

**PROCUREMENT OF STORES AND
INVENTORY CONTROL**

**[Action Taken by the Government on the Observations/
Recommendations of the Committee contained in their
Eighteenth Report (15th Lok Sabha)]**

DEPARTMENT OF SPACE

**PUBLIC ACCOUNTS COMMITTEE
2011-2012**

THIRTY SEVENTH REPORT

FIFTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

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PUBLIC ACCOUNTS COMMITTEE (2011-2012)

(FIFTEENTH LOK SABHA)

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DEPARTMENT OF SPACE

Presented to Lok Sabha on 11.8.2011

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LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2011-12)

Dr. Murli Manohar Joshi—*Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Dr. Baliram
4. Shri Sandeep Dikshit
5. Shri Anant Kumar Hegde
6. Shri Bhartruhari Mahtab
7. Shri Shripad Yesso Naik
8. Shri Sanjay Nirupam
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19. Shri Prakash Javadekar
20. Shri Satish Chandra Misra
- *21. *Vacant*
22. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri Abhijit Kumar — *Director*
3. Shri Sanjeev Sharma — *Deputy Secretary*

*Vacancy occurred *vice* Smt. Jayanthi Natarajan has been appointed as Minister of State *w.e.f.* 12th July, 2011.

INTRODUCTION

I, the Chairman, Public Accounts Committee (2011-12), having been authorised by the Committee, do present this Thirty-seventh Report (Fifteenth Lok Sabha) on action taken by the Government on the Observations/Recommendations of the Committee contained in their Eighteenth Report (Fifteenth Lok Sabha) on '**Procurement of Stores and Inventory Control**' based on Chapter-II of the C&AG Report No. PA 2 of 2008 for the year ended March, 2007 relating of the Department of Space.

2. The Eighteenth Report was presented to Lok Sabha and laid in Rajya Sabha on 29th April, 2010. Replies of the Government to the Observations/Recommendations contained in the Report were received on 29th October, 2010. The Public Accounts Committee considered and adopted the Thirty-seventh Report at their sitting held on 28th June, 2011. Minutes of the sitting are given at *Appendix-I*.

3. 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.

4. 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.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Eighteenth Report (Fifteenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;
2 August, 2011

11 Sravana, 1933 (Saka)

DR. MURLI MANOHAR JOSHI
Chairman,
Public Accounts Committee.

REPORT
CHAPTER I

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Eighteenth Report (Fifteenth Lok Sabha) on **Procurement of Stores and Inventory Control**.

2. The Eighteenth Report of the Committee, based on Chapter II of C&AG Report No. PA 2 of 2008 for the year ended March, 2007, presented to the Lok Sabha on 29 April, 2010, had dealt with various issues concerning the process of procurement of Stores and Inventory Control in the Department of Space. The Report contained 11 Observations/Recommendations. The Action Taken Notes received from the Department of Space in respect of all of them have been categorised as under:—

- (i) Observations/Recommendations which have been accepted by the Government:

Para Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11

Total: 11
Chapter-II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

-NIL-

Total: Nil
Chapter-III

- (iii) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which require reiteration:

-NIL-

Total: Nil
Chapter-IV

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies:

-NIL-

Total: Nil
Chapter-V

3. The Committee are pleased to note that all the 11 recommendations contained in their eighteenth report have been accepted by the Government in principle. The recommendations are reproduced in detail in Chapter II of this report for case of reference.

The Committee now proceed to make certain observations on the action taken notes furnished by the Department of Space.

A. Procurement Budget and Savings thereon

(Recommendation Para No. 2)

4. While scrutinizing the subject in detail, the Committee had observed that the Department could not utilize 7 to 15 *per cent* of their Procurement Budget which was on an average 56 *per cent* of the overall Budget. This unutilized amount of the Procurement Budget had increased consistently from Rs. 83.28 crore in 2002-03 to Rs. 438.28 crore in 2006-07. Noting the complex nature of the space technology and the restrictions/uncertainties involved therein, the Committee had observed that 15 *per cent* savings during the year 2005-06 and 2006-07 were no marginal variations *vis-a-vis* the Budget Estimates and that too for a Department which had been engaged in various important space activities like development of satellites, launch vehicles and research in space science and technology. Moreover, such savings had occurred due to non-finalisation and non-approval of certain programmes/activities which implied that there were deficiencies in the planning and management of the projects undertaken by the Department. Further, since the Ministry of Finance (Department of Expenditure) determined the Revised Estimates on the basis of the performance of a Ministry/Department upto the month of November/December, the Committee had opined that if the spending pattern was not consistent right from the beginning of a financial year then the Department of Space could face fund constraints at the Revised Estimates stage which in turn would adversely impact the achievement of important projects/activities. Noting with concern that savings in any form amounted to bad budgeting, the Committee had urged the Department to resort to an appropriate planning and prudent management of their budgetary exercise for a realistic projection of their fund requirements as well as effective execution of the activities/projects undertaken.

