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## NON-COMPLIANCE BY THE MINISTRIES/ DEPARTMENTS IN TIMELY SUBMISSION OF ACTION TAKEN NOTES ON NON-SELECTED AUDIT PARAGRAPHS

MINISTRY OF FINANCE  
(DEPARTMENT OF EXPENDITURE)

PUBLIC ACCOUNTS COMMITTEE  
2009-10

### ELEVENTH REPORT

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FIFTEENTH LOK SABHA



LOK SABHA SECRETARIAT  
NEW DELHI

**PAC No. 1906**

*Price: Rs. 37/-*

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Thirteenth Edition) and Printed by the General Manager, Government of India Press, Minto Road, New Delhi-110 002

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DEPARTMENTS IN TIMELY SUBMISSION OF ACTION  
TAKEN NOTES ON NON-SELECTED AUDIT  
PARAGRAPHS

MINISTRY OF FINANCE  
(DEPARTMENT OF EXPENDITURE)



*Presented to Lok Sabha on 29.04.2010*  
*Laid in Rajya Sabha on 29.04.2010*

LOK SABHA SECRETARIAT  
NEW DELHI

*April, 2010/Vaisakha, 1932 (Saka)*

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2009-2010)

\*Shri Gopinath Munde — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Anandrao Vithoba Adsul
3. Dr. Baliram
4. Shri Khagen Das
5. Shri Naveen Jindal
6. Shri Satpal Maharaj
7. Shri Bhartruhari Mahtab
8. Dr. K. Sambasiva Rao
9. Shri Jaswant Singh
10. Shri Jitendra Singh (Alwar)
11. Kunwar Rewati Raman Singh
12. Shri Yashwant Sinha
13. Shri K. Sudhakaran
14. Dr. M. Thambidurai
15. Shri Aruna Kumar Vundavalli

*Rajya Sabha*

16. Shri Prasanta Chatterjee
17. Shri Sharad Anantrao Joshi
18. <sup>s</sup>Vacant
19. Shri Shanta Kumar
20. Dr. K. Malaisamy
21. Shri N.K. Singh
22. Prof. Saif-ud-Din Soz

SECRETARIAT

- |                            |   |                            |
|----------------------------|---|----------------------------|
| 1. Shri Ashok Sarin        | — | <i>Joint Secretary</i>     |
| 2. Shri Raj Shekhar Sharma | — | <i>Director</i>            |
| 3. Shri M.K. Madhusudhan   | — | <i>Additional Director</i> |

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\* Appointed as the Chairman of the Committee *w.e.f.* 6th January, 2010 *vice* Shri Jaswant Singh resigned from the Chairmanship of the Committee.

<sup>s</sup> *Vice* Shri Ashwani Kumar retired from Rajya Sabha *w.e.f.* 9th April, 2010.

COMPOSITION OF SUB-COMMITTEE -V OF THE PUBLIC ACCOUNTS  
COMMITTEE (2009-2010)

\*Shri Ashwani Kumar — *Convener*

MEMBERS

*Lok Sabha*

2. Shri Bhartruhari Mahtab
3. Shri Naveen Jindal

*Rajya Sabha*

4. Shri Prasanta Chatterjee

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\* Ceased to be a Member of the Committee/Sub-Committee on expiry of his term in Rajya Sabha  
w.e.f. 9th April, 2010.

## INTRODUCTION

I, the Chairman, Public Accounts Committee as authorised by the Committee, do present this Eleventh Report (15th Lok Sabha) on 'Non-compliance by Ministries/ Department timely submission of Action Taken Notes on Non-selected Audit Paragraphs' relating to the Ministry of Finance (Department of Expenditure).

2. Taking cognizance of the inordinate delay on the part of various Ministries/ Departments in furnishing the Action Taken Notes on the Non-selected Audit Paragraphs/Chapters/Reports within the stipulated time frame, the Public Accounts Committee (2009-10) took up the subject for detailed examination and report. A sub-Committee was specially constituted for the purpose. In due consultation with the Audit, it was decided to examine the position in respect of eight Ministries/Departments viz. Ministry of Finance (Department of Expenditure) and (Department of Revenue Ministry of Railways, Ministry of Communications and Information Technology (Department of Telecommunications), Department of Space, Ministry of Defence, Ministry of Road Transport and Highways and Ministry of Environment and Forests. In the process, the Sub-Committee called for Background Notes/Written replies and took separate evidence of the representatives of the Ministries/Departments concerned.

3. The Sub-Committee took evidence of the representatives of the Ministry of Finance (Department of Expenditure) on 5th March, 2010. The Committee considered and adopted this Report at their sitting held on 26th April, 2010. Minutes of the sittings form Appendices to the Report.

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

5. The Committee thank the Sub-Committee for their efforts in examining the subject in detail and finalizing and placing the Report before the main Committee.

6. The Committee would also like to express their thanks to the officers of the Ministry of Finance (Department of Expenditure) for tendering evidence before the Sub-Committee and furnishing information that the Sub-Committee/Committee desired in connection with the examination of the subject.

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

NEW DELHI;  
26 April, 2010  
6 Vaisakha, 1932 (Saka)

GOPINATH MUNDE,  
Chairman,  
Public Accounts Committee.

## **REPORT**

### **I. Introductory**

Under the Constitution of India, it is the duty of the Comptroller and Auditor General to audit and report on the Accounts of the Union Government. CAG's Audit Report is an important instrument through which Parliament exercises its oversight on the Public exchequer. It is obligatory on the part of the officers spending public money to take immediate action to remedy the deficiencies/irregularities pointed out in the Audit Report. The Report of the Comptroller and Auditor General of India after being laid in the Parliament in terms of Article 151 of Constitution of India, stand referred to the Public Accounts Committee for their scrutiny. These Audit Reports contain several paragraphs. Since it is not possible for the Public Accounts Committee to go through every issue dealt with in the various Audit Reports, it becomes incumbent upon the Committee to be selective in approach. Accordingly, at the beginning of the term every year, the Public Accounts Committee generally select for in-depth examination only a few relatively more important paragraphs from the various Reports of Comptroller and Auditor General of India.

2. As regards Audit Paragraphs that were not selected by the Committee for detailed examination, till 1981, there was no practice of ascertaining the action taken by the Ministries/Departments thereon. However, at the sitting of 30 June, 1981, the Committee (1981-82) decided that the Ministries concerned be asked to furnish notes indicating the remedial/corrective action taken by them on the points raised by Audit in respect of all such paragraphs in the Reports of the C&AG for the year 1979-80 as had not been selected by the Committee for detailed examination. Subsequently, the Public Accounts Committee at their sitting held on 7 April, 1982 decided that the various Audit Reports for the year 1980-81 be referred to the Ministries concerned for furnishing notes duly vetted by Audit showing remedial/corrective action taken on all the paragraphs contained thereon. The Committee also decided on 16th April, 1982 that these instructions were to be treated as 'standing instructions' for future also. According, the Lok Sabha Secretariat informed the Ministry of Finance (Department of Expenditure) on 19th April, 1982 that the Ministries concerned be asked to furnish in future notes indicating the remedial/corrective action taken by them on the various audit paragraphs contained in Audit Reports for the year 1980-81 as soon as the same were laid on the Table of the House. It was also specified that the Ministry of Finance (Department of Expenditure) was to coordinate and collect the notes from the various Ministries and forward the same to the Lok Sabha Secretariat.

3. Taking Note of the inordinate delay and persisting failures on the part of a large number of Ministries in reporting to the Committees the corrective action taken on audit paragraphs, the Committee in their 105th Report (10th Lok Sabha—1995-96) observed that the results of audit of Government's financial transactions would largely

remain in vain, unless an adequate mechanism is devised to ensure timely submission of the Action Taken Notes. The Committee, therefore, recommended that the Action Taken Notes on all the paragraphs of the Reports of C&AG of India should be furnished to the Committee through the Ministry of Finance, Department of Expenditure (Monitoring Cell) within a period of 4 months from the date of laying of Audit Reports on the Table of the House (Starting from 31st March, 1996 onwards).

