

NON-DEDUCTION OF TAX AT SOURCE

MINISTRY OF RURAL DEVELOPMENT

**PUBLIC ACCOUNTS COMMITTEE
(2021-22)**

FORTY-FIFTH REPORT

SEVENTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

FORTY-FIFTH REPORT

PUBLIC ACCOUNTS COMMITTEE **(2021-22)**

(SEVENTEENTH LOK SABHA)

NON-DEDUCTION OF TAX AT SOURCE

MINISTRY OF RURAL DEVELOPMENT



Presented to Lok Sabha on: 16-03-2022

Laid in Rajya Sabha on: 16-03-2022

LOK SABHA SECRETARIAT
NEW DELHI
March, 2022/ Phalguna, 1943 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2021-22)

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Shri Bhartruhari Mahtab
6. Shri Jagdambika Pal
7. Shri Vishnu Dayal Ram
8. Shri Pratap Chandra Sarangi*
9. Shri Rahul Ramesh Shewale
10. Shri Gowdar Mallikarjunappa Siddeshwara†
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

RAJYA SABHA

16. Shri Shaktisinh Gohil
17. Shri Bhubaneswar Kalita
18. Dr. C.M. Ramesh
19. Shri Sukhendu Sekhar Ray
20. Dr. M. Thambidurai
21. Shri V. Vijayasai Reddy‡
22. Dr. Sudhanshu Trivedi§

SECRETARIAT

1. Shri T. G. Chandrasekhar - Joint Secretary
2. Shri Tirthankar Das - Director
3. Smt. Anju Kukreja - Deputy Secretary
4. Shri Siba Sankar Pradhan - Executive Officer

* Elected w.e.f. 29.07.2021 vice Smt. Darshana Jardosh, MP appointed as Minister of State w.e.f. 07.07.2021.

† Elected w.e.f. 29.07.2021 vice Shri Ajay Kumar Mishra, MP appointed as Minister of State w.e.f. 07.07.2021.

‡ Elected w.e.f. 09.08.2021 vice Shri Rajeev Chandrasekhar, MP appointed as Minister of State w.e.f. 07.07.2021.

§ Elected w.e.f. 09.08.2021 vice Shri Bhupender Yadav, MP appointed as Union Minister w.e.f. 07.07.2021.

**COMPOSITION OF THE SUB-COMMITTEE-I (CIVIL) OF THE
PUBLIC ACCOUNTS COMMITTEE (2021-22)**

- | | | |
|----|------------------------------------|---------------|
| 1. | Shri Adhir Ranjan Chowdhury | - Chairperson |
| 2. | Shri Shaktisinh Gohil | - Convenor |
| 3. | Shri T. R. Baalu | - Member |
| 4. | Shri Sudheer Gupta | - Member |
| 5. | Shri Pratap Chandra Sarangi* | - Member |
| 6. | Shri Rahul Ramesh Shewale | - Member |

* Elected w.e.f. 29.07.2021 *vice* Smt. Darshana Jardosh, MP appointed as Minister of State w.e.f. 07.07.2021.

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2021-22), having been authorised by the Committee, do present on their behalf this Forty-Fifth Report (Seventeenth Lok Sabha) on "Non-Deduction of Tax at Source" based on Para 10.1 of C&AG Report No. 2 of 2021 relating to the Ministry of Rural Development.

2. The C&AG Report No. 2 of 2021 was laid on the Table of the House on 24.03.2021.

3. The Public Accounts Committee (2021-22) selected the aforesaid subject and allocated the same to Sub-Committee-I (Civil) for examination and Report.

4. The Sub-Committee-I (Civil) of Public Accounts Committee (2021-22) took briefing by Audit on 01.09.2021. Thereafter, Sub-Committee took the oral evidence of the representatives of the Ministry of Rural Development on the aforementioned subject on 29.10.2021.

5. The Sub-Committee-I (Civil) of PAC first considered and adopted the draft Report on the aforementioned subject at their sitting held on 30.12.2021. Then the draft Report was placed before the Main Committee for consideration and adoption. The Committee adopted the same at their sitting held on 10.02.2022. The Minutes of the sittings are appended to the Report.

6. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in bold and form Part-II of the Report.

