

Government Departments & Agencies

Government departments and agencies are the primary implementers of public policies, programmes, and regulatory frameworks. Through its audits, the CAG identifies operational inefficiencies, control weaknesses, compliance gaps, and implementation challenges that can affect service delivery and governance outcomes. The cases presented in this section demonstrate how audit recommendations enabled government entities to strengthen internal controls, improve administrative processes, enhance financial management, digitise systems, recover public funds, and improve programme implementation. These outcomes highlight the role of audit in supporting departments and agencies to build more efficient, transparent, accountable, and citizen-centric institutions while improving the effectiveness of public service delivery.

Strengthening structural quality norms in Water Resources Department, Chhattisgarh

The office of the Accountant General (Audit) Chhattisgarh, Raipur, during the audit, observed that the Schedule of Rates (SoR), 2010 of the Water Resources Department prescribed concrete grades lower than those mandated under IS 456:2000, resulting in use of substandard concrete in 8.51 lakh cubic metre of Plain Cement Concrete (PCC) and 1.49 lakh cubic metre of Reinforced Cement Concrete (RCC) works, along with failure of 93 per cent of test samples.

Audit recommended periodic revision of SoR to align with IS Code 456 and strict adherence to prescribed specifications. Based on audit recommendations, the Department introduced a revised SoR effective May 2025 mandating compliance with IS Code 456. This resulted in strengthening of quality assurance mechanisms, improved structural integrity, and improved durability of major water-resource projects.

SDGs



Standardisation of provisional attachment notification framework under Income Tax Act

Provisional Attachment orders issued under Section 281B of the Income Tax Act, 1961 are communicated to registering authorities and Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) to safeguard government revenue by preventing the disposal of attached property and confirming that the property title is held in the assessee's name. The office of the Principal Director of Audit (Central), Bengaluru, during the audit, observed that provisional attachment notifications issued

under Section 281B lacked uniformity and did not provide clear instructions to authorities in 56 per cent of cases, affecting enforcement effectiveness.

Audit recommended a formal mechanism for notifying provisional attachment orders to the concerned authorities, on the lines of Rule 159 (Form GST DRC-22) under Section 83 of CGST Act, 2017. Recommendation was accepted and implemented through Central Board of Direct Taxes (CBDT) Instruction of June 2024. The SOP standardised the notification process across formations, ensuring that Provisional Attachment orders are communicated with clear structure, adequate details and explicit directions.

SDGs



Revision of entitlement rules for casualty pensionary awards, Ministry of Defence

The office of the Director General of Audit (Defence Services), New Delhi, during the audit, observed inconsistencies in grant of disability pension, with disproportionately higher cases among certain categories and lack of reliable data for meaningful analysis. The percentage of Medical Officers granted disability pension was significantly higher as compared to other officers of the Indian Army. Further, 22 per cent and 13 per cent of the disability pension cases granted to the officers and personnel below officer ranks (PBORs) respectively were exclusively on the ground of lifestyle diseases.

Based on audit findings, the Ministry revised entitlement rules for casualty pensionary award for the armed forces personnel and updated the Guide to Medical Officers in September 2023. This resulted in improved standardisation of pension eligibility criteria, better data capture, and strengthened governance of defence pension systems.

SDGs



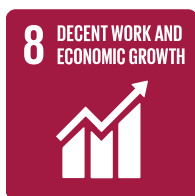
Digitisation of customs bonded warehouse procedures, Central Board of Indirect Taxes and Customs

The supervision and control of the warehouse have been shifted from physical control to record based control. Under Warehousing Regulations, 2016, audit observed, warehouses

were not maintaining records in prescribed electronic formats and monthly returns were not being filed digitally, limiting the Department's ability to verify duty payments, assess inventory levels, and monitor compliance.

Audit recommended implementation of a time-bound IT strategy for digitisation, integration of warehouse data with Indian Customs EDI System (ICES), and mandatory electronic submission and analysis of returns. Based on audit recommendations, CBIC issued a circular in September 2024 introducing digitised procedures, mandatory online applications, and integration through the ICEGATE module. This resulted in improved transparency, strengthened monitoring and compliance mechanisms, and reduced risks of misuse under the warehousing system.

SDGs

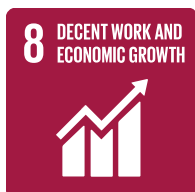


Write-off of unrealisable tax demands, Central Board of Direct Taxes

The office of the Director General of Audit (Central), Chennai, during the audit, observed absence of periodic review of small-value outstanding tax demands, with 8.43 lakh cases involving ₹267.84 crore remaining unresolved despite being eligible for write-off. Audit recommended institutionalising mechanisms for timely write-off of unrealisable demands.