4. Since excessive and chronic delays were noticed in the receipt of Action taken Notes from the various Ministries/Departments, the PAC (2008-09) took cognizance of the matter and asked the Ministry of Finance (Department of Expenditure—Monitoring Cell), to look into the matter and expedite submission of the Action Taken Notes. As per the information furnished by the Monitoring Cell, Department of Expenditure, Remedial/Corrective Action Taken Notes in respect of about 2500 paras were pending with the various Ministries/Departments as on 1st September, 2008. The Public Accounts Committee (2008-09) took a serious view of the inordinate delay in submission of Remedial/Corrective Action Taken Notes by various Ministries/Departments and summoned the Secretary, Ministry of Finance (Department of Expenditure) on 15th September, 2008 for a briefing on the furnishing subject. The Secretary (Expenditure) was then directed to take necessary action for furnishing all the pending Remedial/Corrective Action Taken Notes to the Public Accounts Committee within a period of three months i.e. by 14th December, 2008. The Audit officials were also asked to furnish Ministry/Department-wise position of the paras on which Remedial/Corrective Action Taken Notes were awaited from the concerned Ministries/Departments.

5. Subsequently the then Chairman, PAC (2008-09) wrote a letter to the Hon'ble Prime Minister seeking his kind intervention in the matter so that the Remedial/Corrective Action Taken Notes were furnished expeditiously by all the Ministries/Departments concerned to the Public Accounts Committee, within the stipulated time period. Thereafter, the PAC (2008-09) at their sitting held on 19th January, 2009 took stock of the position with regard to submission of pending Action Taken Notes by various Ministries/Departments. The Committee's review of the position has revealed that post briefing, no perceptible improvement has taken place with regard to furnishing of Action Taken Notes by various Ministries/Departments.

6. During the first sitting of Public Accounts Committee (2009-10) held on 7th September, 2009 the Comptroller and Auditor General of India apprised the Committee of the pendency of large number of Action Taken Notes from various Ministries/Departments. Consequently, the Public Accounts Committee (2009-10) selected the subject "Non-Compliance by the Ministries/Departments in timely submission of replies to the Audit paragraphs of the C&AG" for detailed examination and a Sub-Committee of the PAC (2009-10) was constituted for examination of this subject.

## **II. Pendency Position of Remedial/Corrective Action Taken Notes**

7. At the instance of the Sub-Committee, the Ministries of Finance (Department of Expenditure — Monitoring Cell) furnished a consolidated statement showing the Ministry/Department - wise pendency of Action Taken Notes from the year 1996-97 to

2006-07. The same is reproduced in Annexure-I. As per this statement, as on 15.09.2009, Action Taken Notes in respect of 2827 Paras are pending with the various Ministries/Departments.

8. An analysis of this statement reveals that in respect of the Ministry of Finance (Department of Revenue) alone which comprises of revenue division viz. Central Board for Direct Taxes (CBDT), Central Board for Central Excise and Customs (CBEC), the pendency position of Action Taken Notes is 1811, thus constituting around 70 percent of the total pending paras of all the Ministries/Departments put together. The other Ministries/Departments where the pendency of Action Taken Notes is quite substantial are Ministry of Railways (362) and Ministry of Defence (171) followed by Ministry of Telecommunications (51) and Ministry of Health (50). The total number of outstanding Action Taken Notes that were pending with the various Ministries/Departments further increased with the addition of paras contained in the C&AG Reports for the year 2007-2008. As per the latest information furnished by the Ministry of Finance (Department of Expenditure—Monitoring Cell) as on 15th March, 2010, the total number of Audit para in respect of which Action Taken Notes are pending with various Ministries/Departments from the year 1997-98 to 2007-08 stood at 4934. Out of these 3646 paras relate to Department of Revenue (3172) pertains to CBDT, 462 relating to CBEC and 12 relating to Department of Revenue). This is followed by Ministries of Railways (553), Defence (202), Telecommunication (90) and Health (49).

However, as per the information furnished by the Office of C&AG, Audit wing-wise, as of February, 2010, a total of 3450 Action Taken Notes are pending from various Ministries/Departments out of these 2208 alone pertain to Revenue wing comprising CBDT, CBEC and Customs, followed by Railways wing (481), Defence wing (229), Autonomous Bodies wing (180), Scientific Departments wing (165) and Civil Ministry Wing (142). Further out of these 3450 pending paras, Action Taken Notes in respect of 1891 paras have not been received in the Audit even for the first time. Though Action Taken Notes in respect of 960 paras were received in Audit these were returned back by Audit to respective Ministries/Departments and these re-submission for further vetting is awaited. Action Taken Notes in respect of 402 paras are under vetting in Audit.

### **III. Heavy Pendency of Action Taken Notes in Respect of Paras Relating to Ministry of Finance (Department of Revenue)**

9. As stated above, as on 15.09.2009, the total number of Action taken Notes pending with the Ministry of Finance (Department of Revenue) from 1996-97 to 2006-07 stood at 1811. Out of these, 760 Paras pertain to the Customs division, 565 Paras to the Central Excise and 486 to the CBDT. As per the statement furnished by the Audit as on February, 2010, a total of 2208 Action Taken Notes are pending with the Department of Revenue, Ministry of Finance. Out of these 1476 Action Taken Notes were not received in the Audit Office even for the first time. While 461 Action Taken Notes were awaiting re-submission by the Department after their return by Audit, 271 Action Taken Notes are under vetting by the Audit.

10. Explaining the reasons for large scale pendency of Action Taken Notes in three revenue divisions *viz.* CBDT, Central Excise and Customs the Department of Revenue in a communication addressed to the Ministry of Finance (Department of Expenditure — Monitoring Cell) have stated as under.

".....Once a Draft Para is communicated to the Ministry, the factual report is called for from the concerned Commissioner .....Remedial action is invariably initiated in such cases to protect the interest of Revenue, as per instruction No. 9 of 2006, and intimated to the CAG along with the Ministry's reply whether the objection is accepted or not. The remedial action requires due process and procedure of law to be followed *viz.*,

- Deciding the appropriate remedial action i.e., a simply rectification or reassessment of revision u/s 263;
- Issuing notice to initiate proceedings; and
- Giving opportunity of being heard to the assessee before finalising the assessment.

Depending on the type of remedial action initiated the proceedings take anywhere between 6 months to about 4 years (from the date of initiation) for completion. These actions are also subject to judicial review before CIT(A), ITAT, High Courts or the Supreme Court as the case may be. Therefore, it is not possible to fix a time line for furnished Action Taken Notes as the remedial action and the time taken for finalizing the proceedings is case specific....."

11. The Ministry of Finance (Department of Expenditure—Monitoring Cell) in a separate communication forwarded to the PAC Secretariat, has sought the approval of the Public Accounts Committee for striking off 1092 cases of pending Action Taken Notes from the outstanding list of Action Taken Notes relating to Ministry of Finance (Department of Revenue — CBDT). These Action Taken Notes relate to 399 Paras contained in the C&AG' Report for the year 2007-08 and 693 Action Taken Notes relating to various Paras contained in the C & AG Reports of 1999-2000 to 2006-07. The Monitoring Cell has stated that CBDT and office of C&AG at the meetings held on 31.3.2009 and 07.09.2009 have mutually agreed not to further pursue Action Taken Notes in respect of these Paras in view of acceptance of the Audit observations by the Department and remedial action taken and money recovered, and remedial action taken/ initiated. The Sub-Committee-V at their sitting held on 22nd February, 2010 considered this matter and gave their consent/approval for striking of the aforesaid Paras.

#### **IV. Role of Monitoring Cell, Department of Expenditure in Collection and Monitoring of Remedial/Corrective Action Taken Notes**

12. As stated earlier in this Report, the Monitoring Cell under the Department of Expenditure, Ministry of Finance have been enjoined upon to coordinate and collect the remedial/corrective Action taken Notes on the various Audit Paragraphs contained in different Audit Reports from all the Ministries/Departments concerned duly vetted

by Audit and sent the same to the Public Accounts Committee within the stipulated period of 4 months from the date of presentation of Audit Reports to the Parliament.