7. The Committee would like to express their thanks to the representatives of the Ministry of Rural Development for tendering evidence before them and furnishing the requisite information to the Sub-Committee-I (Civil) in connection with the examination of the subject.

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

NEW DELHI;
March, 2022
Phalguna, 1943 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

(20)

REPORT

PART-I

1. This Report is on the subject "Non-deduction of Tax at Source" based on Para 10.1 of C&AG Report No. 2 of 2021 pertaining to Ministry of Rural Development.

Introduction

2. As per provision 194 J of Income Tax Act, 1961, tax at source in respect of fees for professional or technical services is to be deducted at the rate of 10 per cent of such fees. Further, Section 201 of the Act *ibid* provides that if any person, who is liable to deduct tax at source, does not deduct it or after so deducting fails to pay, the whole or any part of the tax to the credit of the Government, then, such person, shall be liable to pay simple interest at the rate of one per cent for every month or part of a month on the amount of such tax from the date on which such tax was deductible to the date on which such tax was deducted.

3. Ministry of Rural Development (Ministry) entered (February 2012) into an agreement with the Consortium of PSUs (Consortium) consisting of M/s Bharat Electronics Limited (BEL), M/s Electronics Corporation of India Limited (ECIL) and M/s ITI Limited (ITIL). This Consortium was collectively awarded the work of collection, consolidation and updation of data for Socio-Economic and Caste Census on specific items of information at Tehsil level covering all States and UTs. The work also involved generation and printing of a draft list, incorporating corrections and thereafter, generation of a final list. For this purpose, the Consortium was to develop, deploy and maintain application software for execution of the Census in all States and Union Territories. In terms of clause 11.8.1 of the agreement, all payments by the authorities to the Consortium were subject to deduction of tax at source under Income Tax Act.

4. The service provided by the Consortium was professional and technical in nature and was, therefore, subject to deduction of tax at source @ 10 per cent. Audit observed that tax at source was not deducted from the payments aggregating to ₹ 72.16 crore made in March 2018 to the aforesaid firms. Thus, failure of the Ministry to ensure compliance with the laid down provisions and the terms of agreement resulted in non deduction of tax amounting to ₹ 7.21 crore. This is a non-compliance of a statutory

provision which makes the Ministry liable for payment of interest as mentioned in the first sub-para. This also calls for strengthening internal control at the payment stage, within the Ministry.

5. On being pointed out by Audit, the Ministry stated (October 2020) that no TDS has been deducted against payments made to the CPSUs, except in case of some payments made during 2018-19.

6. Apprising the Committee about the specific reasons for failure of the Ministry of Rural Development to ensure compliance with the laid down provisions and the terms of agreement which resulted in non-deduction of tax amounting to ₹ 7.21 crore, the Ministry submitted as follows:

"Tax at source could not be deducted due to oversight on account of the Drawing and Disbursing Officer (DDO) (PAO Special Cell) due to heavy rush to process the bills on the last day of the financial year 2017-18."

7. Expressing reasons for having only one DDO, the Secretary, Ministry of Rural Development deposited before the Committee as under:

"Till that point of time, the re-organization and addition of DDOs had not taken place. Subsequently, in the next financial year that is, 2018-19, nine more DDOs were brought into position."

8. While elaborating on the issue of sanctioning of ten DDOs, the Secretary, Rural Development stated as follows:

"We had less number of people. Subsequently the Government decided that one person would not be able to handle the pressure of job. So, they created nine more positions of the Drawing and Disbursing Officers. So, there is an oversight."

9. On being asked as to why the tax was deducted selectively on some payments made during 2018-19, the Ministry of Rural Development in their written submission replied as under:

"During FY 2018-19, payments of ₹ 362.38 crore were made to the three firms, namely, M/s Bharat Electronics Ltd., M/s ITI Ltd. & M/s ECI Ltd. Against this, ₹ 7.25 crore was deducted as TDS uniformly @ 2 % in terms of clause 194(c) of the Income Tax Act. In addition, a payment of ₹ 12.63 crore was made to BEL Ltd. towards excise duty and CST/VAT on purchase of Tablet PCs and Accessories for conducting SECC-2011."

