

7651/2022/FIN

राष्ट्रीय उत्पादकता परिषद्

(वाणिज्य उद्योग मंत्रालय, भारत सरकार के अन्तर्गत)
उत्पादकता भवन 5-6, इन्स्टीट्यूशनल एरिया,
लोदी रोड, नई दिल्ली-110 003



NATIONAL PRODUCTIVITY COUNCIL

NATIONAL PRODUCTIVITY COUNCIL

(Under Ministry of Commerce & Industry, Govt. of India)

Utpadakta Bhavan, 5-6, Institutional Area,
Lodi Road, New Delhi - 110 003

File No. 51104/Audit

October 28, 2022

To,

The Senior Audit Officer
Office of the Principal Director of Audit
Industry and Corporate Affair (AMG-I)
AGCR Building, IP Estate
New Delhi - 110002

Sub: CAG Inspection Report on the transaction Audit of National Productivity Council (NPC), New Delhi for the period 2019-20 to 2021-22-reg.

Ref. No: CAG letter no.-A.MG.-I/4(22)/I.R-18/NPC/2022-23/336 dated 17th August 2022

Sir/Madam,

Kindly refer to letter even number dated 17 August 2022, regarding CAG Inspection Report on the transaction Audit of National Productivity Council (NPC) conducted for the FY 2019-20, 2020-21 and 2021-22. In this context, it is humbly submitted that NPC has extended full cooperation to the CAG Audit party and submitted all the available records for scrutiny.

This is to submit that in Sr. No. 5, Part 1 of your Inspection Report,

- The total revenue for the FY 2020-21 has been given wrongly as Rs. 45,12,77,207/- instead of correct amount of Rs. 45,12,77,297/-
- The Profit Before Tax has been wrongly shown as profit of Rs.1,51,23,499/- for FY 2019-20 and a profit of Rs. 1,57,57,977/- for FY 2020-21, whereas it is actually a loss of the same amount in the respective financial years.

The Internal Audit of NPC, New Delhi was done by M/s S.K.Handa and Associates and the report was submitted to CAG AUDIT Party. However, in Point No. 6 of Part 1 of your Inspection Report, it has been wrongly mentioned that no internal audit was conducted during the year 2019-20 to 2021-22.

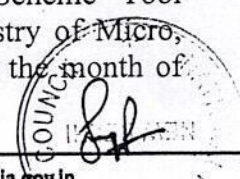
Para-wise clarifications are submitted as below:

Para - 1:

Section 1. Loss of revenue of Rs. 68.55 lacs in respect of completed projects

CAG para 1.1 : A project i.e. "Evaluation study of the 8 Institutions of the Scheme "Tool Rooms and Technical Institutions of O/o Development Commissioner, Ministry of Micro, Small and Medium Enterprises (MSME) Was awarded to NPC, Delhi during the month of

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March, 2021 at a total cost of Rs. 40.12 lakh (including taxes).

NPC was to conduct Evaluation Studies under the scheme Tool Rooms and Technical Institutions' in respect of the 8 intuitions (list of institutions listed below)

1. Central Footwear Training Institute (CFT) Agra.
2. Central Footwear Training Institute (CFT) Chennai.
3. Institute for Design of Electrical Measuring Instrument (IDEMI), Mumbai.
4. Electronic Service & Training Centre (ESTC), Ramnagar.
5. Centre for the Development of Glass Industry (CDGI) Firozabad.
6. Process and Product Development Centre (PPDC), Agra.
7. Fragrance & Flavour Development Centre (FFDC), Kannauj
8. Process cum Product Development Centre (PPDC), Meerut.

Time Period and Work Plan of the Study/assignment.

The assignment was to be completed within 90 days from the date of commencement or evaluation and the draft report was to be submitted within 45 days from the commencement of the assignment. Revision of the draft report submitted, as suggested by the agencies and deemed necessary by the Govt., need to be completed within one month from the date of such revisions/directions and the Final report was to be completed within 15 days from the date of acceptance of submitted final Draft report

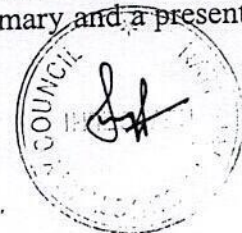
Cost Estimate and Terms of Payment

Total fees of the assignments (six assignments) was Rs. 40, 12, 000/- including GST.