13. When asked whether any mechanism has been devised or proposed to be devised by Department of Expenditure to ensure timely submission of Action Taken Notes within the stipulated time and also the constraints and difficulties encountered in this regard, the Ministry of Finance (Department of Expenditure) in a note stated as under:

"Department of Expenditure issues regular reminders at the level of Secretary (Expenditure) CGA to Ministries/Departments regarding submission of Action Taken notes on the CAG's Audit paras within 4 months of laying the Report in Parliament .....Department of Expenditure also organized meetings with officials of other Ministries/Departments in the past one and half years to expedite submission of pending Action Taken Notes. Further the following steps have been taken to expedite submission of pending Action Taken Notes, on CAG's Audit paras:

- Department of Expenditure has been following up with the Ministries/Departments by way of informing the Ministries/Departments about the number of paras shown against them in various reports of C&AG on which Action Taken Notes are due. Reminders are issued regularly from various levels viz. Secretary (Expenditure), CGA, Addl. CGA/Joint CGA and also through usual office memoranda and by telephonic reminders. Monitoring Cell has been created specifically for the purpose of monitoring furnishing of Action Taken Notes on CAG's paras by the Ministries/Departments;
- Further, after 15.09.2008 following steps were taken to expedite the submission of Action Taken Notes on CAG's audit paras:

D.O. reminders to the Ministries/Departments at the level of Secretary (Exp.)/CGA/Addl. CGA were issued as detailed below:—

Date	From	To
18.09.2008	Secretary (Exp.)	Concerned Secretaries/Chairmen (CBEC)/ CBBT/Railway Board and FAs
20.10.2008	CGA	Concerned Secretaries
01.12.2008	CGA	Concerned Secretaries
16.01.2009	Addl. CGA	FAs
13.07.2009	CGA	Secretaries
31.08.2009	Monitoring Cell	O.M. to all Ministries/Departments/All FAs
27.10.2009	CGA	Concerned Secretaries
03.11.2009	Secretary (Exp.)	Concerned Secretaries
10.02.2010	CGA	Concerned Secretaries

In addition to the above reminders,

- (i) Secretary (Exp.), in November 2008, met the Financial Advisors of major defaulting Ministries/Departments individually;
- (ii) On 14th November, 2008, CGA took a meeting of all CCA/CAs to impress upon them to expedite submission of Action Taken Notes;
- (iii) A one day workshop was held in Vigyan Bhawan on 27th November, 2008, to interact with the representatives of all Ministries/Departments/Audit to facilitate interaction and reduce the time in finalization of Action Taken Notes;
- (iv) A special drive was also carried out to expedite submission of Action Taken Notes;
- (v) PAC was also apprised of steps taken by Monitoring Cell to expedite submission of Action Taken Notes; and
- (vi) Hon'ble Finance Minister took a meeting on October 29, 2009, with FAs of various Ministries emphasizing expeditious submission of Action Taken Notes.

Office of Controller General of Accounts has developed a centralized computerized Monitoring System to monitor processing of Action Taken Notes on Audit paras. This system is being tested. A 5 day training programme has conducted by the office of CGA from 1st to 5th February, 2010 where representatives of all the Ministries/Departments/Audit were invited to familiarize them with the working of system. The system will be hosted on the web after getting security audit certificate from NIC. Once the system becomes operational, it will become easier for the Ministries/Departments to monitor pendency which will result in reduction of pendency. O/o CGA have also been advised to send quarterly reports to Ministry of Finance on pending Action Taken Notes and once the system is operational to place the Action taken Notes in the public domain. A copy of the quarterly report will also be sent to the PAC."

14. The Sub-Committee desired to know as to why so many paras are pending with the Ministries despite they being fully aware of the fact that Action Taken Notes are to be furnished within 4 months from the date of laying of Audit Reports on the Table of the House. In response, the Ministry of Finance (Department of Expenditure) in a note stated as under:—

"The responsibility to furnish the Action Taken Notes duly vetted by Audit within 4 months from the date of laying of Audit Reports on table of the House is primarily that of the respective Ministries/Departments. The reasons stated by Ministries/Departments during interaction with officials of Department of Expenditure can be summarized as below:

- (1) Submission of Action Taken Notes is delayed because of the excessive time taken in data collection from field offices;
- (2) As regards Audit paras of the Department of Revenue (CBDT, CBEC etc.) it has been stated by them that the subject of numerous Audit paras are

subjudice. Hence Action Taken Notes can be submitted only after the judicial process is complete; and

- (3) Submission of Action Taken Notes is also delayed as some draft Action Taken Notes taken longer time to be cleared by Audit."

15. The Sub-Committee enquired whether the Monitoring Cell continue to pursue the matter relating to pending Action Taken Notes with the Administrative Secretaries and if so, with what frequency and at what level and the response of the Administrative Secretaries to the pending paras in their respective Ministries/ Departments. In response, the Ministry of Finance (Department of Expenditure) in a note, stated as under:

"Monitoring Cell pursues with respective Ministries/ Departments for submission of Action Taken Notes on CAG's Audit paras at regular intervals. In the past 18 months, Monitoring Cell has sent reminders on 9 occasions to concerned Secretaries/FAs from Secretary (Exp./ CGA/Addl. CGA asking them to submit Action Taken Notes on outstanding CAG's Audit paras. Various Ministries/Departments in their letters written by Secretary/Addl. Secretary/ FA/JS have informed monitoring Cell that the matter regarding submission of Action taken Notes on CGA's Audit para is getting highest priority in their respective Ministries, and adequate attention is being paid by officers of high level on this important aspect of work."

16. To a specific query whether any responsibility has ever been fixed for not furnishing remedial Action Taken Notes on the pending audit paragraphs, the Department of Expenditure in a note stated that Secretaries of the respective Departments/Ministries are the administrative authorities for fixing responsibility.

17. On being asked whether non-furnishing of replies to a large number of Audit Paragraphs should be taken as non-fulfilment of responsibilities by the Chief Accounting Authority under Rule 64 of General Financial Rules and whether there is any system in the Department of Expenditure to obviate such a situation, the Ministry of Finance (Department of Expenditure) in a note stated that as Chief Accounting Authority, Secretaries are responsible for furnishing Action Taken Notes on audit paras on time. Instructions were issued to all Secretaries of Government of India on 3rd November, 2009 for urgent processing of pending Action Taken Notes. Letters have also been issued on 12th March, 2010 regarding timely submission of Action Taken Notes on Audit paras. Timely submission of Action Taken Notes is being included as one of the targets in the Results Framework Document (RFD) of each ministry as the direct responsibility of the Chief Accounting Authority. Letters have also been written to the Cabinet Secretary and Secretary (Performance Management) in regard to inclusion of this aspect in RFD.

18. When asked as to how the Monitoring Cell in the Department of Expenditure deal with the Chief Accounting Authority for their inordinate delays and persisting failures on the part of their Ministry/Department in furnishing Action Taken Notes on

C&AG's Report, the Ministry of Finance (Department of Expenditure) in a note stated as under:—

"Monitoring Cell through its higher officials sends reminders at regular interval to Secretary of the various Ministries/Departments of Government of India. Further Secretary (Performance Management) has been requested to include monitoring of the pending Action Taken Notes/ Action Taken Replies as a success indicator/target in the Results Framework Document (RFD) of each Ministry as the personal responsibility of the Secretary of the Department/ Ministry as the Chief Accounting Authority. Also, FAs have been advised to furnish, on a quarterly basis separate reports in respect of pending Action Taken Notes/Action Taken Replies on:—

- Audit Reports/Paras of the C&AG
- Audit paras selected by PAC
- PAC recommendations.

19. The Sub-Committee desired to know whether the Department of Expenditure has evolved any formal system with the concerned Ministries to hold regular discussions with Audit authorities through Audit Committees to ensure timely submission of correct and complete replies and prompt settlement of audit objections. In response, the Department of expenditure in a written note stated that letters have been issued to all Secretaries of Government of India on 12th March, 2010 advising them to institute a system of frequent discussions for finalization of Action Taken Notes through establishment of Action Taken Note Adalats/Workshops. A workshop was also organized on 27th November, 2008 in Vigyan Bhawan by CGA for this purpose.

#### **V. Committee of Secretaries**

20. In their 105th Report (10th Lok Sabha) on "Follow up on Audit Reports" the Public Accounts Committee were perplexed at the fact that despite heavy pendency of remedial Action Taken Notes in various Ministries/Departments the Department of Expenditure did not chose to take up the matter at appropriate forum like Committee of Secretaries. However, subsequent to the recoding of evidence on the subject the Committee were assured that in future the Secretary, Expenditure would be discussing the matter with the concerned Secretary whenever replies were not sent within four months and the cases involving further delays would be placed before the Committee of Secretaries.

21. During the evidence on the subject held on 5th March, 2010, the Sub-Committee recalled the aforesaid observation made by their predecessors Committee in their 105th Report (10th Lok Sabha) and the Ministry's response thereon and enquired whether the matter regarding persistent delays in furnishing Remedial Action Taken Notes were placed before the Committee of Secretaries. In her deposition, the Secretary (Expenditure) stated:—

"I am not aware of it."

22. Later the Secretary (Expenditure), amended her statement mentioned above and stated:—

"It may be sir that at that point of time, they may have brought it to the notice of the Committee of Secretaries which is headed by the Cabinet Secretary."