10. When asked about the present position of deduction of all the tax to be deducted at source i.e. ₹ 7.21 crore, Ministry of Rural Development stated as under:

"No tax at source was deducted for the total payment of ₹ 72.16 crore released during the financial year 2017-18. This happened due to oversight as DDO had to process the bills during heavy rush on the last day of financial year's closure. However, all three PSUs involved have reported that they have suo moto declared the income received and deposited tax in Government of India account. As per information provided by CPSUs, two PSUs, namely BEL and ECIL recognised the revenue with respect to the concerned amount in their book in

2015-16 on accrual basis and same was offered for tax during FY 2015-16 itself. In case of ITI Ltd, it has been informed that it is a loss making company and the amount received on account of services rendered had been accounted as income but there was no liability to pay tax as it had carry forward losses. Therefore, taxes wherever applicable were deposited by them in the Government of India account."

11. Further on the issue of fixing responsibility against the officials for such lapse so as to avoid recurrence of such eventualities in future, the Ministry submitted as under:

".....non-deduction of tax at source occurred due to oversight on the part of DDO. The official has been asked to clarify the reasons for lapse based on which further action would be taken by the competent authority. In order to avoid such lapses in future, DDOs vide Ministry's OM dated 11.11.2021 have been instructed to scrutinise the sanctions and prepare the bills as per the DDOs manual and statutory instructions issued from time to time. Also, sanction issuing authorities have been instructed to clearly mention statutory deductions, etc. in their sanctions."

12. On being asked as to why this lapse was not identified by the Internal Audit Wing of the Ministry and the action taken by the Ministry to strengthen their Internal Audit Wing, so as to avoid such cases in future, the Ministry of Rural Development submitted as under:

"Earlier, internal Audit Wing (IAW) did not conduct the internal audit of DDOs of schemes due to lack of regular manpower for this purpose. However, internal audit was conducted in 2020 for SO (Cash) for the period 2017-18, 2018-19 and 2019-20. In addition, risk based internal audits are being conducted for schemes like MGNREGA and PMAY-G by the O/o CCA, DoRD, through the engagement of consultants. As on date, IAW has engaged 17 audit consultants for conducting internal audit. IAW has now been directed to conduct the internal audit for DDOs of schemes as well. Further, a proposal for creation of following posts to strengthen IAW has been submitted to Ministry of Finance in September 2019.

<u>Designation/Level</u>	<u>Nos.</u>
CCA	01
CA	02
Dy. CA	04
ACA/Dy. CA	27
AAO/AO/Sr. AO	28
Accountants/PA/PS and Other office support	14

13. Section 201 of the IT Act provided that if any person, who is liable to deduction at source, does not deduct it or after so deducting, fails to pay, the whole or any part of the tax to the credit of the Government, then, such person, shall be liable to pay simple interest at the rate of one percent for every month or part of month on the amount of such tax from the date on which such tax was deductible to the date on which such tax was deducted.

14. When asked as to whether the simple interest at the rate of one percent every month has been recovered from the concerned person, responsible for such lapse, the Ministry in their written submission stated as follows:

"Tax at source was not deducted due to an oversight by DDO but admissible taxes have been deposited by the two PSUs in the Government of India account while one PSU is a loss making enterprise. Therefore, liability to pay interest on the amount of tax may not be applicable. In order to ensure that such instances do not occur in future, DDOs vide Ministry's OM dated 11.11.2021, have been instructed to scrutinise the sanctions and prepare the bills as per the DDOs manual and statutory instructions issued from time to time. Also, sanction issuing authorities have been instructed to clearly mention statutory deductions, etc. in their sanctions."

PART - II

Observations/Recommendations

1. The Committee note that the Ministry of Rural Development entered (February, 2012) into an agreement with the consortium of PSUs viz., M/s. Bharat Electronics Limited (BEL), M/s. Electronics Corporation of India Limited (ECIL) and M/s. ITI Limited (ITIL). This consortium was collectively awarded the work of collection, consolidation and updation of data for Socio-Economic and Caste census on specific items of information at Tehsil level covering all States/UTs. As per clause 11.8.1 of the agreement, all payments by the authorities to the consortium were subject to tax at source @ 10% under the Income Tax Act. The Committee observe that the tax at source of ₹ 7.21 crore was not deducted from the payments aggregating to ₹ 72.16 crore made in March, 2018 to these firms. This non-compliance of statutory provision of section 194J of the IT Act makes the Ministry liable for payment of interest in terms of section 201 of the Income Tax Act.