1. CFTI Agra and CFTI Chennai - Total 10, 03,000/-
2. IDEMI Mumbai and ESTC Ramnagar - Total 10, 03,000/-
3. CDGI Firozabad Total - 05, 01,500/-
4. PPDC Agra - Total 05, 01,500/-
5. FFDC Kannauj - Total 05, 01,500/-
6. PPDC Meerut- Total 05, 01,500/-

Terms of Payment

- 20% of the total assignment cost amounting to Rs. 802400/- will be paid to NPC after Signing of the agreement between the parties.
- 50% of the total assignment cost amounting to Rs. 2006000/- will be paid to NPC after submission of the draft report (5 Copies) including executive summary and a presentation on the draft report being found to be generally acceptable.



- 30% of the total assignment cost amounting to Rs. 1203600/- will be paid to NPC after submission of the final draft report and its acceptance by the Government.

Scrutiny of records revealed that NPC had submitted all the 8 evaluation study reports of respective Technology Centre/institute to O/o DC (MSME) in the month of July, 2021. During January 2022, NPC requested O/o DC (MSME) to release total payment of Rs.40.12 lakh, refund of EMD of Rs.1.75 lakh & return of original Bank Guarantee. NPC again reminded MSME in April, 2022 to release the due payment of Rs. 40.12 lakh on account of Evaluation of Study reports under the scheme Tool Rooms and Technical Institutions in respect of the 8 institutions submitted during July. 2021.

However, from scrutiny of documents furnished to audit it was noticed that till date no payment has been received by National Productivity Council from Ministry of Micro, Small and Medium Enterprises which is violation of terms & conditions of the work order.

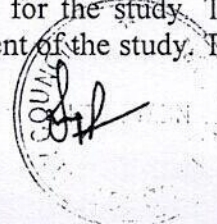
During scrutiny of records it was also noticed that copy of bid documents, copy of signed Agreement between the parties was not available in the record furnished to Audit. Further, the reason for undertaking assignment/study without receipt of 20% of project cost that was supposed to be paid after signing of the agreement between the parties was also not clarified to Audit. It is also not clear from the available records that whether NPC got refund of Rs. 1.75 lakh in respect of the Earnest Money Deposited and received back original Bank Guarantees of Rs. 8.02 lakh till date. Appropriate justification in support of above will be awaited in Audit.

Thus, from the records furnished to Audit it was evident that due amount of Rs. 40.12 lakh has not been received from O/o DC, MSME even after lapse of 12 months from date of submission of all Evaluation Stud reports. The matter regarding release of due payment as per the agreement may be taken up at higher level under intimation to audit.

NPC Reply for para 1.1 : It is not a loss of revenue. It is a default in payment by a government department for which vigorous follow up is being done by National Productivity Council (NPC). It is submitted that NPC is yet to receive the refund of Rs. 1.75 lakhs (EMD) and return of original Bank Guarantee of Rs. 8.02 lakhs from O/o DC, MSME. EMD and original Bank Guarantee will be returned to NPC after the release of the total payment of Rs.40.12 lakhs to NPC. NPC has already sent reminder letters and emails for the release of the payment. As advised in the Audit para, release of payment has already been taken up with O/o DC, MSME at higher level. According to the latest update as of October 2022, O/o DC, MSME has informed that the payment to NPC will be released shortly.

CAG para 1.2 : National Productivity Council, regional office at Kolkata entered into an agreement in July, 2020 with South Eastern Coalfields Limited (SECL) Bilaspur for consultancy project on 'Spares Parts Management' at a cost of Rs. 64.90 lakh (inclusive of 18% of GST)

The main Scope of Work was (a) Forecasting/planning of spare parts, (b) lead time for Procurement & (c) Inventory control with scope for field study. The Terms and conditions also include, Methodology for carrying out the study and Pre-requisite for the study. The Duration of the field study was 6-8 months from the date of commencement of the study. The



Payment Terms of the project was

- First Installment @ 40% of total cost plus applicable GST as advance at the time of confirmation/ letter for award of work
- 2nd Installment @30% of total cost plus GST after three months of study initiation
- 3 Installment @20% of total cost plus GST after submission of Draft Report
- Final Installment @10% of total cost plus GST after submission of final report

NPC raised first bill for 40% for Rs. 25.96 lakh in September, 2020 and second Installment of 30% for Rs. 19.47 lakh in March.2021 and for third Installment of 20% in October, 2021 for Rs.12.98 lakh respectively. But as per information furnished it was seen that NPC has received only 70% of amount i.e. Rs. 45.43 lakh till date of audit and balance 30% amount i.e. Rs.19.47 lakh is still pending for payment even after lapse of more than 7 months. Further, no records in support of reminders refund of Earnest Money/Bank Guarantee/s (if deposited) etc. was made available to Audit. Non follow up for due amount i.e. unnecessary delay even after execution of work results in loss of revenue to NPC and could result in bad debt.