3. Subsequently, in their post evidence reply the Ministry of Finance (Department of Expenditure) admitted that this matter was not brought up for discussion in the Committee of Secretaries during the last five years. However, the matter has now been brought to the notice of the Cabinet Secretary requesting that a meeting of the Committee of Secretaries could be held in April 2010 so that the seriousness of the matter can be impressed upon the concerned Secretaries.

24. On being asked whether any mechanism exists in the Ministries/Departments of the Government of India in general and in the Ministry of Finance in particular to ensure that seriousness of Action Taken Notes furnished by the Ministries is maintained to taking remedial measures that are required to be taken, the Ministry of Finance (Department of Expenditure) in a written note stated as under:

"The Action Taken Notes submitted by Ministries/ Departments are invariably approved by the respective Secretaries and incorporate remedial measures taken by the Ministries/Departments. The draft Action Taken Notes are vetted by the Audit authorities. It is only when the Audit authorities are fully satisfied with the action taken by Ministries that they convey their approval to Draft Action Taken Notes submitted by Ministry/Audit. This procedure ensures that Ministries/Departments maintain seriousness about their remedial measure to be taken. However, Ministries/Departments have been advised to include pending Action Taken Notes in their Annual Report (after vetting by Audit) from the year 2010-11. In the letter issued to all Secretaries on 12th March, 2010 it has been mentioned that systems may be devised to ensure that irregularities pointed out by C&AG do not recur in subsequent cases. Further, where systemic deficiencies have been pointed out particularly in performance Audit Reports, these may be addressed promptly for remedial action and where necessary reference may be made to this Department in a time bound manner."

25. When asked whether Financial Advisors of the Ministries invariably vet the Action Taken Notes and the approval of the Secretary is obtained before submitting Action Taken Notes on CAG's Reports, the Department of Expenditure in a note stated that in terms of the IFA Charter, action taken on Audit Reports is to be regularly monitored by the Financial Advisors. The Action Taken Notes are invariably approved by the Secretaries.

26. The Sub-Committee enquired as to whether monitoring of Action Taken Notes is carried out by sufficiently senior level officers in the Department of Expenditure. In response, the Department stated in a note that Monitoring of Action Taken Notes in Department of Expenditure is done by Monitoring Cell in the Office of CGA, which functions under the day-to-day supervision of Joint CGA, who is a Joint Secretary level officer. The Monitoring Cell functions under an Under Secretary (MC). Addl. CGA, CGA & Secretary (Exp.) monitor submission of Action Taken Notes on CAG's Audit paras periodically and take necessary remedial measures.

27. Enquired whether the monitoring Cell carefully monitors uniformity of Action Taken Notes, so that vital information/explanation is not excluded or omitted, the Department of Expenditure in a note stated that the Monitoring Cell examines the

overall procedural requirement like submission of requisite number of copies, availability of Hindi version and whether comments of Audit have been suitably incorporated by the Ministry. However, contents of the Action Taken Notes prepared by Ministries are vetted by Audit which taken care of remedial measures and uniformity of action taken.

**VI. Variation in the Figures Furnished by the Monitoring Cell, Department of Expenditure and the Office of C&AG Relating to Pending Action Taken Notes in various Ministries/Departments**

28. According to the latest information furnished by the Monitoring Cell of the Department of Expenditure, Ministry of Finance, as on 15th March, 2010 Action Taken Notes are pending in various Ministries/Departments in respect of 4934 paras, contained in the Audit Reports from 1997-98 to 2007-08. The statement showing Ministry/Department-wise details of pending Action Taken Notes are given in Annexure-II. However, this figure varies with that of Audit. As per the information furnished by the Audit, as of February, 2010, Action Taken Notes are pending from different Ministries/Departments in respect of 3450 Audit Paras. The details of the pending Action Taken Notes—Audit Wing-wise are given in Annexure-III.

29. On close scrutiny of the statements furnished both by the monitoring Cell and the Audit revealed several asymmetries, in terms of year of computation as well as the period for which the Action Taken Notes are pending etc. Besides this, the information furnished by the Audit is quite comprehensive as it captures the data regarding pendency of Action Taken Notes at various levels/stages, both at Ministry and Audit level. As per the analysis done by the Audit, Action Taken Notes have not been received from the concerned Ministries/Departments even for the first time in respect of 1891 Audit Paras. In respect of 960 Audit Paras, Action Taken Notes are due for re-submission to the Audit alongwith their comments by the various Ministries/Departments as these were returned by the Audit alongwith their observations.

30. When asked whether reconciliation of the figures of Monitoring Cell and Audit has been done and if so the exact number of paras on which Action Taken Notes are pending with different Ministries/Departments, the ministry of Finance (Department of Expenditure) in a written note stated that the conciliation process is an on-going process between Ministries/Audit, the problem of reconciliation is more acute in the Department of Revenue (*Viz.* CBDT, Customs & Excise). Reconciliation also needs to be done in respect of Scientific Ministries where Audit has shown large number of old paras outstanding, while the Ministries are showing them as cleared. Although as per the data given by o/o C&AG, only 3450 paras are pending as on February, 2010, information collected by the monitoring Cell shows that 4934 audit paras are pending as on 15th March, 2010. This information is for reports tabled in Parliament upto 2009.

31. Asked about the time-frame by which the Action Taken Notes on all the pending paragraphs are likely to be submitted for further compliance to the Public Accounts Committee, the Ministry of Fiance (Department of Expenditure) in a note stated as

under:—

"Department of Expenditure is vigorously pursuing with various Ministries/ Departments to submit Action Taken Notes within 4 months of laying the Report in the Parliament. In the past 1 year, due to continuously pursuing the matter with Ministries/Departments, there has been a significant increase in the pace of submission of Action Taken Notes by Ministries/Departments. It is expected that there would be significant decline in total number of pending audit paras in the near future. However, it would be difficult to provide a time frame by which Action Taken Notes would be submitted on all outstanding CAG's audit paras."

## **PART-II**

### **OBSERVATIONS AND RECOMMENDATIONS**

**1. The Reports of the Comptroller and Auditor General of India after being laid in Parliament in terms of Article 151 of Constitution of India, stand referred to the Public Accounts Committee for their scrutiny. These Audit Reports contain several paragraphs. since it is not possible for the Committee to go through every issue dealt with the various Aduit Reports, it is necessary for the Committee to be selective in its approach. Thus, at the beginning of the term every year, the Public Accounts Committee generally select for in-depth examination only a few relatively more important paragraphs from the various Reports of Comptroller and Auditor General of India. As regards a large number of audit paragraphs which are not formally selected and taken up for detailed examination by the Committee are dealt with by means of a procedure whereby the Ministries/Departments are required to furnish to the Committee remedial/corrective Action Taken Notes on all the audit paragraphs.**

**2. Taking cognizance of the inordinate delays and persisting failures on the part of a large number of Ministries in reporting to the Committees the corrective action taken on audit paragraphs, the Committee in their 105th Report (10th Lok Sabha 1995-96) recommended that the Action Taken Notes on all the paragraphs of the Reports of C&AG of India should be furnished to the Committee through the Ministry of Finance (Department of Expenditure-Monitoring Cell) within a period of 4 months from the date of laying of Audit Reports on the Table of the House Starting from 31st March, 1996 onwards. Since excessive delays were noticed in the receipt of Action Taken Notes from the various Ministries/Departments over the year, which had become a chronic feature the PAC (2008-09) took stock of the situation and asked the Ministry of Finance (Department of Expenditure - Monitoring Cell), to look into the matter and expedite submission of the Action Taken Notes. As per the information furnished by the Monitoring Cell, Department of Expenditure, Remedial/ Corrective Action Taken Notes in respect of about 2500 paras were pending with the various Ministries/Department as on 1st September, 2006. Taking a serious view of the inordinate delays in submission of Remedial/Corrective Action Taken Notes by various Ministries/Departments, the Public Accounts Committee (2008-09) summoned the Secretary, Ministry of Finance (Department of Expenditure) for a briefing on the matter on 15th September, 2008 wherein the Secretary (Expenditure) was directed to take necessary action for furnishing all the pending Remedial/Corrective Action Taken Notes to the Public Accounts Committee within a period of three months *i.e.* by 14th December, 2008. Subsequently, the then Chairman, PAC (2008-09) also wrote a letter to the Hon'ble Prime Minister seeking his kind intervention in the matter so that the Remedial/Corrective Action Taken Notes were furnished expeditiously by all the Ministries/Departments concerned to the Public Accounts Committee, within the stipulated time period. The Public Accounts Committee's (2008-09) review of the position**

with regard to submission of pending Action Taken Notes by various Ministries/Departments at their sitting held on 19th January, 2009 had revealed that there was no perceptible improvement in the furnishing of Action Taken Notes by the defaulting Ministries/Departments. At the first sitting of the Public Accounts Committee (2009-10) held on 7th September, 2009 the matter regarding large pendency of Action Taken Notes in various Ministries/Departments was again brought to the notice of the Committee by the Comptroller and Auditor General of India. Thereupon, the Committee considering the gravity of the problem decided to select the subject for detailed examination.