2. The Committee note that the Ministry of Rural Development has held the Drawing and Disbursing Officer (DDO) responsible for non-deduction of tax at source in this case by citing heavy rush to process the bills on the last day of the Financial Year 2017-18 as the reason for the lapse. The Committee cannot accept the plea of the Ministry as the entire episode of non-deduction of tax at source is indicative of financial negligence and lack of accountability on the part of the officers concerned in the Ministry. The Committee, therefore, desire that in order to avoid such lapses in future, the Ministry of Rural Development should devise a mechanism to hold monthly review meetings to monitor flow of expenditure in an even manner and avoid the 'rush' at the close of the financial year, and thereby ensure effective fiscal discipline and better results. In this age of technological advancement, it would not be a difficult task to keep an eye on such transactions at regular intervals.

The Committee also note that there was only one DDO in the Ministry at the time of the aforesaid transaction and subsequently, in the next Financial Year i.e.

2018-19, nine more DDOs were brought into position. The Committee fail to understand as to why no timely action was taken for posting more DDOs in 2017-18 itself, which would have prevented the lapse that occurred during the year. This clearly reflects the poor planning for having sanctioned staff for Budgeting Section in the Ministry, and it was only when the lapse was pointed out by Audit, that the Ministry chose to appoint nine more DDOs. The Committee wonder as to how the quantum of work, which was to be looked after by deployment of ten DDOs was being managed with only one DDO. The Committee feel that, perhaps shortage of required number of DDOs is the main reason behind this lapse. While taking this matter very seriously, the Committee desire that henceforth the Ministry of Rural Development should strengthen their planning mechanism for selection/posting adequate staff in all the sections, particularly the Budgetary Division to avoid such shortcomings in future. Furthermore, it is the duty of the head of the Ministry to keep watch over the total work-load, the actual requirement of staff as well as their deployment in every section of the Ministry, as per requirement.

As regards fixing responsibility for the lapse, the Committee have been informed that the DDO has been asked to clarify the reasons for lapses based on which further action would be taken by the competent authority. The Committee note in this regard that in the normal course, such matters are to be cleared by the higher level officials in the Ministry. Therefore, the Committee feel that all those responsible for the lapse, inclusive of those in senior positions should be identified. The Committee, accordingly, recommend that apart from asking the DDO to clarify the reasons for this lapse, the Ministry should also identify the other senior officials responsible for the lapse. The Committee desire that the Ministry should initiate appropriate action against all officers responsible for the lapse so that the principles of accountability and responsibility are applied in letter and spirit. This exercise needs to be undertaken without further delay.

3. The Committee do not find the deposition of the representatives of the Ministry during evidence that although tax at source was not deducted, the PSUs

concerned have paid the requisite tax on the income received to be tenable. According to the Ministry of Rural Development, the two PSUs, namely BEL and ECIL recognized the revenue for the concerned amount in their books in 2015-16 on accrual basis and the same was offered as tax during Financial Year 2015-16 itself. In case of ITI Ltd, the Ministry apprised that it was a loss making company and the amount received on account of services rendered had been accounted as income but there was no liability to pay taxes as it had carried forward losses. The Committee are astonished to note that the Ministry ascertained the fact regarding the tax deposit by the PSUs only after the meeting was held under the Chairmanship of Secretary, Ministry of Rural Development on 17th September, 2021, i.e. after the gap of five years following the deposit of the tax by the PSUs. Neither the Ministry deduct the TDS at the time of payment nor ascertain from the PSUs regarding payment of tax, which is highly regrettable. The Ministry woke up to discuss this issue with the PSUs only after it was pointed out by Audit. Had this not been pointed out by Audit, the Ministry would have been ignorant of the mistake and no corrective measures would have been taken to avoid recurrence of such mistakes in future.