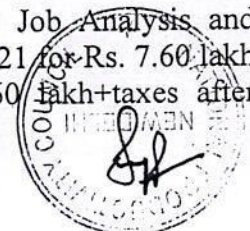
NPC Reply for para 1.2 : There is no loss of revenue. It is submitted that NPC has received first three installments totaling Rs.58.41 lakhs amounting to 90% of the total project cost. NPC has not deposited any Earnest Money/Bank Guarantee/s to the client. NPC Kolkata Regional Office submitted Draft report of the project on 6.9.2021. NPC is yet to receive comments/observations even after telephonic follow ups and emails. The bill for balance 10% will be raised after receiving the comments on the Draft Report and submission of the Final report to SECL.

CAG para 1.3 : . National Productivity Council, regional office at Bangalore entered into an agreement in June 2021 with M/s Bosch Limited, Bengaluru for consultancy project on Study on Job Analysis and Stratification' at Bosch Limited, Bangalore Plant.

The Bosch Group is a leading global supplier of technology and services and employs over 31,500 associates in India. The Terms of Reference includes (i) to review the current Job Value Matrix (JVM), (ii) to analyse the activities which should be part of the job grades as Defined in the JVM & (ii) propose a JVM for Bosch Ltd. Applicable to all categories of work me under direct and indirect production areas

The Time and Cost Implication for field study was about 8 week at a revised offer of Rs.15.20 lakh (excluding tax), The Billing schedule was First Installment of 50 % + GST of the total amount to be paid before the start of the study, the second Installment of 40% + GST to be paid on Completion of field study and the Third Installment of 10% + GST to be paid on submission of the report which was later revised, two Installment t of 50% each in June, 2021.

The first Tax Invoice for Consulting Engineer Services on Study on Job Analysis and Stratification at Bosch Limited at Bangalore Plant was sent on 6" July, 2021 for Rs. 7.60 lakh taxes. NPC raised second Tax Invoice for balance 50% i.e. Rs. 7.60 lakh+taxes after



completion of the Study and Submission of the Report on 16th February, 2022, But as per the information furnished was seen that NPC has received only Rs. 7.60 lakh + taxes in respect of 1st Installment of 50%. Thus, even after completion of the consultancy project 50% of balance amount i.e. Rs. 7.60 lakh + taxes remain blocked with M/s Bosch Limited, Bangalore.

Thus, the fact is even after execution of work, balance amount i.e. Rs. 7.60 lakh + taxes remains outstanding resulting in loss of revenue to NPC and which could also result in bad debt. The progress made in the project may be intimated to Audit.

NPC Reply for para 1.3 : There is no loss of revenue. The project has been completed and the total project cost of Rs.15.20 lakhs plus GST has been realised on 22nd June 2022.

Para – 2:

Loss of revenue of 80.27 lacs due to delay/abandonment of project in midway

CAG para 2.1 : National Productivity Council, regional office at Gandhinagar, Gujarat was engaged with Gujarat State Fertilizer & Chemicals, Limited (GSFC), Vadodara, Gujarat under project 'Manpower Optimization & Restructuring' study at GSFC Limited covering company's all the technical and non-technical functions, various units, marketing offices/depots, Subsidiary companies etc.

The proposal was accepted by both the parties in October, 2020 & the duration of the project was from October 2020 to June 2021. The sop Or Work includes (i) entire company. (ii) to scientifically review the manpower deployment based on Industrial Engineering and Time & Motion study, (iii) to optimize manpower requirement (including employees and contractual workers) as per industrial engineering studies for entire cycle of production and support functions, (iv) to compare wage structure, (v) to suggest improvement in department structure etc.

The total charges payable for the project was Rs. 1.11 Crore including 10% discount (GST extra) & the payment was to be made on the basis of milestones. The Payment Terms of the project was (1) 40 % after submission of project inception report by NPC, (ii) 20% after submission of Report for total 35% of total manpower covered under the scope, (iii) 20% after Submission of Report for total 70% of total manpower covered under the scope, (iv) 20% after submission of Report for total 100% of total man manpower covered under the scope.

