

THIRTEENTH REPORT  
PUBLIC ACCOUNTS COMMITTEE  
(2009-10)

(FIFTEENTH LOK SABHA)

REVENUE LOSS DUE TO DELAY IN  
LEVY OF TOLL FEES

MINISTRY OF ROAD TRANSPORT AND HIGHWAYS



*Presented to Lok Sabha on 29 April, 2010*

*Laid in Rajya Sabha on 29 April, 2010*

LOK SABHA SECRETARIAT  
NEW DELHI

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

(2009-10)

\*Shri Gopinath Munde — *Chairman*

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| 3. Shri Sanjeev Sharma     | — | <i>Deputy Secretary</i> |

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

\$ *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 Thirteenth Report (15th Lok Sabha) on "Revenue loss due to delay in levy of Toll Fees" based on Chapter XIV of C&AG Report No. CA 2 of 2007 for the year ended March, 2006 relating to the Ministry of Road Transport and Highways.

2. The Report of the Comptroller and Auditor General of India for the year ended March, 2006 was laid on the Table of the House on 14th May, 2007.

3. 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 timeframe, 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 Ministry of Road Transport and Highways alongwith some other Ministries/Departments.

4. In the process of the scrutiny of the Audit Paragraphs/Chapters/Reports pending with the Ministry of Road Transport and Highways, the Sub-Committee came across certain pending Paragraphs/Chapters on very important issues and considered it prudent to examine and report the same alongwith the Non-Compliance issue. Accordingly, the Sub-Committee took up the above-mentioned Chapter of the Audit Report for in-depth examination.

5. The Sub-Committee took evidence of the representatives of the Ministry of Road Transport and Highways on 22nd February, 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.

6. 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.

7. 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.

8. The Committee would also like to express their thanks to the officers of the Ministry of Road Transport and Highways for tendering evidence before the Sub-Committee and furnishing information that the Sub-Committee/Committee desired in connection with the examination of the subject.

9. 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;  
26th April, 2010  

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6 Vaisakha, 1932 (Saka)

GOPINATH MUNDE  
Chairman,  
Public Accounts Committee.

## REPORT

### PART I

#### I. Introductory

The Finance Accounts and the Appropriation Accounts of the Union Government for a particular financial year as well as various transactions in those accounts are audited by the Comptroller and Auditor General of India (C&AG) in accordance with the C&AG's (Duties, Powers and Conditions of Service) Act, 1971. C&AG certifies these accounts and also submits separate Audit Reports thereon to the President in terms of Article 151 of Constitution of India. In addition, C&AG has also been submitting Performance Audit Reports on important Schemes and Programmes of the Union Government which are laid on the Table of the House and stand referred to Public Accounts Committee. These Reports after being laid in Parliament in accordance with Article 151 of the Constitution of India, stand referred to the Public Accounts Committee for their scrutiny. As it becomes practically impossible for the Public Accounts Committee to examine each and every paragraph contained in the Audit reports, the Committee adopt a selective approach and take up a few relatively more important paragraphs for in depth examination at the beginning of the term every year. As regards the paragraphs which are not formally selected for examination by the Committee and Reports presented thereon, these are dealt with by means of a procedure whereby the Ministries/Departments are required to furnish the remedial/corrective Action Taken Notes to the Committee through the Ministry of Finance (Department of Expenditure).

2. But as there was inordinate delay on the part of the Ministries/Departments in furnishing the remedial/corrective Action Taken Notes, the Committee in their 105th Report (Tenth Lok Sabha) had recommended that with effect from 31st March, 1996 the Action Taken Notes on all the Paragraphs of the Reports of the C&AG, which are not formally taken up by the PAC for examination, should be furnished to the Committee within four months of the laying of the Audit Reports.

3. During 2000-01, *vide* their 9th Report the Committee decided that the remedial/corrective Action Taken Notes furnished by the respective Ministries/Departments should be categorized by the Audit under three broad heads namely 'Accepted', 'Partially Accepted' and 'Non Accepted'. In subsequent developments, the Committee also decided that a brief on those Action Taken Notes which are categorized as 'Not Accepted' should be furnished by the Office of C&AG, clearly indicating the reasons for such categorization as well as the points of difference between Audit and the Ministry/Department concerned. After categorization by Audit, these remedial Action Taken Notes along with the briefs on "**not accepted**" paras are circulated to the Members for their perusal.

4. It has come to the notice of the Committee that various Ministries/Departments have not furnished the remedial/corrective Action Taken Notes to the Committee through

the Ministry of Finance (Department of Expenditure) within the prescribed time line of four months. For example, as on 15th September, 2009 remedial/corrective Action Taken Notes on a total number of 2827 Chapters/Paragraphs were pending with various Ministries/Departments.

5. Against this backdrop, the Committee took up the subject for detailed examination during the year 2009-10. A Sub-Committee (under the Convenership of Hon'ble Ashwani Kumar) was constituted to go deep into the matter, prepare separate Reports on each of the eight Ministries/Departments concerned with the subject and place the same before the Main Committee for their consideration. In the process, the Sub-Committee obtained Background Notes/Preliminary Material and Written Replies from the Ministries/Departments concerned. The Sub-Committee also took separate evidence of the representatives of the Ministries/Departments on different dates.