3. The Committee's examination of the pending position regarding submission of Action Taken Notes by the various Ministries/Departments revealed several deficiencies in the monitoring mechanism both at the Ministry/Department level as well as in the Department of Expenditure which is the nodal agency for monitoring the Action Taken Notes. As per latest information furnished by the Ministry of Finance (Department of Expenditure—Monitoring Cell) as on 15th March, 2010, the total number of Audit paras in respect of which Action Taken Notes are pending with various Ministries/Departments from the year 1997-98 to 2007-08 stood at 4934. Out of these 3646 paras related to Department of Revenue (3172 CBDT, 462 CBEC and 12 relating to Department of Revenue), followed by Ministry of Railways (553), Defence (202), Telecommunication (90) and Health (49). However, as per information furnished by the Office of C&AG, Audit wing-wise, as of February, 2010, a total of 3450 Action Taken Notes are pending in various Ministries/Departments. Out of these 2208 pertain to Revenue wing comprising Central Board of Direct Taxes (CBDT) and Central Board of Excise and Customs (CBEC) alone, followed by Railways wing (481), Defence wing (229), Autonomous Bodies wing (180), Scientific Departments wing (165), and Civil Ministry wing (142). Further out of these 3450 pending paras, Action Taken Notes in respect of 1891 paras have not been received in the Audit even for the first time. Though Action Taken Notes in respect of 960 paras were received by the Audit, these were returned back to the respective Ministries/Department and their re-submission for further vetting is awaited. Action Taken Notes in respect of 402 paras pertaining to various Ministries/Departments are stated to be under vetting by audit. The Committee are dismayed at the large scale pendency of Action Taken Notes in various Ministries/Departments and also the long periods for which these are pending. The Non-Compliance by the Ministries/Departments at the scale and magnitude establishes the indifference of the Ministries/Departments to the observations/recommendations of the Committee. Such indifference on the part of Departmental Officers/Chief Accounting Officers of the Ministries/Departments undermines the supervisory role and authority of Parliament and also encourages financial indiscipline and inefficiency among the rank and file of the field offices in the Ministries/Departments. The Committee note that as per Rule 64 of General Financial Rules 2005, one of the primary responsibilities of the Secretary, who is the Chief Accounting authority of the concerned Ministry/Department is to submit Action Taken Notes on CAG's Reports within the prescribed period of four months. The Committee therefore recommend that the Chief Accounting Authorities should be made personally accountable in all cases of abnormal delays in taking remedial actions and submitting Action Taken Notes to the Public Accounts Committee.

4. According to the Monitoring Cell, Department of Expenditure the responsibility to furnish Action Taken Notes is primarily that of respective Ministries/Departments. One of the reasons attributed by the concerned Ministries/Departments for the delays in submission of Action Taken Notes is excessive time taken in data collection by the field offices. It is to be noted that the Committee find that the same reasons was adduced by the Ministry as far back as 1995 at the time of the deliberation by the Committee on the subject. Obviously, the administrative ministries/Departments concerned have not taken any concrete measures since then to streamline their procedures so as to ensure that field offices furnish data to them in a fixed time frame in order to facilitate timely submission of Action Taken Notes to the Public Accounts Committee, which is anything but regrettable. Another reason cited by the Ministries/Departments for the delay in longer time taken by the Audit in the clearing/vetting the Action Taken Notes. Though in certain cases there may be some delay on the part of the Audit, it may not be correct to transfer responsibility to the Audit for delay which are primarily on account of the indifference of the line Ministries/Departments. Audit has also brought to the notice of the Committee on several occasions the delays on the part of large number of Ministries/Departments in submission of Action Taken Notes. To obviate such delays which are avoidable, the Committee desire that the Ministry of Finance (Department of Expenditure—Monitoring Cell), in coordination with Audit and the concerned Ministries/Departments should find a workable solution for expeditious submission of Action Taken Notes to the Committee. The Committee be kept informed of the initiatives taken in this regard.

5. The Committee have been informed by the Ministry of Finance (Department of Expenditure—Monitoring Cell) that several measures have been taken by them during the last one and half years to expedite submission of Action Taken Notes pending with the various Ministries/Departments. These include issue of reminders to various Ministries/Departments at the level of Secretary Expenditure/CGA/Additional CGA; one to one meeting taken by the Secretary (Expenditure) with the Financial Advisory of the major defaulting Ministries/Departments; conducting of one day workshop in Vigyan Bhavan on 27th November, 2008, to interact with representatives of all the Ministries/Departments and Audit to facilitate interaction and reduce the time in finalization of Action Taken Notes. It was also stated that Hon'ble Finance Minister took a meeting on October 29, 2009, with Financial Advisors of various Ministries/Departments emphasizing expeditious submission of Action Taken Notes to the Committee. The Committee note that despite these measures taken by the Monitoring Cell, no perceptible change has taken place in the settlement of pending Action Taken Reports. This is illustrated by the fact that in respect of 1891 audit paras, Action Taken Notes were not furnished to the Audit by the concerned Ministries/Departments even for the first time. Obviously, the Ministry of Finance (Department of Expenditure - Monitoring Cell) have not taken by concrete steps or set up any mechanism to ensure that the Action Taken Notes are furnished to the Committee within the stipulated time. What is perturbing is the fact that delays in certain cases ranged from 4 to 10 years. The Committee regret to note that this state of affairs have not improved even after the presentation of the 9th Report of PAC (11th Lok Sabha) on the same subject way back in 1997 and problem persists to date. The Committee express the hope that the

Department of Expenditure would realize the seriousness of the problem and take all possible steps to clear the pendency of Action Taken Notes within the stipulated time frame. The Committee are informed that a computerized monitoring system to monitor processing of Action Taken Notes on Audit Paras is being developed by the Department of Expenditure (Monitoring Cell). The Committee expect that computerized monitoring system will assist in keeping track of the pendency of Action Taken Notes at various stages and help in speeding up the submission of Action Taken Notes and also minimize/eliminate discrepancies in the figures being maintained by Monitoring Cell and C&AG's Office. The Committee would like to be apprised about the progress made in this regard as also its efficacy within three months of the presentation of the Report to Parliament.

6. The Committee note that there is a heavy pendency of Action Taken Notes in respect of Paras relating to Department of Revenue, Ministry of Finance in the Revenue division *viz.* Direct Taxes (CBDT) and Central Board of Excise and Customs (CBEC), As on 15.09.2009, the total number of Action Taken Notes pending with the Ministry of Finance (Department of Revenue) for the period 1996-97 to 2006-07 stood at 1811. Out of these, 760 Paras pertained to the Customs division, 565 Paras to the Central Excise and 486 to the CBDT. However, as per the statement furnished by the Audit as on February, 2010, a total of 2208 Action Taken Notes are pending with the Department of Revenue, Ministry of Finance. Out of these 1476 Action Taken Notes were stated to be not received in the Audit Office even for the first time. While 461 Action Taken Notes are awaiting re-submission by the Department to the Audit after their return by Audit, 271 Action Taken Notes are under vetting by the Audit. According to the Department of Revenue the reasons for large scale pendency of Action Taken Notes in the three revenue divisions are due to numerous Audit Paras being sub-judice and that Action Taken Notes in respect of these paras can be submmtted only after the judicial process is over, which takes time anywhere between 6 months to 4 years. However, a scrutiny of the statement furnished by the Ministry of Finance (Department of Expenditure - Monitoring Cell) reveals that a substantial number of Action Taken Notes are pending for more than 4 years and some of them are as old as 10 years. Hence, the plea taken by the Department of Revenue for the inordinate delays in submission/finalization of Action Taken Notes is not entirely accurate in a substantial number of cases. Obviously, the Chief Controlling Authority, Department of Revenue needs to pay serious attention to this problem. The Committee would like to be apprised of the break-up of all cases of pending Action Taken Notes indicating the number of Action Taken Notes that are pending before courts/tribunals in respect of each revenue division *vis.* Central Board for Direct Taxes (CBDT) and Central Board for Excise and Customs (CBEC). The Committee deisire that Ministry of Finance (Department of Revenue) in consultation with the Audit should find ways and means to address this problem so as to ensure that the Action Taken Notes are furnished to the Committee within a stipulated time sounding the importance of adhering to standards of parliamentary accountability.