Under the project i.e. 'Manpower Optimization and restructuring Study at GSFC' NPC has raised two bills 40% and 20% of amount during October, 2020 and December, 2021 respectively and received Rs. 78.58 lakh only. As on 31/3/2022 there is no change in the Status of the project which clearly indicates that NPC failed to deliver the findings/reports. The information/record related to final outcome of the project i.e. whether any extension was sought the scope for completion of the project, progress of work regarding percentage of manpower covered under the scope, whether the project was abandoned etc., was also not furnished to Audit.



NPC Reply for 2.1 :

There is no loss of revenue, and the project has not been abandoned in the mid-way.

Gujarat State Fertilizers and Chemicals Ltd (GSFC Ltd) Vadodara awarded study on "Manpower Optimization & Organization Restructuring" to NPC, Gandhinagar vide Work Order dated 6th October 2020 which was accepted by NPC on 7th October 2020 amounting to Rs. 1,11,00,000/- (Rs. One Crore Eleven Lakhs only) plus GST. As per terms, bill for advance amount of 40% [Rs. 52,39,200 /- including GST] was raised on 20th Oct 2020 against which Rs. 49,06,200 [after TDS deduction] was received on 12th Nov 2020.

- After receipt of advance amount, initiation of study was planned from 23rd Nov 2020 but the guest house at GSFC was not available till 27th Nov 2020 and therefore the initiation of study was rescheduled from 01st Dec 2020 in consultation with GSFC. Study team was drawn from various regional offices of NPC i.e., Patna, Hyderabad, Mumbai. The total team size was eight members and one team lead.
- After start of study, finding for First phase covering Production was delivered on 18th Feb 2021 and after deliberations, first phase draft report was submitted on 31st Mar 2021. The manpower strength of 1250 personnel was covered in this phase which was less than 35% of total manpower, therefore 2nd bill was not raised.
- Though the field study was going as per schedule till March 2021, second wave of Corona disrupted the whole study schedule. 2 members of the team contracted Corona and team members from outside the state had to go back to their home states. The study could be restarted only from 01st June 2021 with depleted team strength of four team members. GSFC was kept well-informed about this.
- From GSFC side, many people got infected; many lost their family members leading to lot of leaves of the personnel affecting the manpower study. This resulted in considerable data pendency which was being followed-up regularly through emails.
- As the data submission had slowed down considerably in GSFC it was decided to deploy same 4-member team to GNFC. It may be mentioned that both these Fertilizer state PSUs have common board members and decided to associate NPC for all its companies and subsidiaries as suggestions of NPC were proving beneficial.
- Second phase report covering maintenance departments were submitted on 03rd December 2021 covering another 1250 employees. A 15% optimization of manpower has been recommended which when implemented would result in saving of at least 20 crore per annum for the company. As first milestone of 35% coverage had been achieved, second bill for 20% of total project price Rs 26,19,600 including GST was raised on 03rd Dec 2021 and the amount of Rs. 23,97,600 after TDS was realized on 31st Jan 2022. From February 2022 onwards same team was deployed in GNFC study.



- GSFC has a second unit at Sikka for DAP production. Due to globally high prices of imported raw material the plant was not operational for a long time and therefore NPC study could not be initiated. It may be mentioned that production in Sikka is ship arrival dependent, Sikka unit manufacturing was stopped by company and employees were transferred to Vadodara, study had to wait technically. GSFC was well aware about this. The plant was brought in operation from February 2022 and remained in operation only till mid-march. During this period, same NPC team members were deployed in Sikka for the study. The team again started GNFC field study from April, 2022 onwards.
- Third phase report has been submitted in June 2022 covering manpower of 1700 employees and raised bill for 20% in the month of July 2022. Payment will be realized in the third quarter of the FY 2022-23.

CAG para 2.2: National Productivity Council, Regional office at Gandhinagar, Gujarat received a work order from Gujarat Narmada Valley Fertilizer Co. Ltd., (GNFC) for "Manpower Optimization and Restructuring Study at GNFC. The value of the contract was Rs. 61.00 lakh plus 18% GST i.e. Rs. 71.98 lakh only for the total assignment.