4. Further, the Committee cannot accept the plea of the Ministry that the PSUs have already paid the tax. Since as per clause 11.8.1 of the agreement with the PSUs and section 194 J of Income Tax Act, 1961, all payments made by the authorities to the consortium are subject to deduction of tax at source @10 percent, the Committee are of the view that the Ministry should have compulsorily deducted tax at source at the time of payment only rather than being under the impression that the PSUs concerned would pay the requisite tax. At first, the Ministry should have deducted the TDS and then let the Income Tax Department examine the matter, and if required, the tax deposited by PSUs could have been refunded thereafter. The Ministry cannot absolve themselves from not taking the responsibility for the whole issue. The Committee are astonished to note that the Ministry had adopted a very casual approach towards deduction of tax at source in this case due to which the exchequer had been deprived of revenue of ₹ 7.21 crore which should have come to them in 2017-18. The Committee, therefore,

emphasise upon the Ministry to develop some strong mechanism, with adequate manpower, for timely monitoring of such transactions and prevent recurrence of such lapses in future.

5. The Committee are perturbed to note that the Internal Audit Wing (IAW) in the Ministry had not detected this lapse as according to the Ministry Internal Audit of DDOs was not conducted due to lack of regular manpower. However, an internal audit was conducted in 2020 for Section Officer (Cash) for the period of 2017-18, 2018-19 and 2019-20. The Committee are astonished to note that this had also been done after the matter was pointed out by Audit. The Committee feel that the existing internal controls as well as the budgetary mechanism in the Ministry need to be strengthened to cope up with the wide gamut of work. Further, on the issue of lack of manpower in the Internal Audit Wing, the Committee have now been informed that as on date, IAW has engaged 17 audit consultants for conducting Internal Audit and a proposal for creation of additional regular manpower for internal audit has been submitted to the Ministry of Finance. What is even more worrisome for the Committee to note is that the IAW has issued directions in this regard on 11.11.2021 to conduct the internal audit for DDOs of schemes as well. The Committee note in this regard that this was done only after evidence of the representatives of the Ministry of Rural Development was taken by the Committee. Had these steps been initiated earlier, the situation of non-deduction of tax of ₹ 7.21 crore could well have been avoided. The Committee would now expect the Ministry to be more vigilant and prompt in detecting and rectifying such matters which have large financial implications. The Committee would also desire to be apprised of the status of sanctioning of additional manpower for internal audit by the Ministry of Finance.

6. The Committee note that Section 201 of the Income Tax Act provides that if any person, who is liable to deduct at source, does not deduct it or after so deducting, fails to pay, the whole or any part of the tax to the credit of the Government, then, such person, shall be liable to pay simple interest @ 1 per cent for every month or part of month on the amount of such tax from the date on

which such tax was deductible to the date on which such tax was deducted. The Committee are not satisfied with the Ministry's contention that since the admissible taxes have been deposited by two PSUs, liability to pay interest on the amount of tax may not be applicable. The Committee are surprised at this complacent approach of the Ministry because despite the issue being pointed out by the C&AG way back in 2018-19, no concrete steps have been taken in this regard by the Ministry. The Committee would urge on meticulously complying with the provisions of the Section 201 of the IT Act as well as clause 11.8.1 of the agreement and take appropriate measures in this direction so that such instances do not recur. The Committee would like to be apprised of the action taken in this regard within one month of the presentation of this Report to Parliament.

NEW DELHI;
March, 2022
Phalguna, 1943 (*Saka*)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

MINUTES OF THE SITTING OF THE SUB-COMMITTEE- I (CIVIL) OF PUBLIC ACCOUNTS COMMITTEE (2021-22) HELD ON 1ST SEPTEMBER, 2021.

The Sub-Committee sat on Friday the 01st September, 2021 from 1500 hrs. to 1630 hrs. in the Committee Room-II, Extension of Parliament House Annexe, New Delhi.