## **II. Pendency of audit paragraphs of Ministry of Road Transport & Highways**

6. This Report pertains to the remedial/corrective Action Taken Notes on the Audit Paragraphs pending with the Ministry of Road Transport and Highways (formerly Ministry of Shipping, Road Transport and Highways—Department of Road Transport and Highways). As intimated by Ministry of Finance—Department of Expenditure (Monitoring Cell) out of the 2827 Chapters/paragraphs for the period 1996-97 to 2006-07 pending with various Ministries/Departments as on 15th September 2009, three paragraphs for the year 2005-06 pertained to the Ministry of Road Transport and Highways where action taken notes have not been furnished to the Committee and as such they did not reach finality keeping in view the procedure devised by the Public Accounts Committee and as highlighted in the opening paragraphs of this Report.

7. At the instance of the Committee the Audit have supplied the latest figures in regard to the audit paragraphs/Performance Audit reports on which Action Taken Notes (ATNs) are pending. As regards the status of ATNs pending as on February, 2010 Audit informed that total paras/Performance Audit reports on which ATNs were pending stood at 3450. These pertained to the period 1995-96 to 2008-09. Out of these, 142 audit paras pertain to the Civil wing and out of these Ministry of Road Transport and Highways had only one ATN pending which was not received even for the first time. As per the figures supplied by the Audit only one para was shown to be pending for remedial action to be taken by the Ministry of Road Transport and Highways. When asked from the Ministry to indicate the exact number of audit paragraphs pending with them, the Ministry, in a written note, 16th March, 2010 intimated that six paras were pending with them.

8. The Committee desired to know about the mechanism devised or proposed by the Ministry to ensure timely submission of ATNs within the stipulated time frame (of four weeks) and whether any constraints/difficulties were encountered in this regard. The Ministry, in a written note stated as under:

"In order to avoid delay in submission of Action taken report, it is proposed now to have fortnightly meeting at the level of Joint Secretary and monthly meeting at the level of Additional Secretary and Financial Advisor level to review the



status of pending audit paras. It has been observed that sometime paras pertains to two or more divisions and sometime complete details of audit paras are not available on the official website of C&AG as well as in their Annual report."

9. When enquired about the reasons of five pending paras and fixing any responsibility for this lapse, the Ministry, through a written note stated as follows:

"Although steps to prepare the action taken notes had been initiated well in time but the information is required to be collected from attached/field/subordinate offices which took time. It will be our endeavour to send the replies to Audit Paras within the stipulated time. Action will be taken in future if the Audit paras are not replied in time."

10. The Committee wanted to know the time frame within which this pending paragraph is likely to be submitted for final compliance. The Ministry through a written note stated that the action taken notes have already been sent to Audit for vetting in respect of all pending audit paras except Para No. 21.3, Report No. CA 1 of 2008 relating to "Losses and Irrecoverable Dues Written Off/Waived", the full details of which were not available either on the official website as well as in their Annual report. A request was being made separately to get the necessary details.

11. When asked precisely the time line of furnishing ATNs on para 14.1 the Ministry, in a written note informed the Committee as under:

"The matter relating the Audit Para was initially dealt on the file No. RW/NH-24030/23/2007-PIC cell. Following restructuring of the Project Implementation Cell (PIC), there has been re-distribution of work of PIC in 2008. It has not been possible to trace the said file either in the PIC or in the newly created PPP Division despite best efforts having being made to locate it. In view of the inability to locate the relevant file, the inability to assign reason regarding delays in furnishing in action taken note is deeply regretted."

### **III. Revenue loss due to delay in levy of toll fee\***

12. **One of the important Chapters/Paragraphs is Paragraph No. 14.1 Chapter XIV of the Report of the C&AG of India for the year ended March, 2006 — Union Government (Civil) Transaction Audit Observations No. 2 of 2007** relating to "**Revenue loss due to delay in levy of toll fee**". The Sub-Committee considered it prudent to examine this para, as a test case, to gauge the compliance of the Ministry to the Audit observations/suggestions contained therein, alongwith the status of remedial/corrective Action Taken Notes to be furnished by the Ministry.

In the light of the pendency of the Audit Paragraphs on which remedial action by the Ministry of Road Transport and Highways did not reach the stage of finality, the Committee decided to enquire in details the above-mentioned paragraph.

13. The Audit paragraph focusses on a case where the Ministry's failure to specify any time limit within which notifications for the levy of the toll fees should have been

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\* Para No. 14.1 of Chapter XIV of Audit Report No. 2 of 2007.

issued after the completion of national highways sections and bridges resulted in delay in issue of notification causing revenue loss to the Government/exchequer to the tune of Rs. 85.90 crore.

Audit scrutiny has revealed that under the National Highways Act, 1956 and Rules made thereunder, the Central Government is empowered to levy toll fee on mechanical vehicles for using national highways sections and permanent bridges costing more than the amount specified in the rules. The toll fee rates were to be notified by the Ministry (formerly Ministry of Shipping, Road Transport and Highways and subsequently bifurcated as Ministry of Road Transport and Highways) and collected by the respective executing agencies *i.e.* National Highways Authority of India (NHAI)/State PWDs either departmentally or through private contractors, on behalf of the Central Government. The fee collected from the users is required to be remitted to the Government by the executing agencies. For timely collection of the revenue, it is essential that notifications for levy of toll fee are issued as soon as the newly completed sections of the highways are opened to the traffic.

14. Audit also pointed out that the Ministry framed rules governing levy of toll fees and issue of notifications, it failed to specify the time limit within which such notification should be issued after completion of the project. This led to issue of notifications for collection of toll fee with delay in ranging from 5 months to 23 months calculated from the dates of opening the highways/bridges to traffic, in eight out of 28 cases test checked by audit, resulting in a loss of revenue aggregating to Rs. 85.90 crore.