The scope of work includes (i) to optimize manpower requirement covering both staff and officers cadres, (ii) to review organization structure and give suggestion for improvement in department level structure, hierarchy etc. (iii) to analyse the productivity of manpower and suggest possibility of adapting modern technology eliminating duplication of work in all major activities at all levels to assess efficiency utilization of time and other resources presently deployed etc.

The time duration for the project was 24 to 29 weeks and NPC had to commence the exercise immediately after receipt of the work order. The Payment Terms of the project was ;(i) 40 % after submission of project inception report by NPC, (ii) 20% after submission of Report for total 35% of total manpower covered under the scope. (iii) 20% after submission of Report for total 70% of total manpower covered under the scope and (iv) 20% after submission of Report for total 100% of total manpower covered under the scope. All payments were to be made against the receipt of the bill.

Under the project i.e. 'Manpower Optimization and Restructuring Study at GNFC' against total amount of Rs. 71.98 lakh, NPC has raised bill for 40 % of amount for inception report for Rs. 28.79 lakh only on 13th August, 2021 & received the same. As on 31/3/2022 there is no change in the status of the project which indicates that NPC failed to deliver the findings.

The final outcome of the project i.e. any extension was sought for completion of the project. Progress of work regarding percentage of manpower covered under the scope, whether the project was abandoned etc., refund of Earnest Money/Bank Guaranty was not furnished to Audit.

NPC Reply for para 2.2: There is no loss of revenue, and the project has not been abandoned in the mid-way.



Gujarat Narmada Valley Fertilizers and Chemicals Ltd (GNFC Ltd) Bharuch awarded study on "Manpower Optimization & Organization Restructuring" to NPC, Gandhinagar vide work order no. 7770016823 dated 24th August 2021 amounting to Rs. 61,00,000/- (Rs. Sixty One Lakhs only) plus GST to study around 2500 personnel.

- Considering high value of deliverables under NPC project at GSFC, the same project was entrusted by GNFC which has common board members in both state PSUs. NPC informed that GSFC is a mega project, and due to COVID, guest houses/hotels cannot be booked. GNFC requested NPC to carry on both projects as per the availability of operations and no penalty clause would be applicable due to delays as NPC is catering to the same sector and state PSUs.
- As per terms, after submission of inception report bill for 40% of the project value amounting to Rs. 28,79,200/- including GST was raised on 13th August 2021 against which Rs. 26,35,200 [after deducting TDS] was received on 17th September 2021.
- NPC team was already carrying out study at GSFC. The same team had to be deployed at GNFC as well. Based on involvement at GSFC, team members were re-deployed in GNFC on requests from client (s).
- Field study was initially started with 2 consultants and remaining 2 consultants were deployed from February 2022. Again, due to starting of Sikka unit study [because production in Sikka is ship arrival dependent], Sikka unit manufacturing was stopped and employees were transferred to Vadodara, study had to wait technically in March 2022. The study resumed in May 2022.
- Four study team members are presently undertaking field study and drafts reports have been submitted.
- By 31st March 2022, field study has been carried out for about 90% of manpower and draft report has been submitted for 55% of manpower. After Phase III report submission in June 2022 for about 90% of manpower. The same team is also catering to GNFC study in parallel to this study as per the request from client.
- No penalty is applicable as per terms of project as client has considered COVID, out of state team members in project, state government restrictions on hotels, guest houses during project.
- NPC has not submitted any EMD/Bank Guarantee against these two projects.
- During project almost majority of team members were infected with COVID and hospitalization also took place, still the study for 90% of manpower is completed and both GNFC and GSFC field work has been completed. Both the projects are expected to be completed by October 2022.



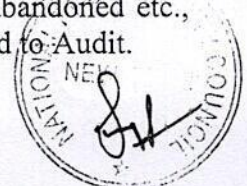
- All remaining bills would be realized by NPC in current FY with full realization of revenue.
- Client is also willing to entrust work on continuous basis as new enquiries have been given by GNFC for its information technology division.