PRESENT

Shri Shaktisinh Gohil - **Convenor**

MEMBERS

LOK SABHA

2. Shri Thalikkottai Rajuthevar Baalu
3. Shri Rahul Ramesh Shewale

SECRETARIAT

1. Shri T.G. Chandrashekhar - Joint Secretary
2. Shri Tirthankar Das - Director
3. Smt. Anju Kukreja - Deputy Secretary

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

1. Shri Raj Ganesh Viswanathan - Dy C&AG (Comm. Coord & Local Bodies) and Chairman, Audit Board
2. Shri L.A.C. Singh - Dy C&AG (Report Central)
3. Smt. Geeta Menon - Director General (Commercial)-I
4. Smt. Ritika Bhatia - Director General (Commercial)-II
5. Shri Ashok Sinha - AGA (Home Affairs)
6. Shri S. V. Singh - Principal Director (PC)

2. At the outset, Hon'ble Convenor, Sub-Committee-I (Civil) welcomed the Members and the officials of the Office of the Comptroller and Auditor General of India to the Sitting of the Sub-Committee convened to have briefing by Audit on the subjects-(i) "Pradhan Mantri Ujjwala Yojana" based on C&AG's Report No. 14 of 2019, (ii) "Generation and Distribution of Power in Lakshadweep Islands" based on Para No. 2.13 of C&AG's Report No. 8 of 2017, and (iii) "Non-deduction of Tax at Source" based on Para No. 10.1 of C&AG's Report No. 2 of 2021.

3. Thereafter, the Officials of C&AG of India made a Power Point Presentation and briefed the Sub-Committee about the Audit observations contained in the Audit Report No. 14 of 2019 on -“**Pradhan Mantri Ujjwala Yojana**”. Further, the officials informed that Ministry has accepted all the 12 recommendations made in the Audit Report.
4. Members sought certain clarifications and the status of action taken by the Ministry of Petroleum and Natural Gas on the audit findings. Further, Members sought information about the actions initiated by the Oil Marketing Companies (OMCs) after the Audit made its observations; details of seeding of Aadhaar numbers by the distributors of LPG cylinders to avoid multiple connection in the name of a women; exercise of de-duplication; delay in delivery of cylinders; compliance and overseeing of safety measures by the OMCs; use of App like digital platform for better delivery of services; and issue of non-transfer of subsidy to PMUY consumers.
5. Thereafter, Audit officers briefed the Sub-Committee on important observations made in Para No. 10.1 of Report No. 2 of 2021 on "**Non-deduction of Tax at Source**". Audit pointed out that non-deduction of tax at source from the payments aggregating to ₹7.21 crore from three PSUs which make the Ministry of Rural Development liable for payment of interest in terms of Section 201 of the Income Tax Act.
6. Members sought information about the failure of the Ministry of Rural Development to ensure compliance with the laid down provisions and the actions initiated for fixing responsibility against the official of the Ministry responsible for such lapse.
7. Thereafter, Audit officers briefed the Sub-Committee on important observations made in Para No. 2.13 of Report No. 8 of 2017 on "**Generation and Distribution of Power in Lakshadweep Islands**". Audit pointed out on the issues like installation of excess capacity of DG sets, non-commissioning of bulk oil storage facilities at Kavaratti and Minicoy that resulted in transit loss amounting to ₹ 2.65 crore, consumption of diesel in excess of norms and avoidable expenditure due to high transmission and distribution losses etc.
8. Members desired to seek information about the actions initiated by the Authorities to check the transmission and distribution losses; storage and theft of diesel; commissioning of the bulk oil storage facilities and status on availability of barge at mainland etc.
9. Thereafter, considering the suggestion of Audit, the Sub-Committee decided to hold their next sitting on 13th September, 2021 to have oral evidence of the representatives of the Ministry of Petroleum and Natural Gas/ Oil Marketing Companies on the subject "**Pradhan Mantri Ujjwala Yojana (PMUY)**" based on C&AG's Report No. 14 of 2019.
10. The Convenor then thanked the officials of the C&AG for briefing the Sub-Committee on the aforementioned subjects.

The Sub-Committee, then, adjourned.

MINUTES OF THE SITTING OF THE SUB-COMMITTEE- I (CIVIL) OF PUBLIC ACCOUNTS COMMITTEE (2021-22) HELD ON 29th OCTOBER, 2021.

The Sub-Committee sat on Friday the 29th October, 2021 from 1530 hrs. to 1630 hrs. in the Committee Room-D, Parliament House Annexe, New Delhi.