Based on audit recommendations, the Union Budget 2024 announced withdrawal of historical demands up to specified thresholds, followed by issuance of CBDT instructions. This resulted in reduction of administrative burden, improved reliability of outstanding demand data, and minimisation of taxpayer grievances.

SDGs



Mitigating the gaps in operationalisation of Regional Connectivity Scheme (RCS) Ude Desh ka Aam Nagrik (UDAN)

Context: The Regional Connectivity Scheme (RCS-UDAN), launched in 2016 under the National Civil Aviation Policy, aims to enhance air connectivity to underserved and unserved regions. Audit revealed structural and operational weaknesses affecting route viability, financial discipline, and timely infrastructure development. Short-haul routes and heliport operations showed particularly poor performance due to planning gaps, weak eligibility frameworks and inadequate enforcement of financial safeguards. Audit had also noted that only 34 of 83 awarded heliport routes, i.e. 41 per cent, commenced operations, and that reliance on self-certified VGF claims had resulted in excess VGF disbursement of ₹1.70 crore. Deficiencies in Viability Gap Funding (VGF) oversight, including weak passenger-data validation, further undermined scheme effectiveness.

Recommendations: Audit recommended a multipronged action plan covering:

- Achieving the sustainability of operations in the long run and for identification of unserved/underserved airports
- Identification of heliports under RCS based on feasibility of the operations and sustainability of the same in the long run
- Reconciliation of the VGF claims lodged by the airlines from the flight data available with Airport operators instead of disbursing the VGF on self-certification basis
- Revamping the system of booking of seats on RCS routes to ensure that airline operators do not charge air fare more than the air fare cap as stipulated in the Scheme
- Developing a robust and transparent system of booking seats on RCS flights by airline operators monitoring of the same by Ministry of Civil Aviation (MoCA) /Airports Authority of India (AAI) to ensure selling of RCS seats prior to selling non-RCS seats
- Devising a mechanism for identification of airports for revival/development for sustained operations based on feasibility study. Budget estimates for RCS airports should be reviewed considering the ground realities and workable timelines

Outcome: Corrective actions were introduced under UDAN 5.0 and subsequent rounds. The 500 km stage-length ceiling was removed and airports likely to be operational within six-months were explicitly listed before bidding.

Route operationalisation plans were made mandatory and airline operators were allowed limited transfer of route rights post-agreement execution. For heliports, an indicative eligibility list was introduced for the first time, along with mandatory operationalisation plans were introduced. Financial oversight was strengthened by requiring reconciliation of VGF claims using actual RCS flight data and submission of detailed passenger-level information.

Compliance enforcement was strengthened through penalties of ₹25,000 per seat for violations of fare caps, seat prioritisation and reoffering rules. Airlines are now required to capture granular flight-level data, including ticket issuance time, fares, cancellations, and RCS/non-RCS seat classification. Independent auditors have been appointed to verify

compliance. Although the Additional Performance Guarantee was discontinued, a deterrent mechanism now mandates forfeiture of 25 per cent of the Performance Guarantee per month of delay in the commencement/operationalisation of awarded RCS routes within stipulated deadlines, thereby strengthening accountability and reducing operational and fiscal risk.

SDGs



Recovery of excess payments in Kaleshwaram Project following audit intervention

The office of the Principal Accountant General (Audit), Telangana, Hyderabad, during the audit, examined the accuracy of cost estimates, price-adjustment calculations and payment mechanisms adopted by the Irrigation and Command Area Development Department in three packages of the Kaleshwaram Lift Irrigation Project in Telangana. It noticed incorrect preparation of estimates, inappropriate application of price-adjustment formulae and other procedural deviations, resulting in excess payments to contractors and indicating weaknesses in technical scrutiny, internal controls and contract management.

Audit recommended reassessment and recomputation of payment calculations, particularly price-adjustment components, to identify and recover excess amounts paid. The Government accepted the audit observations and recovered the entire excess amount of ₹65.45 crore from the concerned contractors.

SDGs



Recovery of differential stamp duty and registration fees from mining lessees, Odisha

Enhancement of mining production capacities attracts additional stamp duty and registration fee. For seven mining lessees where production capacity was enhanced during 2019-23, dues of ₹179.63 crore went unrealised owing to inadequate coordination between mining and registration offices. After the audit, ₹106.51 crore was recovered between September 2023 and June 2024, with follow-up being carried out for recovering the balance.