CAG para 2.3:

National Productivity Council, regional office at Gandhinagar, Gujarat was engaged with the Gem& Jewellery Export Promotion Council (GJEPC), Mumbai for conducting Feasibility Study and prepares the Detailed Project Report for the Mega Common Facility Centers (CFC's) in Mumbai and Surat. The total Cost of the project exclusive of taxes was Rs. 20lakh only. The duration of the project was from July 2020 to March 2021. The Payment Terms was given below;

Stage: I- Feasibility Study	Condition Payment
Advance along with release of work order	50%
Within 15 days from the date of submission of draft report by NPC	40%
After submission of Final Report	10%
Stage: II -Detailed Project Report	
Advance upon confirmation to prepare the DPR	50%
Within 15 days from the date of submission of draft report by NPC	40%
After submission of Final Report	10%

Under the project Report for the Mega Common Facility Centers (CFC's) in Mumbai and Surat' NPC has raised total four bills for from July, 2020 to December, 2020 respectively and received Rs. 15.34 lakh only. As on 31/3/2022 there is no change in the status of the project which clearly indicates that NPC failed to deliver the findings/reports even after lapse of more than a year. The information/record related to final outcome of the project i.e. whether any extension was sought for completion of the project, progress of work regarding percentage of manpower covered under the scope, whether the project was abandoned etc., refund of Earnest Money/Bank Guarantee/s (if deposited) etc. was not furnished to Audit.



NPC Reply for para 2.3:

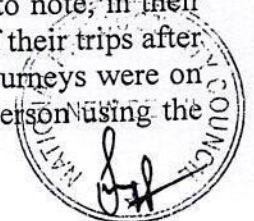
There is no loss of revenue, and the project has not been abandoned in the mid-way.

In response to the CAG Audit Para, following details are submitted:

- Out of total project cost of Rs 20 lakhs (excluding GST), tax invoices have been raised for 90% of the project cost totaling Rs. 18.644 lakhs and have been realized.
- The draft report was submitted as per schedule by 15th April 2022. Even though COVID 19 Second wave was raging during March-April 2021 and this project was undertaken in Mumbai and Surat. NPC team members performed their duty and submitted draft report as per schedule.
- This project is for preparing detailed project report for a mega facility to be established for benefit of SMEs of Gem and Jewellery sector in Mumbai and Surat which is hub for the sector.
- Report contains detailed plan to constitute facilities like machineries, skill development centre, R & D centre, etc., and this centre is proposed to be operated by private sector (industry association).
- After submission of draft report, GJEPC informed NPC that the draft report would be finalized with stakeholders comprising private sector (MSMEs, Industry Associations), and other government agencies, and Draft 1 and Draft 2 of Reports would be released as per terms of project.
- During project period mainly March 2021 to September 2021, in Mumbai, industry was badly hit by COVID 19 pandemic; hence the finalization of draft report got delayed at the client end. NPC completed the task in time and constantly following up with the client for getting final comments.
- After submission of the draft report, Hon'ble CIM conducted a meeting on this Mega CFC on 15th April 2022. Considering the changed situation after pandemic, further facilities are required to be created in mega CFC which NPC immediately considered for the benefit of sector and submitted another report by 26th April 2022.
- All industries appreciated the work done by NPC. Now GJEPC has informed NPC that final bills would be cleared soon.

Para.3 : Irregularities in Log Books

"As per rule 33 of the Staff Car Rules Officers using staff cars are required to note, in their own hand writing in the log book, the mileage at start and at the completion of their trips after Verifying the mile meter and give sufficient particulars to indicate that the journeys were on official business. It was noticed that in the column purpose of journey the person using the



NPC Reply for para 2.3:

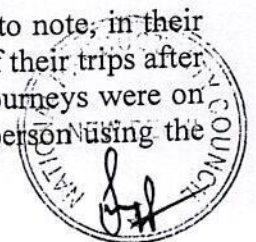
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115733 to 115753	Office to Udyog Bhawan to Office	20	8	12
115934 to 116002	Office to Hauz Khas to Krishi Bhawan to Udyog Bhawan to Bara Khamba Road to Office	68	25	43
117789 to 117810	Office to Nirman Bhawan to office	21	8	13
Total		494	226.6	267.4

3. As per log book in Col. 7 the name and designation of the officer using the staff car should be recorded. From Km 116308 to Km 116779 (total 471 Km) the vehicle has been shown to visit Rishikesh and return to Office. However, name and designation of officer using the staff car for outstation visit has also not been given in the log book. The purpose of journey and signature of officer using staff car is also not mentioned.
4. Thus it is evident from above that log book of staff car is not being maintained properly & irregularities could not be ruled out. The above mentioned facts and figures may be verified and reply, if any, may be furnished to audit.