15. Further Audit has brought out that the Ministry in their reply (November 2005) stated that there was no pecuniary gain caused to any individual or a private entity due to delay in issue of toll fee notification and the beneficiary was only the public at large and without any motive on the part of any one concerned. This contention of the Ministry was not acceptable to Audit as its failure to act promptly and issue notification timely evidently caused substantial revenue loss to the Government.

16. When asked about the reasons for not specifying the time limit within which notifications for levy of toll fees should have been issued after the completion of the project and what would be the loss in all the 28 cases apart from the eight cases highlighted by the Audit, the Secretary, Ministry of Road Transport and Highways stated during evidence:

"What is to be appreciated is that these cases pertain to the period 2002 and earlier. At that time, irrespective of investment, we never collected toll on the road, we were only collecting some toll on the bridges and what was linked with the cost of the bridge. It used to be stopped after recovery of the cost. But under the rules of 1997, toll is levied on the road. It is the fee and it is to be charged in perpetuity. It will continue forever on the road. That way to say that there is a loss, it may be audit point of view, but if you look at it in the larger perspective which the Minister and any political authority is expected to do, there is no loss. A proposal has come from the NHAI for notifying this. So, loss or gain starts when the notification is issued. The point of the audit is to my mind, a technical kind of point. The Authority which is competent to levy the toll decides. So from

that date only the audit can say that NHAI has not collected the toll. When the Authority has not passed the order, there is no time limit. So, while I have full respect for the audit but I would like to submit in all humility, that this is not a correct point.”

17. On being asked whether any loss had been incurred due to delay in issue of notification, the Secretary, Ministry of Road Transport and Highways explained:

"Sir, I would like to submit that earlier there was no requirement under the rules that Government shall issue notification within this period from the date of receipt of the proposal of the NHAI. Now, there is a requirement of rule.”

He added:

"Sir, according to me, there is no loss of revenue. It was Government's power that when proposal comes it is to examine and issue notification in the shortest possible time because there is no requirement of a rule or law that it has to be done in 10 days or 15 days, as is now.”

18. Clarifying the position in this regard the Ministry stated in a written note, submitted subsequently to the Committee:

"Fee notifications were earlier published in accordance with the provision under the National Highways (Fee for the use of National Highways section and permanent Bridge Public Funded Project) Rules, 1997 and National Highways (Rate of Fee) Rules, 1997 and National Highways (Collection of Fees by any person for the use of section of national highways/permanent bridge/temporary bridge on National Highways) Rule, 1997.

In the said rules there was no provision as regards any time limit within which notifications should be issued after the completion of the project. However, it is not possible to assign any reason in this regard.

On the basis of actual experience of implementation, specific time limit has since been assigned under the National Collection Rules, 2008 which was published on 5.12.2008. Under the sub-rule 2 of Rule 3 of these rules, it has been mentioned that "The collection of fee levied under sub-rule (1) of rule 3, shall commence within forty five days from the date of completion of the section of national highway, permanent bridge, bypass or tunnel, as the case may be, constructed through a public funded project."

19. The Committee desired to know the reasons for delay in issue of notification for levy of toll fee in the eight cases cited by the Audit. In reply the Ministry, stated in a note as under:

"The delay in issuing notifications can be broadly attributed to time taken in seeking clarifications and resolving specific issues encountered in various cases. On the basis of available information, the reasons for delay in issue of notifications for levy of toll fee in these cases may be summarized as under:

- (i) Finalization of location of toll plaza as in Mannar-Dahisar and in Samakhiyali-Gandhidham proposals.

- (ii) Time taken in decision regarding feasibility of levy user fee in urban stretch as in Hosur-Krishnagiri and in Satara-Khandala proposal.
- (iii) Issues relating to entrustment of stretch to NHAI as in Cable stayed Naini Bridge.
- (iv) Revision in draft fee notification necessitated by the change in the WPI during the processing period as in Samakhiyali-Ghandhidham proposal.
- (v) Time taken in deciding whether to levy user fee in respect of 2-lane for which there was no provision in the 1997 fee rule as in Chennai Bypass proposal."

20. In regard to the mechanism in place within the Ministry of Road Transport and Highways for issuing the notification for levying toll fee in time-bound manner the Ministry, in a written note stated as under:

"The following mechanism is being followed for issuing the notification within specified time limit:

- (i) The proposal duly approved by the Competent Authority in NHAI is now processed on their file itself to avoid possible delays on account of processing a new/separate file in the Ministry.
- (ii) Further, the executive agency *i.e.* NHAI is required to submit the proposal, well before the completion of stretch.
- (iii) Toll plaza locations are finalized in advance and necessary action taken for land acquisition for the purpose. In case of PPP projects, the location of toll plaza is also pre-determined and is duly mentioned in the bid documents.
- (iv) Specific provision for taking advance action for issue of fee notifications has been made under the Model Concession agreement in case of PPP projects."

21. The Committee wanted to know the position in respect of the remaining 20 cases which were not test checked by the Audit and specifically whether any revenue loss was incurred in these cases too and any responsibility fixed for this lapse. The Committee also wanted to know the dates of issuing of notification for 28 cases *vis-à-vis* the dates of opening of newly completed section of the Highways and the final date of crediting the revenue to the Government. On this pertinent query the Ministry could not furnish any satisfactory reply and simply intimated, through a written note as under:

"In absence of relevant file in the Ministry the details of 20 stretches could not be readily located. However, efforts are being made to get the relevant details from the other possible sources including NHAI. The details will be accordingly furnished separately."

