacity of sound & light show at Cellular Jail
3. Enhancement of tourists facilities at Cellular Jail
4. Strengthening foundation of Cellular Jail
5. Façade improvement of National Memorial
6. Upgradation of Veer Savarkar Park
7. Improvement of facilities at beaches and safety measures in Ross & Smith beach, Baludera, Ramnagar, Lalaji Bay, Laxmanpur, Bharatpur, Elephant beach, Kalapathar
8. e-auto Rikshaws
9. Way side amenities
10. Scuba Diving Centers
11. Signages at various locations
12. Illumination of Andaman Club

The above works are progressing. Due to continuous improvement of tourism products/facilities in A&N Islands, the tourists arrivals have also been considerably increased as mentioned below:

#### **TOURISTS' INFLOW (2011-2018)**

	2011	2012	2013	2014	2015	2016	2017	2018
Domestic	202221	238699	243703	285146	296684	384552	471919	498279
Foreign	15814	17538	14742	17235	14674	15466	15313	15242
Total	218035	256237	258445	302381	311358	400018	487232	513521

It may be seen from the above that the tourists arrival from 2011 to 2015 have been increased by 42% and from 2011 to 2018 by 135% and first time it has crossed Rs. 5 Lakhs figure in 2018 which is a remarkable achievement. This has been possible due to continuous improvement of tourism products and facilities by the department and all out efforts of officers concerned.

Therefore, it is reiterated that there is no unfruitful expenditure in preparation of DPR and EIA reports for the projects as it has been utilized for the benefit of tourism promotion in A&N Islands, not just by Tourism Department, but also by other agencies.

It is also evident that the DPR/EIA reports have been utilized for preparation of DPR by departmental staff for availing Central Financial Assistance under Swadesh Darshan scheme.

Considering the above, it is earnestly requested that the PAC may kindly accept the above explanation.

#### **Vetting comments of Audit**

(1) The Administration did not provide any suitable reply for the delay of three years in providing the requisite details such as project layout, technical justification, technical design etc. to NIOT for inclusion in the final DPR.

(2) No Stringent disciplinary penalty as suggested by the PAC was initiated by the Administration so far.

(3) The Administration provided the present status of works/projects under Swadesh Darshan Scheme (erstwhile PIDDC), which are at various stages of completion. This will be verified in subsequent audits.

#### **Updated action taken note of Ministry**

The matter has been re-examined and the following are submitted:-

i. The Department placed work order for preparation of EIA report on NIOT Port Blair on 01.12.2011 and payment was made as per sanction order dated 27.12.2011, in January 2012.

ii. The draft EIA report in respect of Corbyn's Cove (South Andaman) was received from NIOT on 27.12.2012 and in respect of Swaraj Dweep (Havelock) on 31.05.2013 and Shaheed Dweep (Neil Island) on 20.11.2013. After getting the draft EIA reports, the Department approached executing agencies viz. APWD, PBMC, etc. to provide required technical inputs like details of site wise construction

materials as per drawings, quantities of construction materials required, work plan for construction, schedule etc. for providing to NIOT for inclusion in the final EIA report with technical justification.

iii. The matter was followed up with the respective departments/executing agencies for providing the required inputs. Since no response was forthcoming, the Director (Tourism) took a meeting with the representatives of executing agencies on 19.01.2015. This was followed up with another letter to APWD on 22.01.2015 and reminder dated 10.08.2015 to provide inputs.

iv. Having still not received any inputs from the executing Departments, the Director (Tourism) gathered the required details from an engineer of APWD and forwarded the same to the NIOT, Port Blair under his signature on 11.12.2015 for submission of final EIA reports.

v. In this period of about 2 years (after the receipt of draft EIA reports and furnishing of required inputs to NIOT) the Department had made its best efforts to coordinate with executing agencies to take the project forward. However, the delay took place due to no response from these executing agencies.

So there is no intentional delay in providing the requisite details by any officer of the Directorate of Tourism and has taken place due to inter-departmental coordination issues.

Moreover, the DPR/EIA reports have been utilized for preparation of DPR by departmental staff for availing Central Financial Assistance under Swadesh Darshan scheme.

In view of the facts mentioned above and the reply submitted earlier, the

Committee is requested to review the recommendation and their observation made under para (1) (2) and (3) of vetted audit comments of para no. 2.1.3.1.