PRESENT

Shri Shaktisinh Gohil - Convenor

MEMBERS

LOK SABHA

2. Shri Rahul Ramesh Shewale
3. Shri Pratap Chandra Sarangi

SECRETARIAT

1. Shri Tirthankar Das - Director
2. Smt. Anju Kukreja - Deputy Secretary

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

1. Ms. Sangita Choure, Dy C&AG
2. Ms. Geeta Menon, Director General (Commercial-I)

OFFICERS OF THE MINISTRY OF RURAL DEVELOPMENT

1. Shri Nagendra Nath Sinha, Secretary
2. Shri Praveen Mahto, Chief Economic Adviser
3. Ms. Leena Johri, AS & FA

OFFICERS OF THE CONCERNED PSUs

1. Shri D. Venkateswarlu, Director (Production), ITI Ltd.
2. Shri Sudhanshu Kumar, General Manager (Finance), ECIL
3. Shri Manoj Kumar, Executive Director (NM), BEL

2. At the outset, Hon'ble Convenor, Sub-Committee-I (Civil) welcomed the Members and the officials of the Office of the Comptroller and Auditor General of India to the Sitting of the Sub-Committee convened to have oral evidence of the representatives of the Ministry of Rural Development on the audit findings on the subject "**Non-deduction of Tax at Source**" based on Para 10.1 of C&AG Report No. 2 of 2021.

3. The Convenor, then, asked the Deputy C&AG to brief the Sub-Committee on the shortcomings pointed out and suggestions made by the Audit on the aforesaid subject.

4. After briefing by Audit officers on the subject, the representatives of Ministry of Rural Development and officers of the Consortium of PSUs i.e. Electronics Corporation of India Limited, Indian Telephone Industry Limited and Bharat Electronics Limited were called in and the Convenor welcomed them to the sitting. Impressing upon the witnesses to treat the proceedings of the Sub-Committee as confidential, the Convenor asked the Secretary, Ministry of Rural Development to brief the Sub-Committee on the Audit findings as contained in the aforesaid paragraph regarding failure of the Ministry of Rural Development to deduct tax at source at the rate of 10 percent for the professional and technical services rendered by a consortium of PSUs resulted in non-deduction of tax amounting to ₹ 7.21 crore and action taken thereon by the Ministry.

5. Thereafter, the Secretary, Ministry of Rural Development apprised the Sub-Committee about the acceptance of the aforesaid shortcoming by them, steps contemplated by them to overcome such shortcomings, recommendations proposed by the Audit to address the said issue and action taken thereon by the Ministry etc.

6. Thereafter, the Convenor and other Members raised certain issues pertaining to reasons for failure of the Ministry of Rural Development to ensure compliance with the laid down provisions and the terms of agreement, reasons for deducting tax selectively on some payments made during 2018-19, responsibility fixed against the persons concerned with this case, reasons for availability of only one DDO at that time, strengthening of extant systems of Internal Audit as well as internal control and budget management, payment of interest in terms of Section 201 of the Income Tax Act, reasons for deposition of advance tax by the BEL and ECIL even before getting the payment from the Ministry of Rural Development, establishment of procedure to avoid such incidents in future etc. The representatives of the Ministry of Rural Development and PSUs replied to several issues raised by the Convenor and the Members.

7. Thereafter, Hon'ble Convenor asked the representatives of the Ministry of Rural Development to furnish the information that was not readily available with them at present alongwith the replies to the List of Points being handed over to them by the Committee Secretariat within 15 days.

8. The Convenor then thanked the representatives of the Ministry of Rural Development of the PSUs for appearing before the Sub-Committee and sharing valuable information. He also thanked the officers of the Office of C&AG of India for briefing the Sub-Committee on the said subject

The witnesses, then withdrew.

A copy of the verbatim proceedings of the sitting have been kept on record.

The Sub-Committee, then, adjourned.

MINUTES OF THE SITTING OF THE SUB-COMMITTEE- I (CIVIL) OF PUBLIC ACCOUNTS COMMITTEE (2021-22) HELD ON 30th DECEMBER, 2021.

The Sub-Committee sat on Thursday the 30th December, 2021 from 1600 hrs. to 1630 hrs. in the Committee Room No.1, Extension Building, Parliament House Annexe, New Delhi.