22. In regard to a query about the shortfalls in revenue noticed in respect of all the National Highway Sections/bridges opened from 2006 onwards, the Ministry merely stated that NHAI has been requested to expedite to all relevant details which will be furnished separately.

23. During evidence when the Committee drew attention of the Secretary to the new rule framed in the year 2008 where a fixed time limit of 45 days was prescribed for levying of the toll fee after the completion of the Highways, he explained as under:

"... Sir as you have rightly observed, in our Rule of 2008, we have prescribed a time limit of 45 days in respect of public funded projects. In the case of private funded projects which is governed by the Concession Agreement where there is commercial date of operations, etc. it was in a way not provided for in the Rules that it should be immediately done. However, at the same time, when NHAI sends proposals, road is complete, please notify the toll rates and the Government does not do it, there is something which I would say is perhaps not very acceptable. We, within the Ministry though as you are kindly aware that we have to send it to the Law Ministry, and then it goes to the Finance Ministry and they have to do the scrutiny, at the same time, I cannot justify delay beyond acceptable level.

Sir, now since the Rule themselves have prescribed the time limit of 45 days, naturally the Government is bound to do it within 45 days. I would like to submit that Government has inherent power not to levy the toll. It was also the choice of the Government earlier. NHAI may send the proposal but it was again the choice of the Government. Suppose Government decides not to toll, that also was provided for under the old rules but now that provision has also gone. While audit para in its place is definitely relevant but this aspect also need to be considered by the Sub-Committee before it decides."

24. In this connection, the Committee wanted to know in unequivocal terms whether there had been any delay in notifying of the rules after December, 2008 when the time frame of 45 days was put into place. Replying in the affirmative, the Secretary candidly admitted before the Committee by stating as under:

"I would like to be honest and say that there has been. In fact, there are quite a few proposals pending at the Government level and one of the main reasons is the rates at which tolls are to be levied.... As all of you are aware, we had faced strikes by truckers; in a quite few cases, the delay is occurring. After NHAI sends the proposals, the delay is occurring. That is again on account of the fact that the Minister has assured the House that there will be a review of toll policy of 2008. On account of that we have conducted an exercise at the level of Minister, after the Minister's assurance in the House during the last session of Parliament a note was circulated to the Cabinet Committee on Infrastructure, which in turn, said that it may be taken to the EGOM, headed by the Hon. Finance Minister. Since that exercise is on, in that process, there is a delay. I do admit that, but again it is something which is at least beyond the domain of the officers."

25. When asked whether there was any inherent or residuary power under the statute to extend this period of 45 days, the representative of the Ministry stated:

"The Rules are a part of the subordinate legislation and are framed by the Government. But this is a sensitive issue; under the Rules of business, Minister

is empowered to frame the Rules, after consulting whichever Ministry is concerned with it. In this case, the matter went right up to the CCEA. There is a feeling that tolling of 2-lane roads, I would like to explain it, is a complicated matter. In the earlier rule of 1997, the public funded road, suppose it was levied at the rate of paise 40 per km per passenger for five years, and now if after five years suddenly raise it to a figure is WPI linked and it becomes paise 70-75 the truckers oppose this. We have thought of several ways and means like giving staggered increase and not applying the new toll rules to the roads where tolls were already there under the old rules and it was valid for five years. Unfortunately in the new toll rules, there is no saving clause also. All these issues have been referred now by the EGOM to inter-ministerial group headed by me. We will try to sort out to the best of our ability and to meet the genuine concerns of the road users.”

26. Elaborating on this point the witness added:

“This Committee which I head, I should be able to do it within the next three weeks and thereafter, we will submit our report to the EGOM whatever decision EGOM and CCI take, that will be binding. It goes without saying that the CCI has inherent power even to relax rules or give effect to that retrospectively. This has to be taken at the political level.”

27. Defending the delay caused in the levy of toll fee even after the new Rules were in place, the Secretary clarified during evidence:

“Most of the proposals are for revision of toll rates because new toll rates have come into effect in December, 2008 and NHAI's interpretation is that even on the existing stretches where toll is being collected at old rates, new rates should apply there also. This is besides a financial one, a legal issue also because the earlier notification was valid for five years period. Even if the five year period is not over, new rules should apply. Secondly, it is not that we have not done anything. We have a detailed discussion with the Minister. He has agreed that so long increase is 15 to 20 per cent. He would perhaps approve it.”

#### **IV. Related Issues**

28. During the course of oral evidence the Committee also raised certain important related issues and seek clarifications/information of the Ministry of Road Transport and Highways on the same. These issues are not directly connected to the issue of Revenue loss due to delay in levy of toll fee, nonetheless they are important, issues of public importance and may open up vistas for gainful improvement as far as National Highways are concerned. These issues have been categorized under three headings and are discussed in the following paragraphs.

##### **A. Automated toll tags**

29. Citing the reasons of ever increasing traffic on the National Highways/toll roads which leads to wastage of time due to long queues and also resultant corruption

which is witnessed at the toll collection centres, the Committee desired to know whether there was any proposal to introduce automated toll tax which has universal applicability. In reply the Secretary, stated during evidence:

"Government is very keen that tags for collection of toll should be introduced, which have universal application on the National Highways and the Minister has set up a Committee headed by Mr. Nandan Nilekani who is now heading the Unique Identification Number Authority.