7. In a communication forwarded to the PAC Secretariat the Ministry of Finance (Department of Expenditure—Monitoring Cell) have brought to the notice of the

Committee that CBDT and Office of C & AG at the meetings held on 31.03.2009 and 07.09.2009 have mutually agreed not to further pursue Action Taken Notes in respect of 1092 Paras in view of acceptance of the Audit observations by the Department of Revenue and remedial action taken/initiated. These Action Taken Notes relate to 399 Paras contained in the C&AGs Report for the year 2007-08 and 693 Action Taken Notes relating to various Paras contained in the C & AG Reports from 1999-2000 to 2006-07. Consequently, the Department of Expenditure (Monitoring Cell) has sought the approval of the Public Accounts Committee for striking off these paras from the consolidated list of pending Audit paras. The Committee concur with the decision taken by the CBDT and the Audit in the matter and gave their approval for striking of the aforesaid Paras from the list of outstanding Audit paras.

8. The Committee regret to note that the assurance given by the Ministry of Finance (Department of Expenditure) in the 105th Report of PAC (10th Lok Sabha) that the matter regarding delays in submission of Action Taken Notes by various Ministries/Departments would be placed before the Committee of Secretaries, had not been complied with by the Department of Expenditure—Monitoring Cell even after a lapse of 13 years since the presentation of the Report. During the evidence taken on 5th March, 2010, the Secretary (Expenditure) expressed ignorance on this crucial matter. Subsequently, the Ministry, in their post evidence reply informed the Committee that the matter has now been brought to the notice of the Cabinet Secretary requesting that a meeting of the Committee of Secretaries may be held in April 2010. The Committee desire that henceforth, the matter relating to delays in submission of Action Taken Notes should be brought before the Committee of Secretaries periodically, preferably at quarterly intervals so as to expedite the submission of Action Taken Notes by all the defaulting Ministries/Departments.

9. The Committee note that there is variation in the figures furnished by the Monitoring Cell, Department of Expenditure and the Office of C&AG relating to pending Action Taken Notes in various Ministries/Departments. According to the latest information furnished by the Monitoring Cell of the Department of Expenditure, Ministry of Finance, as on 15th March, 2010 Action Taken Notes in respect of 4934 paras, contained in the Audit Reports from 1997-98 to 2007-08 are pending in various Ministries/Departments. However, this figure is at variance with that furnished by Audit. According to the information furnished by the Audit, Action Taken Notes in respect of 3450 Audit Paras are pending from different Ministries/Departments as on February, 2010. The Ministry have informed the Committee that the conciliation is an on-going process between Ministries/Departments and Audit and the problem is more acute in the Department of Revenue viz. CBDT and CBEC. Further the reconciliation also needs to be done in respect of Scientific Ministries where Audit has shown large number of old paras outstanding, while the Ministries are showing them as cleared. The Committee trust that the Ministry of Finance (Department of Expenditure) will coordinate with the various Ministries/Departments and the Audit so that the figures relating to pending Action Taken Notes are reconciled, and a precise figure is arrived at. The Committee would like to be apprised of the progress made in this regard within three months from the date of presentation of this Report.

**10. The Committee are of the considered view that the Department of Expenditure—Monitoring Cell should facilitate conducting Workshops with the participation of concerned C & AG's Officials and the respective defaulting Ministries/Departments with a view to expedite clearance of pending Action Taken Notes at regular intervals, atleast once in 3 months. In their post evidence reply the Department of Expenditure—Monitoring Cell have stated that they have advised the Secretaries of the Ministries/Departments to establish Action Tken Notes Workshops, for enabling the finalization of Action Taken Notes. The Committee welcome the step taken by the Department and expect them to ensure setting up of Action Taken Notes Workshops by all Ministries/Departments within a definite time frame. The Committee would also like to be apprised of the progress made in this regard within three months from the presentation of the Report.**

NEW DELHI;  
26 April, 2010  
6 Vaisakha, 1932 (Saka)

GOPINATH MUNDE,  
Chairman,  
Public Accounts Committee.

## APPENDIX I

MINUTES OF THE EIGHTH SITTING OF THE SUB-COMMITTEE—V OF THE  
PUBLIC ACCOUNTS COMMITTEE (2009-2010) ON "NON-COMPLIANCE  
BY MINISTRIES/DEPARTMENTS IN TIMELY SUBMISSION OF REPLIES  
TO THE AUDIT PARAGRAPHS OF C&AG OF INDIA HELD  
ON 5TH MARCH, 2010

The Sub-Committee-V of the Public Accounts Committee sat on Friday, the 5th March, 2010 from 1500 hrs. to 17.00 hrs. in **Committee Room No. '139', Parliament House Annexe, New Delhi.**

## PRESENT

Shri Ashwani Kumar — *Convenor*

*Lok Sabha*

2. Shri Bhartruhari Mahtab
3. Shri Naveen Jindal

## SECRETARIAT

1. Shri Raj Shekhar Sharma — *Director*
2. Shri Sanjeev Sharam — *Deputy Secretary*

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

- |                          |   |                               |
|--------------------------|---|-------------------------------|
| 1. Shri R.G. Viswanathan | — | Pr. Director of Audit (SD)    |
| 2. Ms. Nameeta Prasad    | — | Director (Report)             |
| 3. Shri Raja Lakshmi R   | — | Director General Railways     |
| 4. Shri P.K. Kataria     | — | Pr. Director (Report Central) |
| 5. Shri Subir Mallick    | — | Pr. Director (INDT)           |
| 6. Ms. Rebecca Mathai    | — | Pr. Director (DT)             |

A. \*\*\*

## B. REPRESENTATIVES OF THE MINISTRY OF FINANCE (DEPARTMENT OF EXPENDITURE)

- |                              |   |                                  |
|------------------------------|---|----------------------------------|
| 1. Smt. Sushma Nath          | — | Secretary (Expenditure)          |
| 2. Shri C.R. Sunderamurti    | — | Controller General of Accounts   |
| 3. Smt. Madhulika P. Sukul   | — | Joint Secretay (Personnel)       |
| 4. Shri H. Pradeep Rao       | — | JS & FA (Finance)                |
| 5. Shri Pradeep Kumar Berwah | — | Jt. CGA                          |
| 6. Shri N.K. Bhagat          | — | Under Secretary, Monitoring Cell |

\*\*\*Matter not related to this report.

2. At the outset, the Convenor, Sub-Committee-V of the Public Accounts Committee, (Hon'ble Ashwani Kumar) welcomed the representatives of the Office of the C&AG of India to the sitting of the Sub-Committee. Thereafter, the Audit Officers and the Secretariat briefed the Sub-Committee on the various issues concerning the subject on "Non-Compliance by Ministries/Departments in timely submission of replies to the Audit Paragraphs of C&AG of India".

3. The convenor then informed the Members that the sitting has been convened for taking further oral evidence of the representatives of the Ministry of Environment and Forests especially on those issues where select information were sought by the Committee in the last sitting. The Convenor also informed the members that the Ministry of Finance—Department of Expenditure has also been summoned today to take oral evidence on the subject relating to "Non-Compliance by Ministries/Departments in timely submission of replies to the Audit Paragraphs of C&AG of India".

4. The Convenor informed the Members that the meeting will proceed with a discussion on Audit Report No. 18 of 2006 relating to "**Conservation and Protection of Tigers in Tiger Reserves**" which will be followed by oral evidence of the Representatives of the Ministry of Finance—Department of Expenditure.

5. \*\*\*

6. Thereafter, the representatives of the Ministry of Finance—Department of Expenditure were called in and the Convenor welcomed them to the sitting of the Sub-Committee. The representatives then, briefed the Sub-Committee on the initiatives taken by their Ministry with regard to timely submission of replies to the Audit paragraphs of C&AG. They also, *inter-alia*, threw light on the current status of pending paras in various Ministries. The representatives also explained on the various issues and concerns raised by the Sub-Committee. In regard to certain queries, to which the representatives of the Ministry could not provide ready information, the Sub-Committee asked them to submit written replies relating thereto at the earliest with a view to timely finalization of the Report on the Subject.

7. The Convenor thanked the representatives of the Finance—Department of Expenditure for appearing before the Sub-Committee and furnishing the information that the Sub-Committee desired in connection with the examination of the subject.

The witnesses, then withdrew.

A copy of the verbatim proceeding has been kept on record.

*The Sub-Committee then adjourned.*

\*\*\*Matter not related to this report.