PRESENT

Shri Shaktisinh Gohil - **Convenor**

MEMBERS

LOK SABHA

2. Shri Pratap Chandra Sarangi
3. Shri Shri Thalikkottai Rajuthevar Baalu

SECRETARIAT

1. Shri T. G. Chandrasekhar - Joint Secretary
2. Shri Tirthankar Das - Director
3. Smt. Anju Kukreja - Deputy Secretary

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

1. Shri Rakesh Mohan - Dy C&AG
2. Shri Ashok Sinha - Principal Director
3. Shri S. V. Singh - Principal Director

2. At the outset, Hon'ble Convenor, Sub-Committee-I (Civil) welcomed the Members and the officials of the Office of the Comptroller and Auditor General of India to the Sitting of the Sub-Committee convened for consideration and adoption of the Draft Report on the subject "**Non-deduction of Tax at Source**" based on Para 10.1 of C&AG Report No. 2 of 2021. After giving background of the Draft Report, he highlighted the major findings of the Sub-Committee and important recommendations given in the Draft Report on the abovementioned subject.

3. The Sub-Committee, after some deliberations, adopted the Draft Report with minor modification. The Committee also authorized the Convenor to finalise the Report on the basis of factual verification done by the Audit and place it before the Public Accounts Committee.

4. The Convenor then thanked the officers of the Office of C&AG of India.

The Sub-Committee, then, adjourned.

MINUTES OF THE TENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2021-22) HELD ON 10th FEBRUARY, 2022.

The Public Accounts Committee sat on Thursday, the 10th February, 2022 from 1500 hrs. to 1555 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Shri Adhir Ranjan Chowdhury - Chairperson

Members

LOK SABHA

2. Shri Subhash Chandra Baheria
3. Shri Bhartruhari Mahtab
4. Shri Vishnu Dayal Ram
5. Shri Rahul Ramesh Shewale
6. Dr. Satyapal Singh
7. Shri Rajiv Ranjan Singh alias Lalan Singh
8. Shri Jayant Sinha
9. Shri Ram Kripal Yadav

RAJYA SABHA

10. Shri Shaktisinh Gohil
11. Shri Bhubaneswar Kalita
12. Shri C.M.Ramesh
13. Shri V. Vijayasai Reddy
14. Dr. Sudhanshu Trivedi

LOK SABHA SECRETARIAT

1. Shri T.G. Chandrashekhar - Joint Secretary
2. Shri Tirthankar Das - Director
3. Shri S.R. Mishra - Director
4. Smt. Bharti S. Tuteja - Additional Director

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

1. Shri Rakesh Mohan - Dy. C&AG
2. Shri Raj Ganesh Viswanathan - Dy C&AG
3. Smt. Ritika Bhatia - Director General

PART-A

2. At the outset, the Chairperson welcomed the Members of the Committee and the Officers of the C&AG of India to the Sitting of the Committee. He then apprised the Members of the following three agenda items before the Committee:

- i. XXXX XXXX XXXX
- ii. XXXX XXXX XXXX
- iii. Consideration and adoption of 4 draft reports.
3. XXXX XXXX XXXX
4. Draft Report on "Non-Deduction of Tax at Source";
5. XXXX XXXX XXXX
6. XXXX XXXX XXXX
7. XXXX XXXX XXXX
8. Thereafter, the Committee took up for consideration the following Reports:
 - i. XXXX XXXX XXXX
 - ii. XXXX XXXX XXXX
 - iii. XXXX XXXX XXXX
 - iv. Draft Report on action taken by the Government on the Observations/Recommendations of the Committee contained in their Fourteenth Report (Seventeenth Lok Sabha) on "The Accelerated Irrigation Benefits Programme".
9. XXXX XXXX XXXX
10. Following some deliberations, the Committee adopted the aforesaid four Reports without any change/modification. The Committee also authorized the Chairperson to finalise the aforesaid Reports on the basis of factual verification and present the same to the Hon'ble Speaker/ Parliament.

PART-B

11. XXXX XXXX XXXX
12. XXXX XXXX XXXX
13. XXXX XXXX XXXX
14. XXXX XXXX XXXX
15. XXXX XXXX XXXX

The witnesses then withdrew.

The Committee then adjourned.

A copy of the transcript of audio recording of the proceedings of the sitting has been kept on record.