A Committee has been set up under his Chairmanship to suggest the technology and to suggest what kind of tag should be there so that it could be uniformly used. It is our perception that what we should do is that all NH roads must have the same technology and same tag and the entire money collected should be pooled, what we call, like in the bank clearing house and automatically it goes to the account of the concessionaire, to the account of the NHAI or wherever it has to go. This is our perception about tolling system. What you are saying that people take money without doing anything and all that that is happening because at present on Government funded roads, NHAI is collecting the toll through the Ex-servicemen society on a nomination basis and there are all kinds of mal-practices. After the present Government took over in the month of May, the Minister has decided that this system should be discontinued and we should introduce what is called Operation Maintenance and Transfer (OMT) which means invite bid for 100 or 200 kilometres of road which has been funded with Government money and there will be maintenance and toll collection system and he will give the fixed amount with an annual growth and NHAI is bidding out. The tolling system will be computerized, it will be perfect and with this kind of thing that we are thinking, this is an inherent part of the concession agreements that, as and when NHAI decides about the technology, they will have to introduce that. We are aware and also are concerned about these issues and we are trying our best to address them."

## **B. Delayed Projects**

30. The Committee are seized of the fact regarding certain projects of National importance having been inordinately delayed. One such specific example is of NH No. 1—the Grant Trunk Road which was to be linked to Himachal Pradesh, Kashmir and Punjab. The Committee referred to staggering assurances given for completion of the project by the year 2008 but the same was not done till date. Consequently, the Committee wanted to know whether the Ministry had devised any methodology of monitoring this project invariably and conducting stage-wise inspection of the same.

In this connection the Secretary, Ministry of Road Transport & Highways informed the Committee during evidence that these projects were very large and lot of activities were required to be done every day which had been mentioned in the project report. Nevertheless, the primary responsibility for monitoring and ensuring that the projects were implemented the way they were decided rested with National Highway Authority of India (NHAI) being an autonomous body created by an Act of Parliament.

31. Explaining the position on behalf of the NHAI, its Chairman informed the



Committee that there were two categories of projects. One was the project which were the original bunch of projects started by the NHAI when the Golden Quadrilateral and others were done including NH-1 which was done under Engineering Procurement and Construction (EPC) model. These projects were following the PWD pattern where contractors were hired and there was a rate item for the work and the Ministry scrutinized this work. The other category of projects are BOT projects where there has been not a single case of delay. Regarding the EPC projects the Chairman informed that the major cause of the delay lies with the State Governments, where the land acquisition had not been finished. At times there were political difficulties also in this matter. There have also been cases where decisions have been reversed due to forest and wildlife clearances.

### **C. Highway Safety Issues**

32. The Committee also drew attention of the Ministry in regard to the safety related issues on the Highways by comparing them with those of the developed countries having state of the art technology and where the crash barriers were of that nature that trucks coming from one highway in one direction do not jump over and come to the other side. Secondly, the attention was also drawn to the landscaping of the medians in between the two highways which were not very clean and weeds were seen to be growing on them and also stones were seen to be lying around. In this context, the Committee specifically asked whether Ministry ever considered of doing safety audit of national highways. In this regard the Chairman, NHAI admitted before the Committee that this is a deficient area which need to be looked into. He, however, explained as under:

"We have a genuine national problem which is that when we try to empanel safety auditors which we have been trying to do over the last 15 months, we are not getting a very good response. There are not enough people who are technically qualified in safety issues related to highways. There are two sets of issues. One is the set of issues which deals with construction safety, that is, safety during the construction of a road. We are very much concerned about it because we have had accidents. Sometimes, people are going off the road or coming to the wrong side because the signage and adequate instruction is not there. These are safety issues during construction.

The other safety issue which the Hon. Member has referred to is during the operation of the highways. I am afraid that though we have set up a Safety Cell within the organization, when it comes to conducting the safety audit and empanelling people, we are not getting very good response from the market. Our sense is, we have, somehow, run ahead of the availability of trained highway engineers who have got the safety background, So, we would like to do more. I can only say that I am handicapped by the absence of qualified technical people. Even when we turned to the IITs and said, 'we will give you safety audits on a nomination basis', they have said they don't have people specialized in this kind of thing. So, there is a genuine problem and we are facing just lack of these specific technically skilled people. This is a nation-wide problem....."



33. The witness further stated:

"..... Our general impression has always been that in road where we would like to have crash barriers, we want the median of sufficient width so that trucks cannot cross. We have not been able to ensure that always. We have considerable problems in States which are very densely populated like West Bengal and Kerala where we are under constant pressure to reduce the median size because the State Government does not want us to require 60 metres. They would like us to restrict our right of way to 45 metres....."

34. Comparing the Indian Highways with those of International highways the Chairman, NHAI informed the Committee that the International Highways are largely Greenfield Highways where the grass on the side of the highway is part of drainage scheme which absorb certain amount of light rainfall. They also have the money to build embankments on the side which act as noise containment devices. In India we cannot perhaps, afford highways which cost that much. He also stated that our tolls were a fraction of international tolling rates and the highway construction cost are also fraction of international highways construction work. It was also informed that the Ministry were looking into the aspect of having some sound barriers and other things which will be necessary at the later stage.

35. Elucidating on the safety standards comparable with the highways of developed countries, DG (Road), the Ministry of Road Transport and Highways stated as under:

"Sir, internationally, if you see in developed countries, normally they have either the flush median or depressed median and there is also a standard that if the median width is less than 6 metres, normally crash barriers is a must for high speed roads. But somehow in our country we have gone for raised medians almost from the beginning, since we have started this World Bank project because here our enforcement is very lax. If you have depressed median, unless you have a physical barrier, people like to cross anyway. That is the problem in our country that enforcement is lax. Unless you have a physical barrier and prevent vehicles from crossing from one side to the other, it is very difficult to have depressed median here. But your suggestion is already engaging our attention. In fact, we recently had a brainstorming session on this and a Committee has recommended certain modifications in the engineering measures for road safety and one of the suggestions is that we must have crash barriers on both sides of the median on all our 4-lane highways. That recommendation, we are going to put up to the authorities very shortly."