SDGs



Recovery proceedings and administrative actions initiated for sanctioning of beneficiary verification, PMAY-G Scheme, Government of Uttar Pradesh

Office of the Principal Accountant General (Audit-I), U.P. Prayagraj, during the audit, observed that 1,838 ineligible persons were included in the Permanent Waiting List (PWL) and sanctioned houses under the Pradhan Mantri Awaas Yojana – Gramin (PMAY-G) during 2017–23. Audit observed benefits amounting to ₹9.52 crore to ineligible beneficiaries under the verification scheme. Audit recommended strengthening the and approval process for inclusion in the PMAY-G permanent waiting list.

Based on audit recommendations, verification exercises were undertaken, and ₹6.90 crore had been recovered, resulting in strengthened eligibility controls and improved targeting of scheme benefits.

SDGs



Revision of Schedule of Rates for roads and procurement of bitumen – Public Works Department, Madhya Pradesh

The office of Principal Accountant General (Audit II), Madhya Pradesh, during the performance audit of road works in Madhya Pradesh highlighted significant procurement and contract management issues arising from deficiencies in the Schedule of Rates (SoR), including acceptance of substandard materials, incorrect bid evaluations in externally funded projects, procurement of bitumen from private vendors, and lack of provisions for sustaining plantation works.

In response to audit recommendations, the Public Works Department undertook comprehensive reforms through SoR 2025. These included mandating procurement of bitumen from government refineries, introducing provisions for plantation with multi-year maintenance and tree shifting, revising penalty rates for non-compliance with machinery norms, reinstating eco-friendly materials such as fly ash-based concrete, and lowering pre-qualification thresholds to enhance competition. Additionally, stricter controls such

as mandatory field laboratory verification before commencement of works were introduced, strengthening quality assurance, environmental sustainability, and transparency in road construction.

SDGs



Strengthening document verification and service integrity in Railway recruitment

22 Group 'D' employees were appointed in the Metropolitan Transport Project/Railway (MTP/R) between 1989 and 1992 on the basis of non genuine transfer documents and continued in service for over three decades due to delayed verification and non-adherence to prescribed procedures. They received pay and allowances of about ₹10.37 crore, while disciplinary proceedings initiated during 2001–2004 remained pending for decades and were acted upon only after 2018 by the Railway. Audit by the office of the Principal Director of Audit (Railway), Mumbai, highlighted these irregularities in 2020–21 and pointed out delays in disciplinary action, deficiencies in document verification and internal controls, and recommended action against the responsible officials.

In response, the Railway Board issued revised instructions in December 2024 prescribing HRMS-based validation of transfer requests, strengthened verification of documents, and mandatory self-declarations to safeguard the integrity and transparency of the recruitment process. The Ministry of Railways communicated the impact of audit in January 2025.

SDGs



Solid Waste Management, Government of Meghalaya

Office of the Principal Accountant General (Audit), Meghalaya, during the audit of Solid Waste Management in Urban Areas in Meghalaya highlighted inadequate land availability and weak planning for scientific waste management, resulting in non-compliance with prescribed waste management norms.

Based on the audit findings and recommendations presented to the Meghalaya Legislative Assembly, the Department initiated measures to address long-pending issues related to waste processing and disposal. Following the laying of the Audit Report in August 2024, processing and recycling of legacy waste commenced at the existing Marten landfill site in Shillong. Approximately two lakh tonnes of waste had been processed and recycled. The Department also revived the process of acquiring land for establishing modern Solid Waste Management facilities and sanitary landfills, which had remained pending since 2011. The audit contributed to renewed action on scientific waste management, large-scale processing of legacy waste, and steps towards strengthening long-term waste management infrastructure in the State.

SDGs



Strengthening governance mechanisms for welfare of construction workers, Government of Uttarakhand

Audit of implementation of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and BOCW Welfare Cess Act, 1996 in Uttarakhand identified gaps in worker registration, cess collection, welfare delivery, and financial management by the Uttarakhand BOCW Board, including duplication and weak linkage with building approvals.

The office of Principal Accountant General (Audit), Uttarakhand, during the audit, recommended strengthening institutional mechanisms, digitisation, system integration, and enforcement. In response, an online cess collection portal with payment gateway was introduced, along with a one-mobile-number-one-account/registration system and integration with Mussoorie Dehradun Development Authority (MDDA), District Development Authority (DDA) and SIDA for ensured real-time receipt of building files and confirmation of cess compliance before map approval. Welfare payments were shifted to DBT with reconciliation controls, and 69 enforcement cases were finalised with penalties of ₹58.48 lakh (2020-23). These measures improved access to welfare schemes, reduced duplication, enhanced transparency, and strengthened financial discipline.