### **(Observation/Recommendation)**

#### **EXPENDITURE ON OUTLIVED VESSEL**

The Committee note that the Tourism Department envisioned a floating restaurant and procured an outlived vessel namely M.V. Ramanujan, from the Shipping Corporation of India (SCI) at a cost of Rs. 1 crore without undertaking any techno economic feasibility survey of the project. However, the project could not materialized as the Department were unable to attract private bidders to undertake for designing, renovation, operation and maintenance of the vessel. The Committee find that a technical committee opined in November, 2012 that the vessel required extensive repairs and fresh certifications and instead recommended disposal of vessel. The Committee are again constrained to observe that during the period April 2012 to 23 November, 2014, the Directorate of Shipping Services (DSS) incurred an expenditure of Rs. 0.78 crore (Rs. 2.45 lakh per month) for manning

the vessel, which could have been reduced by Rs. 0.29 crore had the Administration acted expeditiously on the SCI's recommendation on beaching the vessel. The Committee thus observed that till May, 2016, the environment clearance for ship breaking was pending and neither the vessel nor its contents had been disposed of. The Committee are of the view that the Department of Tourism ought to have undertaken a survey on the functional and the economic viability of procuring a decommissioned passenger vessel before undertaking the project. Moreover, the committee are of the view that the Department ought to have sought potential interested players prior to procurement of the vessel. The Committee further opine that keeping in mind the deterioration of the unused vessel, the Department out to have beached the vessel at the earliest so as to slow down the pace of deterioration and undertake repairs and redesigning for use. Noting that lack of proper planning and hasty decision of the officials of the Department of Tourism without any techno economic feasibility study, the Committee desire that responsibility may be fixed and necessary action may be taken against the incompetent officials. The Committee also recommend that in future necessary surveys and researches may be undertaken by competent and experienced officials/experts before undertaking any such project.

#### **Action Taken Replies of the Ministry**

As intimated by A& NI Administration, in the year 2010, operation of floating restaurant in these Islands was a new concept which the Department wanted to showcase for emulation by the private players of Tourism industry of the Islands. Since, procurement of a new vessel for the purpose would involve a huge capital investment, it was decided to seek transfer of a passenger vessel M.V. Ramanujam from SCI(Shipping Corporation of India) to Tourism Department at a total cost of Rs. 1 crore. The Department had gone ahead with the project (Operation of M.V. Ramanujam as a Floating Restaurant) with the approval of Hon'ble Lt. Governor considering it to be procurement from a Government of India Public Sector Enterprise and its operation as Floating Restaurant would have added a new attraction to the visiting tourists.

The Administration floated RFP for designing, renovation, operation and maintenance of the vessel M.V. Ramanujam as a floating restaurant on 20/04/2011 and last date of submission was extended till 07/08/2011. The RFP could not attract a single bidder. RFP was again floated on 07/10/2011 and it attracted a single bidder only. Accordingly, tender could not be finalised.

Further, due to non-operation of the vessel, the condition of the vessel deteriorated requiring extensive refit, repairs etc. Under these circumstances, it was not economically feasible to undertake the repair and operate the vessel. As such, it was decided to dispose of the same.



Although, SCI made several attempts to dispose the vessel through Metal Scrap Trade Corporation but it failed as the vessel was not in a position to be towed to mainland.

Thereafter, on 11.12.2013, SCI suggested that A&N Administration may take permission to beach the vessel at Port Blair itself and then bids may be invited for breaking the vessel at Port Blair. The suggestion of SCI was examined in the Administration during discussions and meeting on various dates. On 23.12.2013, a Committee was constituted to make an assessment of hazardous materials onboard the said vessel. The Committee submitted its report on 22.01.2014 and after detailed discussions, it was decided that the vessel may be beached at Panighat. The procedure of removing hazardous materials and old stores from the vessel was started which in itself was time consuming process. Formal approval of Hon'ble Lt. Governor for shifting the vessel was obtained on 22.05.2014.

Shifting of the vessel to a new location was a very complicated task which required high skilled, manpower & machinery, favourable highest tide, wind speed and weather. The Port Management Board and Directorate of Shipping Services were entrusted the responsibility and various dates were planned for executing the job, however on some occasions it had to be postponed either due to unfavourable wind or weather conditions.

All the above factors led to the unavoidable delay in shifting of the vessel and the vessel was finally shifted on 23.12.2014.

Presently, the vessel MV Ramanujam has been taken for condemnation and sale by the Directorate of Shipping Services, A&N Administration.

It is humbly submitted that in future necessary surveys and researches shall be undertaken by competent and experienced officials/experts before undertaking any such project and keeping in view response of service providers in the prevailing climatic and distant geographical conditions & locations respectively in these islands.

Considering the above, it is earnestly requested that the PAC may kindly accept the above explanation.

### **Vetting Comments of Audit**

- (a) The Andaman and Nicobar Administration has not taken any action to fix responsibilities against the incompetent officials as desired by PAC.