36. The Committee drew the attention of the Ministry on overtake zones on the highways of developed countries and wanted to know whether any proposal has been made in this regard. Clubbing the issuing of landscaping with encroachment and development along the national highway the Committee wanted to know what were the plans in regard to curbing the growing trend of encroachments. In this regard a representative of the Ministry stated that land is a State subject and there was nothing that the Ministry could do except urging the State Government to check the growing encroachments. He also informed that few States *i.e.*, Gujarat has had a conscious policy decision not to allow ribbon development along the highways but other State

Governments have their own compulsions and they do not necessarily agree on that. However, the Ministry were trying to prepare a complete national map where the encroachments are taking place and would remove them as their objective is to keep the road margins free of encroachments.

Regarding the issue of landscaping on the margins of the road, the representative of the Ministry stated that the Golden Quadrilateral was build four lanes, but now there were six lanes. The Ministry would like to keep the margins free and not to put trees on them as two lanes are going to be four lanes and four lanes are going to be six lanes and for that the margins were needed to be free.

## PART II

### OBSERVATIONS AND RECOMMENDATIONS

1. With effect from March, 1996 Ministries/Departments are required to furnish the remedial/corrective Action Taken Notes to the Public Accounts Committee through the Ministry of Finance (Department of Expenditure) on all those Paragraphs of the Reports of the Comptroller and Auditor General of India, which are not formally taken up by the Committee for examination and Reports presented thereon. Such remedial/corrective Action Taken Notes are to be furnished within four months of the laying of the Audit Reports in Parliament. The Committee's examination of the subject has revealed that as on 28th February, 2010 remedial/corrective Action Taken Notes in respect of 3450 Audit Paragraphs were pending with various Ministries/Departments for the period—1996-97 to 2008-09. Since it was not possible to examine a large number of Ministries, the Committee took up for examination only the illustrative cases relating to some of the important paragraphs for which remedial/corrective action taken notes have not been furnished. One such case regarding the Ministry of Road Transport and Highways is dealt with in the succeeding paragraphs of this report.

2. The Committee note with concern that the figures in regard to number of audit paragraphs pending with the Ministry of Road Transport and Highways does not tally with the figures supplied by the Department of Expenditure (Monitoring Cell) and Audit. While the Monitoring Cell had indicated the number of pending paras as three, the Ministry of Road Transport & Highways stated it to be six. Audit has, however, shown this figure as one. The Committee desire that this discrepancy in the number of pending audit paragraphs should be settled by the Ministry of Road Transport and Highways in consultation with the Audit and the Monitoring Cell and the correct figures intimated to be Committee whilst furnishing the action taken replies on this Report.

3. The Committee note that a mechanism has since been devised within the Ministry to hold a fortnightly meeting at the level of Joint Secretary and Monthly meeting at the level of Additional Secretary and Financial Advisor to review the status of pending audit paras. In the opinion of the Committee such an exercise will prove to be fruitless unless at the ground level the task is assigned to a specific unit within the Ministry. The replies of the Ministry have also revealed that there is a lack of coordination between various divisions within the Ministry which has led to a catastrophic result whereby the relevant files in regard to the pending paras are not traceable. The Committee desire that at least the Ministry would now take up the matter regarding timely submission of replies to the Audit paragraphs of C&AG in right earnest and will assign this task to a particular unit within the Ministry to streamline the work. They also recommend that the responsibility for the missing files should be fixed under intimation to the Committee.

4. The Committee would like to emphasize that the Audit report/paragraphs is a crucial mechanism through which Parliament exercises its oversight on spending from the Public exchequer. It is obligatory on the part of the officers expending or dealing with public money to take immediate action to remedy the deficiencies/irregularities pointed out in the Audit reports by way of submitting remedial Action Taken Notes. In view of the Committee, had the Ministry been serious in its efforts to settle the pending Audit paras they could have done the needful prior to appearing before the Committee on 22nd February, 2010. The Committee expect that at least now, all the pending paragraphs will be settled by the Ministry of Road Transport and Highways without further loss of time. Since relatively fewer number of paras are pending with this Ministry, it is all the more necessary that these should be settled at the earliest.

5. The Audit scrutiny of the subject 'Revenue loss due to delay in levy of toll free' reveals that the Ministry had failed to specify any time limit within which notifications for levy of toll fee should be issued which resulted in a revenue loss of Rs. 85.90 crore to the Exchequer. The Committee note that the reply given by the Ministry to the Audit at the time of finalization of the Draft Para and the explanation given for this loss during the course of oral evidence before the Sub-Committee are contradictory in nature. In their reply to Audit in November, 2005 the Ministry intimated that there was no pecuniary gain caused to any individual or a private entity due to delay in issue of toll fee notification and the beneficiary was the public at large. During the course of evidence, however, the representatives of the Ministry emphasized that at the relevant time there was no statute or rules in place prescribing the time limit for the issue of notification. As such, according to the Ministry there was no loss of revenue caused to the Government as there was no requirement under a rule or law. In the opinion of the Committee the stand taken by the Ministry subsequently only highlights the need for timely and purposeful implementation of the rules and regulations concerned. The Committee are not against giving benefit to the public at large by not levying of toll fee but are concerned about the indecisiveness working of the Ministry at this relevant time which caused revenue loss to the exchequer.