SDGs



Improving welfare delivery under the Punjab Building and Construction Workers (BOCW) Act

Audit of implementation of the BOCW Act in Punjab (2019-22), by the office of the Principal Accountant General (Audit), Punjab, Chandigarh revealed gaps in registration, low utilisation of cess funds (10.58–17.12 per cent), pendency of 62,948 applications beyond six months, and non-transfer of cess by Local Bodies.

Audit, recommended expanding registration, clearing backlogs within defined timelines, strengthening monitoring, improving inter-departmental coordination, and enhancing data integration. In response, the Welfare Board undertook large scale enrolment drives, integrated databases with the e-Shram portal to reduce duplication and improve beneficiary identification, and conducted awareness campaigns for migrant and informal workers. Directions were issued to ensure maintenance of employment records and timely cess transfer, along with strengthened monitoring of collection and utilisation. These measures improved coverage of beneficiaries and reduced exclusion errors.

SDGs

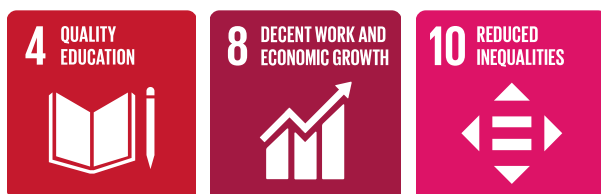


Extension of housing and education benefits for tea tribes, Government of Assam

Audit of welfare schemes for tea tribes in Assam revealed lack of land ownership among 87 per cent of workers, and deficiencies in school access contrary to the Right to Education Act, 2009. The office of the Accountant General (Audit), Assam, during the audit, recommended improving housing access, and ensuring adequate school infrastructure.

In response, the Assam Fixation of Ceiling on Land Holdings (Amendment) Act, 2025 was enacted, and land deeds were distributed to 28,000 workers (March 2026), supported by an online portal for land applications. Additionally, 118 tea garden model schools were completed and 100 more were under construction. These measures enhanced livelihood opportunities, improved housing security, and strengthened access to education.

SDGs



Stakeholder engagement in the audit of Ex-Servicemen Contributory Health Scheme (ECHS)

The office of the Director General of Audit (Defence services), New Delhi during the audit of the ECHS adopted a consultative approach through beneficiary questionnaires, meetings with regional-level associations of ex-servicemen, and participation in Consultative Committee meetings to identify implementation gaps. Stakeholder feedback highlighted inadequate empanelment of Healthcare Organisations (HCOs), their skewed geographical distribution, and manpower shortages. For instance, under Regional Centre Patna, 20 of 28 empanelled HCOs were concentrated in Patna alone, leaving most of the 31 districts under its jurisdiction, covering 2,78,322 beneficiaries, without any empanelled HCO.

As the audit findings and recommendations were aligned with beneficiary concerns, the consultative engagement led to early acceptance of audit recommendations and the Ministry initiated corrective action even before the Exit Conference. Empanelment norms for hospitals in tier-II and tier-III cities were relaxed, and empanelment was actively pursued through Regional Centres and Station Commanders. Within months of communication of the draft audit report, 67 new HCOs were empanelled under the six test-checked Regional Centres, including five new HCOs in Bihar. This improved the geographic dispersion of HCOs, provided relief to beneficiaries in surrounding areas, directly addressed difficulties in accessing healthcare services, enabled policy-level changes, and demonstrated the relevance of audit in responding to citizen concerns and supporting beneficial change.

SDGs



Management of end-of-life vehicles in public spaces, Government of NCT of Delhi

Under the framework applicable in Delhi, diesel vehicles more than 10 years old and petrol vehicles more than 15 years old are treated as end-of-life vehicles and are not permitted to ply. Against more than 41 lakh end-of-life vehicles requiring impounding and scrapping, only 347 had been impounded up to September 2020. Of these, only five had been handed over to scrappers, and the Department informed Audit that no vehicle had been scrapped till March 2021.

The office of the Principal Accountant General (Audit), Delhi, during the audit, observed the absence of a structured coordination mechanism among multiple agencies responsible for impounding end-of-life vehicles found operating, parked in public places or discarded as junk. The need for a consolidated approach and streamlined processes to

ensure impounding and routing end-of-life vehicles to MoRTH registered Vehicle Scrapping Facilities was highlighted in the findings.

The Transport Department issued the Guidelines for Handling End of Life Vehicles in Public Places of Delhi, 2024. The guidelines identify the enforcement agencies and prescribe procedures for enforcement drives, reporting, seizure, release and transfer of eligible impounded vehicles to Registered Vehicle Scrapping Facilities, thereby providing a common procedural framework for addressing the coordination gap identified by audit.

SDGs