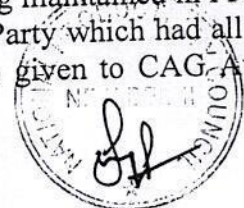
NPC Reply for para 3:

1. Google map is not a reference for calculating mileage. The ministries are located in secured areas for which the drivers have to take frequent detours due to VVIP movements, foreign visitors and movement restrictions due to covid, security reasons etc. NPC provides technical and professional services to various ministries; hence, it has to work in close coordination with ministries which forces drivers to take multiple trips on a particular day, these trips are not recorded separately in Logbook leading to mismatch in the number of kilometres. Drivers have been instructed to record all the trips separately in the logbook from now onwards.
2. As per the advice of CAG Audit team, name, designation and signature on Logbook has been recorded in the logbook. The car was used for field survey of the Environment and Climate Action Group. Hence it is submitted that there is no irregularity in the usage of the staff car.

Para 4 : Non maintenance of Grants-in-Aid Register

NPC Reply for para 4:

- We do maintain Grant-in Aid register, but because of digital initiative of Government of India, NPC has been receiving grant in aid through PFMS (Government Online portal) and the complete details regarding grant received and expenditures incurred are available in PFMS portal. Since all the transactions are being maintained in PFMS portal, the print outs from PFMS were submitted to the Audit Party which had all the details. In addition to that, access to PFMS account was also given to CAG Audit



party for verification. Also, hard copy files containing sanction letters, Utilization Certificates submitted to DPIIT, other supporting documents for the FY 2019-20, FY 2020-21 and FY 2021-22 were submitted to the Audit Party.

- Balance sheets for the FY 2019-20 and 2020-21 submitted to CAG Audit party. Since the balance sheet for the FY 2021-22 is under preparation, hence could not be submitted.

Para 5 : Non Conduction of Physical Verification of Stores

NPC Reply for para 5:

Physical verification of stores in NPC was last conducted for FY 2018-19. Due to COVID-19 pandemic, physical verification of stores could not be conducted for FY 2019-20 and FY 2020-21.

The physical verification with the base year 2018-19 is under progress for FY 2021-22. The report will be ready for submission by the end of October 2022. It is assured that now onwards physical verification of stores will be completed on time.

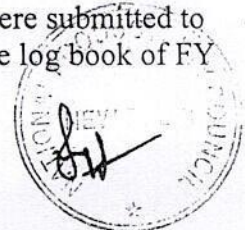
Para 6 : Non Production of record

The following information/records/documents was not provided to Audit despite requisitions and reminders

1. Copy of last physical verification of stocks and stores conducted (Physical verification was not done due to COVID pandemic)
2. Log books of the vehicles for the year 2021-22
3. Division wise/section wise outstanding balances due and to be recovered from different clients against their projects executed.
4. Project files for the regional directorates
5. a. Hyderabad
b. Guwahati
6. Record related to internal audit.

NPC Reply for para 6:

1. Physical verification of stocks and stores was last conducted for FY 2018-19. Due to COVID-19 pandemic, physical verification of stocks and stores could not be conducted for FY 2019-20 and FY 2020-21. The physical verification with the base year 2018-19 is under progress for FY 2021-22. The report will be ready for submission by the end of October 2022.
2. Log books of the vehicles for FY 2019-20, FY 2020-21 and FY 2021-2 were submitted to the Audit Party. The observation given in para 3 has been derived from the log book of FY 2021-22.



3. NPC has submitted the reply vide file no. 51104/Audit dated 7.7.2022 and it was duly received by CAG auditors on 8.7.2022. (**Annexure A**).
4. NPC has submitted the project files vide file no. 51104/Audit dated 7.7.2022 and it was duly acknowledged by CAG auditors on 8.7.2022 (**Annexure A**).
5. NPC has submitted the project files of RD Hyderabad and RD Guwahati vide file no. 51104/Audit dated 7.7.2022 and it was duly acknowledged by CAG auditors on 8.7.2022 (**Annexure A**).
6. NPC has submitted the Internal Audit report conducted by Shri S K Hand & Associates vide file no. 51104/Audit dated 7.7.2022 and it was duly acknowledged by CAG auditors on 12.7.2022 (**Annexure A**).

NPC assures its full cooperation to CAG Audit party for any additional information or documents required for verification.

Yours faithfully,

(Dr.K.P.Sunny)

Director & Group Head (F)
National Productivity Council



डा. के. पी. सन्नी/Dr. K. P. Sunny
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