6. The Committee further note that a loss of Rs. 85.90 crore occurred only in regard to eight of the 28 cases test checked by Audit. It may thus be reasonably assumed that the combined loss in regard all the 28 cases would be much higher than this figure. Further, the reasons for the delay in issue of notification furnished to the Committee actually pertain only to the five cases out of the eight cases test checked by Audit. The Committee are constrained to note that in response to a specific query to intimate the date of issue of notification for 28 cases *vis-a-vis* the dates of opening of the highways and the final date of crediting the revenue to the Government, the Ministry simply stated that in the absence of the relevant file in the Ministry the details of 20 stretches could not be readily located. It seems that the issue of missing file has not been adequately addressed by the Ministry. The Committee, therefore, recommend that the details of all these 20 stretches be intimated to the Committee at the earliest and all out efforts should be made to locate the files. In case there is a failure in locating the file in the Ministry responsibility should be fixed for this lapse and the Committee apprised accordingly.

7. In the backdrop of not having specific rule in 2005 for levying of toll fee, the Committee was informed during hearings, that specific time limit has now been assigned under the National Collection Rules, 2008 (published on 5.12.2008) whereby under sub-rule (1) of rule 3 the collection of fee levied shall commence within 45 days from the date of completion of the section of the national highway, permanent bridge, bypass or tunnel etc. constructed through a public funded project. In this connection, the Committee desired to know whether there had been delays in notifying the rules after December, 2008 also. The admission of the representative of the Ministry in this regard that there were quite a few proposals pending at the Government level even after notifying the new rules reflects, while appreciable for its candour reflects adversely on the functioning of the Ministry. In the opinion of the Committee once the time limits has been formally stipulated in the rules, it is the duty of Ministry to ensure that such rules are enforced. The Committee desire that, in each of the cases of delay beyond the stipulated period of 45 days, the Ministry should explain reasons therefor and fix accountability in respect thereof. Further, the Committee feel that if there are issues with reference to the tolling rates for two-lane highways (which have been specified under the toll rules), the solution lies not in delaying toll notifications for completed sections of stretches and not complying with the provisions of notified rules but in amending the toll rules, with the approval of the competent authority to reflect the considered policy direction and will of Government. The Committee, therefore, recommend that the Ministry ensure compliance with the provisions of the relevant rules, after necessary amendment to reflect Governmental policy.

8. In this context, the Committee note that the Government has inherent powers to change or modify the existing rules for toll collection but till that happens the Government is bound to take action under existing rules. The Committee observe that despite new Fee Rules of 2008, there are cases of delays in issue of Toll notification and levy of Toll Fee. Though fixing time frame of 45 days under the National Highways Fee (Determination of Rates and Collection) Rules, 2008 for collection of fees is a step in the right direction, the fact remains that the Ministry are not carrying out regular reviews of public funded toll projects to detect in time cases of non-collection of toll revenue.

9. With regard to introduction of universal automated toll tags, as brought out during the oral evidence of the representatives of the Ministry, the Committee would like to be explained about the terms of reference of the Committee set up in this regard and also the projected date of finalization of its report.

10. The Committee note with concern delays on several projects of NHAI. Since there are several projects of national importance which have been inordinately delayed, the Committee would like to know the details of all such projects and also the observed projected dates of their completion as also the reasons for the delay. The Committee desire that all out efforts be made to take up the matter with the respective State Governments and Central Government Ministries/Institutes so that obstacles in this regard are removed and pending projects are completed in a time-bound manner and a report be submitted to the Committee within six months.

11. During the course of examination of this Audit para, the Committee thought it fit to examine highway safety related issues which are a matter of larger public interest and part of country's endeavour to build highways comparable to international standards. The Committee note with concern that there is not enough skilled manpower available within the country which is technically qualified in skills and safety related areas. The Committee desire that this issue be taken up with the respective Ministries who in turn may take up the issues with Institutions of vocational education and the National Manufacturing Competitiveness Council (NMCC) to explore ways to address shortage of skilled personnel in the country on an urgent basis by introducing useful and special courses relating to highways maintenance, construction and safety. The Ministry is advised to pay special attention to ways and means for minimizing the recurrence of accidents on highways under construction.

12. Landscaping and completion of national map on encroachments around the highways are no less important and are analogous to the safety issues. The Committee are happy to note that the Ministry is endeavouring to complete a national map on encroachments and would remove these to keep the road margins free from encroachments. The Committee would like to know the timeframe within which this map is likely to be completed and the details of action plan put in place for removing such encroachments. The Committee also desire that issues of raised medians, landscaping aesthetics, cleanliness, maintenance of the highways, surrounding areas, quality of workmanship and over take zones be given due importance and ensured whilst building new highways, expanding the existing ones or repairing old ones.

NEW DELHI;  
26 April, 2010  

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6 Vaisakha, 1932 (Saka)

GOPINATH MUNDE  
Chairman,  
Public Accounts Committee.

## APPENDIX I

MINUTES OF THE SIXTH 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  
22ND FEBRUARY, 2010.