Further, as recommended by the PAC, the Ministry has given its assurance that in further necessary surveys and researches shall be undertaken by competent and experienced officials/experts before undertaking any such project and keeping in view response of service providers in the prevailing climatic and distant geographical conditions &

locations respectively in these islands. The same will be verified by audit in case of similar projects are taken up by Administration in future.

### Updated Action Taken Replies of the Ministry

The matter was re-examined and following points are reiterated:

- i. Operating of floating restaurant was completely a new concept in the Andaman and Nicobar Islands.
- ii. Instead of procuring a new vessel at huge capital investment, a passenger vessel M.V.Ramanujam from SCI was transferred to Tourism Department with the approval of Hon'ble Lt. Governor.
- iii. The RFP for designing, renovation, operation and maintenance of the vessel could not be finalized despite it being floated twice, only one bidder came. During this period, the vessel condition deteriorated and it was not found economically feasible to undertake repair and renovation.
- iv. As such, it was decided to dispose off the same. SCI made several attempts to dispose the vessel through Metal Scrap Trade Corporation but it failed as the vessel was not in a position to be towed to mainland.
- v. Thereafter, on 11.12.2013, SCI suggested that A&N Administration may take permission to beach the vessel at Port Blair itself and then bids may be invited for breaking the vessel at Port Blair.
- vi. The suggestion of SCI was examined in the Administration. On 23.12.2013, a Committee was constituted to make an assessment of hazardous materials onboard the said vessel. The Committee submitted its report on 22.01.2014 and after detailed discussions, it was decided that the vessel may be beached at Panighat.
- vii. The procedure of removing hazardous materials and old stores from the vessel was started which in itself was time consuming process.
- viii. Formal approval of Hon'ble Lt. Governor for shifting the vessel was obtained on 22.05.2014.
- ix. Shifting of the vessel to a new location was a very complicated task which required high skilled manpower & machinery, favourable highest tide, wind speed and weather. The Port Management Board and Directorate of Shipping Services were entrusted the responsibility however on some occasions it had to be postponed either due to unfavourable wind or weather conditions.
- x. The vessel was finally shifted on 23.12.2014 i.e., after one year of the suggestion made by the SCI.
- xi. Presently, the vessel has been taken for condemnation and its disposal process is underway.

From the above, it is clear that the project was conceptually a new project to attract tourism. The project could not fructify due to various challenges such as condition of the vessel, non interest by service

providers etc. so it is difficult to conclude that any particular official was responsible.

In view of the facts mentioned above and the reply submitted earlier, the Committee is requested to review the recommendation and their observation made under para (a) and (b) of vetted audit comments of para no. 2.1.3.3.

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

-NIL-

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

ADHIR RANJAN CHOWDHURY  
Chairperson,  
Public Accounts Committee

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

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

**PRESENT**

Shri Adhir Ranjan Chowdhury - Chairperson  
Members

**LOK SABHA**

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

**RAJYA SABHA**

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

**LOK SABHA SECRETARIAT**

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

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

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

Xxxx            xxxx            xxxx            xxxxx

PART-I

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

(a) Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 105<sup>th</sup> Report (Sixteenth Lok Sabha) on the subject, "Creation of Tourist Infrastructure in Andaman and Nicobar Islands";

(b) Xxxx                      xxxxx                      xxxxx                      xxxxx;

(c) Xxxx                      xxxxx                      xxxxx                      xxxxx;

(d) Xxxx                      xxxxx                      xxxxx                      xxxxx;

(e) Xxxx                      xxxxx                      xxxxx                      xxxxx;

2. After deliberations, the Draft Reports at (a), (b), (c) and (d) were adopted by the Committee without any modifications/changes and authorized the Chairperson to present the Reports to Parliament on behalf of the Committee. The Committee also authorized the Chairperson to present the Draft Report at (e) after minor modifications in the Report in light of updated replies received from the Ministry.

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

PART II

Xxxx

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Xxxx                      Do not pertain to this Report

(APPENDIX – II)

(Vide para 5 of Introduction)

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

- (i) Total No of Observations/Recommendations - 9
- (ii) Observations/Recommendations of the Committee which have been accepted by the Government:  
*Para Nos. 1,3, 5-9* - Total: 7  
Percentage- 77.78%
- (iii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:  
*-Nil-* - Total: Nil  
Percentage - 0%
- (iv) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which require reiteration:  
*Para Nos. 2 & 4* - Total: 2  
Percentage- 22 %
- (v) Observations/Recommendations in respect of which Government have furnished interim replies:  
*-Nil-* - Total: Nil  
Percentage - 0%