## APPENDIX II

### MINUTES OF THE ELEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2009-10) HELD ON 26TH APRIL, 2010

The Committee sat on Monday, the 26th April, 2010 from 1530 hrs. to 1650 hrs.  
**in Committee Room 'C', Ground Floor, Parliament House Annexe, New Delhi.**

#### PRESENT

Shri Gopinath Munde — *Chairman*

#### *Lok Sabha*

2. Shri Anandrao Vithoba Adsul
3. Shri Khagen Das
4. Shri Naveen Jindal
5. Shri Satpal Maharaj
6. Shri Bhartruhari Mahtab
7. Dr. K. Sambasiva Rao
8. Shri Yashwant Sinha
9. Shri Aruna Kumar Vundavalli

#### *Rajya Sabha*

10. Dr. K. Malaisamy
11. Shri N.K. Singh

#### SECRETARIAT

1. Shri Raj Shekhar Sharma — *Director*
2. Shri M.K. Madhusudhan — *Additional Director*
3. Shri D.R. Mohanty — *Under Secretary*

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

1. Ms. Rekha Gupta — Dy. CAG Central (RC)
2. Shri R.B. Sinha — Director General (Report Central)
3. Ms. Usha Sankar — Director General (Autonomous Bodies)
4. Shri Gautham Guha — Director General of Audit (Defence Services)
5. Shri P.K. Kataria — Pr. Director of Audit, Report Central (RC)
6. Shri K.R. Sriram — Pr. Director of Audit, Report Central (Economic & Services Ministries)

- |                            |   |   |
|----------------------------|---|---|
| 7. Shri R.G. Viswanathan   | — | Pr. Director of Audit, (Scientific Departments) |
| 8. Shri C.M. Sane          | — | Principal Director of Audit (Air Force & Navy)  |
| 9. Shri H.K. Dharmadhekari | — | Pr. Director (State Report Audit)               |
| 10. Shri Rajvir Singh      | — | Accountant General (Audit) Delhi                |
| 11. Ms. Divya Malhotra     | — | Pr. Director of Audit (Railways)                |

2. At the outset, the Chairman, PAC welcomed the Members of the Committee and the Audit Officers to the sitting of the Committee. The Chairman, then apprised the Committee that out of the eleven Draft Reports stated for consideration, eight have been finalized by Sub-Committee V. Thereafter, the Committee took up the following Draft Reports for consideration and adoption:

- (i) Draft Report on **“Non-compliance by Ministries/Departments in timely submission of Action Taken Notes on Non-selected Audit Paragraph: ”**  
(Ministry of Finance—Department of Expenditure);

(ii)	***	***	***	***
(iii)	***	***	***	***
(iv)	***	***	***	***
(v)	***	***	***	***
(vi)	***	***	***	***
(vii)	***	***	***	***
(viii)	***	***	***	***
(ix)	***	***	***	***
(x)	***	***	***	***
(xi)	***	***	***	***

3. After some deliberations, the Committee adopted the above mentioned Draft Reports with some modifications and authorized the Chairman to finalise these Reports in light of the suggestions made by the Members and the consequential changes arising out of the factual verification by the Audit and present the same to Parliament.

4. The Chairman thanked the Members for their cooperation and active participation in the Committee's deliberations. He also thanked the PAC Secretariat and the Audit Officers for the assistance rendered to the Committee in the examination of the subject and finalization of the Reports.

5. The Members of the Committee thanked the Chairman for his guidance in the smooth conduct of the meetings of the Committee.

***The Committee then adjourned.***

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\*\*\*Matter not related to this report.

## ANNEXURE-I

## POSITION OF AUDIT PARAS PENDING WITH VARIOUS MINISTRIES/DEPARTMENTS AS ON 15.09.2009

Sl. No.	Ministry/Department	Pending Upto 1996-97	Pending For 1997-98	Pending For 1998-99	Pending For 1999-2000	Pending For 2000-2001	Pending For 2001-2002	Pending For 2002-2003	Pending For 2003-2004	Pending For 2004-2005	Pending For 2005-2006	Pending For 2006-2007	Total No. of Paras Pending
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Agri. & Coop.	-	-	-	-	-	-	-	-	0	0	1	1
2.	Animal Husbandry	-	-	-	-	-	-	-	-	0	0	1	1
3.	Agri. Res. & Education (ICAR)	-	-	0	0	0	-	-	1	-	0	4	5
4.	Atomic Energy	-	-	-	-	-	-	-	1	1	1	4	7
5.	C.S.I.R.	-	-	-	-	-	-	-	0	0	0	0	0
6.	Commerce	-	-	-	-	-	-	-	1	2	1	4	8
7.	Culture	-	2	-	1	3	1	1	8	4	6	4	30
8.	Defence	8	-	1	7	2	5	12	19	20	37	60	171
9.	Economic Affairs	-	-	-	-	-	-	1	4	4	2	4	15
10.	Education (Elementary)	-	-	1	-	1	-	1	1	-	1	3	8
11.	Education (Sec. & Hr.)	-	-	-	-	1	3	0	5	2	7	5	23
12.	Power	-	-	-	-	2	-	-	2	1	1	-	6
13.	Information Tech.	-	-	-	-	-	-	-	-	-	1	1	2
14.	Environment & Forests	2	1	-	2	1	-	-	3	5	3	2	19
15.	External Affairs	-	-	-	0	-	1	1	5	2	6	10	25
16.	Family Welfare	0	0	1	2	-	-	0	-	5	4	-	12
17.	Health	1	-	3	5	3	4	4	8	11	8	3	50
18.	Home Affairs	-	-	-	-	-	1	0	0	0	2	10	13
19.	Ocean Development (Earth Sciences)	-	-	-	-	0	-	-	-	-	2	3	5
20.	Information & Broad.	0	-	-	1	0	3	1	1	5	4	2	17
21.	Labour	-	-	-	-	0	-	-	-	2	1	-	3

22. Legal Affairs	-	-	-	-	-	1	1	1	3	2	-	8
23. Mines	-	-	-	-	0	-	-	-	0	1	-	1
24. Expenditure	-	-	0	-	-	-	-	-	-	-	1	1
25. Posts	-	-	-	-	-	-	1	-	3	4	7	15
26. Justice	0	-	-	-	-	-	1	1	1	4	-	7
27. Public Enterprises	1	-	-	-	-	-	-	0	-	-	-	1
28. Railways	2	1	7	8	6	19	24	26	41	77	151	362
29. Revenue	2	-	2	-	-	1	1	0	1	1	1	9
30. Revenue (CBDT)	20	22	28	35	55	60	41	30	72	123	-	486
31. Revenue (C. Excise).	20	10	25	20	31	55	123	90	110	76	-	565
32. Revenue (Customs)	90	56	45	60	65	122	90	124	108	-	-	760
33. Rural Development/DWS	-	-	0	-	1	0	-	-	-	-	3	4
34. S S I & ARI	-	-	-	1	1	1	2	0	0	5	-	10
35. Industrial Policy & Promotion	-	-	-	-	-	-	-	-	0	-	0	0
36. Shipping	-	-	-	-	-	-	-	-	4	3	6	13
37. Telecommunications	3	0	5	1	10	-	9	1	17	2	3	51
38. Textiles	-	-	-	1	-	-	1	2	1	1	4	10
39. Tourism	-	-	-	-	-	-	-	-	3	2	4	9
40. Tribal Affairs	-	1	-	1	1	1	0	1	1	2	-	8
41. Urban Development	18	-	-	1	-	0	0	2	1	1	5	28
42. Overseas Indian Affairs	-	-	-	-	-	-	-	-	-	-	1	1
43. Women & Child Development	-	-	1	-	-	1	1	-	2	5	-	10
44. Space	-	-	-	-	-	-	-	-	-	0	2	2
45. Water Resources	-	-	-	-	-	-	2	1	-	-	1	4
46. Food Processing Industries	-	-	-	-	-	-	-	-	-	-	1	1
47. Science and Technology	-	-	-	-	0	0	-	-	1	1	2	4
48. Social Justice & Emp.	1	-	-	0	-	1	1	0	-	3	1	7