The Sub-Committee V of the Public Accounts Committee sat on Friday, the 22nd February, 2010 from 1500 hrs. to 1755 hrs. in Committee Room No. 'C', 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 Sharma — *Deputy Secretary*

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

1. Shri R.B. Sinha — Director General (Report Central)
2. Shri R.P. Singh — Director General of Audit (P&T)
3. Shri P.K. Kataria — Pr. Director (Report Central)
4. Shri J.P.N. Singh — Director (Economic & Service Ministry)

### A. REPRESENTATIVES OF THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DEPARTMENT OF TELECOMMUNICATIONS)

1. Shri P.J. Thomas — Secretary (T)
2. Shri Chandra Prakash — Member (Tech.)
3. Ms. Vijayalakshmy K. Gupta — Member (Fin.), DoT
4. Shri Subodh Kumar — Additional Secretary
5. Dr. Ashok Chandra — W.A., DoT
6. Shri P.V. Acharya — Executive Director, C-DoT
7. Shri Ajay Bhattacharya — Administrator (USOF)
8. Ms. Sadhna Dixit — Advisor (Fin.)
9. Shri J.S. Deepak — Joint Secretary(T)

10. Ms. Anita Soni	—	Dir. (Fin.) MTNL
11. Shri R.K. Chandolia	—	Economic Advisor
12. Ms. Archana G. Gulati	—	Joint Administrator (USO-Fin.)
13. Shri Ashok Kumar	—	Joint Administrator (USO-Tech.)
14. Shri P.K. Sinha	—	DDG (FEB)
15. Shri A.K. Srivastava	—	DDG (AS)
16. Shri Ram Narain	—	DDG (Security)
17. Shri Kuldeep Goyal	—	CMD, BSNL
18. Shri Kuldeep Singh	—	CMD, MTNL

**B. REPRESENTATIVES OF THE MINISTRY OF ROAD TRANSPORT  
AND HIGHWAYS**

1. Shri Brahm Dutt	—	Secretary, M/o RT&H
2. Shri Brijeshwar Singh	—	Chairman NHAI
3. Shri Nirmal Jit Singh	—	DG (RD) & SS
4. Shri Vijay Chhibber	—	AS&FA, M/o RT&H
5. Shri Sudhir Kumar	—	Pr. CCA
6. Shri Saroj Kumar Dash	—	JS (T&A)
7. Shri P.K. Tripathi	—	JS(Highways)
8. Shri Rajiv Yadav	—	Member (Admn.)
9. Shri J.K. Pandey	—	CGM(CO)
10. Shri G. Suresh	—	GM (Fin.)

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". During the internal meeting of the Sub-Committee the Memorandum No. 2 dated 3rd February, 2010 regarding the request of the Ministry of Finance—Department of Expenditure to treat 1092 audit paras as closed and the summary of those audit paras as supplied by the Audit were considered. After some consideration the Sub-Committee decided to drop these 1092 Audit paras from the pendency list of the Department of Expenditure (Monitoring Cell). The Sub-Committee took note of the fact that Audit was satisfied with the Action Taken by the Ministry on these Audit paras and Audit also concurred for their deletion from the pendency list. The Sub-Committee also decided to convey their concurrence in the form of their recommendation in their Draft Report to be prepared on the subject of Non-Compliance on the Ministry of Finance Department of Expenditure (Monitoring Cell).



3. The Convenor then informed the Members that the sitting has been convened for taking oral evidence of the representatives of the Ministry of Communications and Information Technology (Department of Telecommunications) and the Ministry of Road Transport and Highways on the subject relating to "Non-Compliance by Ministries/Departments in timely submission of replies to the Audit Paragraphs of C&AG of India". The Convenor also informed the Members that the meeting will proceed with a discussion on Chapter I of Audit Report No. 1 of 2008 on "**Performance Audit of administration of Universal Service Obligation Fund**" relating to the Ministry of Communications and Information Technology (Department of Telecommunications) and Chapter XIV of Audit Report No. CA 2 of 2007: Para 14.1 on "**Revenue Loss Due to Delay in Levy of Toll Fees**" relating to the Ministry of Road Transport and Highways.

4. Thereafter, the representatives of the Ministry of Communications and Information Technology (Department of Telecommunications) 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 in 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 their Ministry. The representatives also responded to the various issues and concerns raised by the Sub-Committee. In response to certain queries, to which the representatives of the Ministry could not give immediate clarification or explanation, the Sub-Committee directed the representatives to furnish written information/replies at the earliest with a view to timely finalization of the Report on the subject.

5. The Convenor thanked the representatives of the Ministry of Communications and Information Technology (Department of Telecommunications) for appearing before the Sub-Committee and for furnishing information that the Sub-Committee desired in connection with the examination of the subject.

The representatives of the Ministry of Communications and Information Technology (Department of Telecommunications), then withdrew.

6. After a short break the Sub-Committee resumed their sitting and the Audit Officers and the Secretariat briefed the Committee on the various issues concerning the subject on Non-compliance with special reference to the Ministry of Road Transport and Highways.

7. Thereafter, the representatives of the Ministry of Road Transport and Highways were called in 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 in 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 their Ministry. The representatives also explained on the various issues and concerns raised by the sub-committee. To certain queries, which the representatives of the Ministry could not give immediate clarification or explanation, the Committee directed the representatives to give written information/replies at the earliest with a view to timely finalization of the Report on the Subject.

The Convenor thanked the representatives of the Ministry of Road Transport and Highways for appearing before the Sub-Committee and furnishing the information 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.*

## APPENDIX II

### MINUTES OF THE ELEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2009-2010) 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 and Services Ministries)
7. Shri R.G. Vishwanathan	—	Pr. Director of Audit, (Scientific Departments)
8. Shri C.M. Sane	—	Principal Director of Audit (Air Force and 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 slated for consideration, eight have been finalized by Sub-Committee V. Thereafter, the Committee took up the following Draft Reports for consideration and adoption:

(i)	***	***	***
(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 finalize 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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\*\*\*Matters not related to this Report.

GMGIPMRND—2506LS/03-06-2010.