1	2	3	4	5	6	7	8	9	10	11	12	13	14
49.	Youth Affairs & Sports	-	-	-	-	-	-	0	1	3	4	2	10
50.	Food & P.D.	-	-	-	-	-	-	-	-	1	-	1	2
51.	Urban EmPLY. & PA	-	-	-	-	-	-	-	-	-	2	-	2
52.	Heavy Industry	-	-	-	0	-	0	-	1	1	2	-	4
53.	Personnel & PG	-	-	-	-	-	-	-	-	0	-	-	0
54.	Coal	-	-	-	-	-	-	-	-	0	-	-	0
55.	Road Transport	-	-	-	-	-	-	-	0	-	3	-	3
56.	Civil Aviation	-	-	-	-	-	-	-	-	-	0	-	0
57.	Minority Affairs	-	-	-	-	-	-	-	-	-	0	-	0
58.	Statistics & PI	1	-	-	1	-	-	-	0	1	-	-	3
59.	Company Affairs	-	-	-	-	-	-	-	-	0	1	-	1
60.	ISMH (AYUSH)	-	-	-	-	-	0	-	-	-	-	-	0
61.	Fertilizers	-	-	-	-	-	-	-	0	0	0	-	0
62.	Non-Conventional E. Sources	-	-	-	-	-	-	-	0	0	0	1	1
63.	Chemicals & Petro-Chemicals	-	-	-	-	-	-	-	-	-	-	-	0
64.	DSIR	-	-	-	-	0	-	-	1	1	1	-	3
Total		170	93	119	147	183	280	324	341	440	413	318	2827

## ANNEXURE-II

## POSITION OF AUDIT PARAS PENDING WITH VARIOUS MINISTRIES/DEPARTMENTS AS ON 15.3.2010

Sl. No.	Ministry/Department	Pending Upto 1997-98	Pending For 1998-99	Pending For 1999-2000	Pending For 2000-2001	Pending For 2001-2002	Pending For 2002-2003	Pending For 2003-2004	Pending For 2004-2005	Pending For 2005-2006	Pending For 2006-2007	Pending For 2007-2008	Total No. of Paras Pending
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Agri.& Coop.	-	-	-	-				0	0	0	2	2
2.	Animal Husbandry	-				-	-	-	0	0	0	-	0
3.	Agri. Res. & Education (ICAR)	-	0	0	0	-	-	1	-	0	4	1	6
4.	Atomic Energy	-	-	-	-	-		1	1	0	3	7	12
5.	C.S.I.R.	-	-	-	-	-	-		0	0	0	5	4
6.	Commerce	-	-	-	-	-	-	1	2	2	3	1	9
7.	Culture	2	-	1	3	1	1	8	4	6	4	-	30
8.	Defence	7	1	7	1	5	11	19	18	27	45	61	202
9.	Economic Affairs	-	-	1	-	-	1	2	1	1	3	2	11
10.	School Education	-	1	-	0	-	1	-	-	1	2	2	7
11.	Higher Education	-	-	-	1	3	0	5	2	7	5	6	29
12.	Power	-	-	-	2	-	-	2	0	1	-		5
13.	Information Tech.	-	-	-	-	-	-	-	-	1	1	1	3
14.	Environment & Forests	3	-	2	1	-	-	3	5	3	2	1	20
15.	External Affairs	-	-	0	-	1	1	5	1	6	8	8	30
16.	Family Welfare	0	1	0	-	-	0	-	3	4	-		8
17.	Health	1	3	4	3	4	3	7	8	5	3	8	49
18.	Home Affairs	-	-	-	-	1	0	0	0	0	5	6	12
19.	Ocean Development (Earth Science)	-	-	-	0	-	-	-	-	2	3	1	6
20.	Information & Broad.	0	-	1	0	3	1	1	4	2	2	3	17

1	2	3	4	5	6	7	8	9	10	11	12	13	14
21. Labour		-	-	-	0	-	-	-	2	1	2	5	10
22. Legal Affairs		-	-	-	-	1	1	1	3	2	-	-	8
23. Mines		-	-	-	0	-	-	-	0	1	-	1	2
24. Expenditure		-	0	-	-	-	-	-	-	-	1	-	1
25. Posts		-	-	-	-	-	1	-	2	3	5	8	19
26. Justice		0	-	-	-	-	1	1	1	4	-	-	7
27. Public Enterprises		1	-	-	-	-	-	0	-	-	-	-	1
28. Railways		19	0	2	3	19	24	22	33	53	126	252	553
29. Revenue		3	3	-	-	1	1	0	0	1	1	2	12
30. Revenue (CBDT)		42	28	35	55	329	233	274	272	451	570	883	3172
31. Revenue (Customs/C.Excise)		20	5	8	6	19	32	24	45	68	92	143	462
32. —		-	-	-	-	-	-	-	-	-	-	-	-
33. Rural Development/DWS		-	0	-	1	0	-	-	-	-	3	-	4
34. Micro, Small & Medium Enterprises		-	-	-	1	1	1	0	0	4	1	1	10
35. Industrial Policy & Promotion		-	-	-	-	-	-	-	0	-	0	-	0
36. Shipping		-	-	-	-	-	-	-	4	3	5	7	19
37. Telecommunications		3	5	1	10	-	9	1	17	2	41	1	90
38. Textiles		-	-	1	-	-	1	0	0	0	4	-	6
39. Tourism		-	-	-	-	-	-	-	3	2	3	-	8
40. Tribal Affairs		1	-	1	1	1	0	1	1	2	-	1	9
41. Urban Development		13	-	1	-	0	0	1	1	0	4	5	25
42. Overseas Indian Affairs		-	-	-	-	-	-	-	-	-	1	-	1
43. Women & Child Development		-	1	-	-	1	1	-	2	2	1	1	9
44. Space		-	-	-	-	-	-	-	-	0	1	-	1
45. Water Resources		-	-	-	-	-	1	0	-	-	1	-	2
46. Food Processing Industries		-	-	-	-	-	-	-	-	-	1	-	1
47. Science Technology		-	-	-	0	0	-	-	1	1	2	3	7

48. Social Justice & Emp.	1	-	0	-	1	1	0	-	3	1	-	7
49. Youth Affairs & Sports	-	-	-	-	-	0	0	2	1	1	1	5
50. Food & PD	-	-	-	-	-	-	-	1	-	0	-	1
51. Urban Empl. & PA	-	-	-	-	-	-	-	-	0	-	-	0
52. Heavy Industry	-	-	0	-	0	-	1	1	1	-	-	3
53. Personnel & PG	-	-	-	-	-	-	-	0	-	-	1	1
54. Coal	-	-	-	-	-	-	-	0	-	-	3	3
55. Road Transport	-	-	-	-	-	-	0	-	3	-	-	3
56. Civil Aviation	-	-	-	-	-	-	-	-	0	-	-	0
57. Minority Affairs	-	-	-	-	-	-	-	-	0	-	-	0
58. Statistics & PI	1	-	1	-	-	-	0	0	-	-	1	3
59. Corporate Affairs	-	-	-	-	-	-	-	0	1	-	-	1
60. AYUSH	-	-	-	-	0	-	-	-	-	-	-	0
61. Fertilizers	-	-	-	-	-	-	0	0	0	-	-	0
62. New & Renewable Energy Sources	-	-	-	-	-	-	0	0	0	1	-	1
63. Chemical & Petro-Chemicals	-	-	-	-	-	-	-	-	-	-	-	0
64. DSIR	-	-	-	0	-	-	-	1	1	-	1	4
Total	116	48	67	88	391	326	382	441	678	966	1435	4934

## STATUS OF PENDING ACTION TAKEN NOTES AS ON FEBRUARY, 2010

Wing	Year	No. of Reports pre-sented to Parlia-ment	No. of Paras/PA Reports included in the Audit Report	No. of Paras/PA Reports for which ATNs have been submitted to PAC after vetting by Audit	No. of Paras/PA Reports on which ATNs are Pending	Details of the Para/PA Reports on which ATNs are pending			
						No. of ATNs not received from the Ministry even for the first time	No. of ATNs received but returned with observations and Audit is awaiting their re-submission by the Ministry	No. of ATNs which have been finally vetted by audit but have not been submitted by the Ministry to PAC	ATNs under vetting in Audit
Civil	1995-96 to 2008-09	69	276	134	142	61	38	43	0
ABs	1999-2000 to 2008-09	23	299	119	180	58	88	31	3
Revenue	1995-96 to 2007-2008	35	12146	9938	2208	1476	461	0	271
Defence	1997-98 to 2008-09	40	713	484	229	62	70	60	37
Scientific	1995-96 to 2008-09	18	244	79	165	23	121	0	21
Postal	1998-99 to 2008-09	8	103	58	45	13	32	0	0
Railways	1995-96 to 2007-08	23	1489	1008	481	198	150	63	70
Total		216	15270	11820	3450	1891	960	197	402

GMGIPMRND—2537LS—19.08.2010.