5. Elaborating on the Action Taken initiated in this regard, the Department of Space have *inter-alia* stated as under:—

"The Department has evolved a mechanism of reviewing and monitoring the commitment and expenditure status of various programmes/projects approved in the annual budget periodically and take appropriate action, for making financial management more effective. In order to have better expenditure management, the Additional Secretary and IFA of the Department of Space reviews the expenditure position of each Centre/Project of DoS/ISRO on a monthly basis to ensure that the allocated funds are fully utilized. Accordingly, while formulating the Revised Estimates, 2009-2010, a critical appraisal of the progress—both physical and financial is carried out consistent with the programmatic requirements. Quarterly targets are fixed for each major project/scheme during the beginning of the year and the Additional Secretary and

IFA of the Department takes a rigorous review of the expenditure/commitment status on a monthly basis to ensure that the financial and programmatic targets are realized. The Project Management Councils/Project Management Boards of all the major projects constituted at the DoS/ISRO Centre level also review the progress of expenditure/commitment status and initiate necessary follow-up actions keeping in view the programmatic criticalities. Major procurement proposals of the DoS/ISRO are also taken up for discussions during the ISRO Council meeting before the Budget Estimates of the successive years are finalized. Thus, periodical critical review of the physical and financial performance of all the projects/schemes is an integral part of the planning and implementation strategy of DoS/ISRO. However, considering the uncertainty involved in Space Sector, possibility of some savings cannot be ruled out even though best efforts are made to reduce the savings to the minimum extent. Illustratively, in ISAC, Project Management Office (PMOs), have been advised to initiate procurement actions well in advance, vigorously monitor the progress, make realistic projections of the fund requirement and ensure utilization of funds as per BE targets envisaged.”

6. With regard to the unutilized amount of the Procurement Budget and the resultant savings, the Committee have been apprised that the Department has evolved a mechanism of reviewing and monitoring the commitment and expenditure status of various programmes/projects approved in the annual budget periodically and take appropriate action wherever necessary, for making financial management more effective. The Committee hope that the steps taken by the Department would help making realistic projections of the fund requirement and also ensure utilization of funds as per the approved Budget Estimates. Further, the Committee hope that periodic critical review of the physical and financial performance of all the projects/schemes would help in reducing the savings to the extent possible.

B. Inaccurate Assessment of requirement by Indentors

(Recommendation Para No. 3)

7. In their 18th Report, the Committee had observed that the DoS Purchase Order had not prescribed any time frame for various stages of procurement thereby adversely impacting the efficiency and economy of the procurement system. The timely procurement of stores/equipment was of utmost significance for a project oriented organization like the Department of Space and for that, prescription of a definite time frame for each of the procurement activities was an absolute imperative. The Committee had been informed by the Department that they had taken into account the Audit Observations and as per the General Financial Rules, 2005, instructions had been issued to the Centres/Units to adhere to a time limit of three months from the date of indent to the date of placement of the Purchase Order. The Committee had recommended that the DoS ought to intensify their monitoring mechanism to ensure strict adherence to the prescribed time limit by the Centres/Units so that optimal availability of stores/equipment in a timely manner was facilitated.

8. Enumerating the various steps taken in this regard, the Department of Space in their Action Taken Notes have stated as under:—

"Based on the instructions issued by the Department to adhere to the time limit of three months from the date of Indent to the placement of Purchase Order, the DoS/ISRO Centres/Units have issued internal instructions to all concerned to adhere to the prescribed time limit given by the Department. Reasons for delays, if any, should be placed on record, actions are also being taken to intensify Monitoring Mechanisms at each stage, commencing from raising of Indent till the release of Purchase Order with all necessary approvals. Indentors have been made responsible to follow-up with the respective agencies to speed up the procurement activity and also advised to adhere to the time limits prescribed to the extent possible and also to fully utilize the funds. The Department also at its level, reviews the high value items in the expenditure review meetings headed by Additional Secretary/IFA, DoS and instructions have been issued to the Directors of the DoS/ISRO Centres/Units to conduct internal review of these items on a fortnightly basis. All the above mechanisms may facilitate optimal availability of Stores/Equipment in a timely manner and ensure that the Budget allocation made, is utilized to the maximum extent."

9. The Committee have been apprised that internal instructions were issued by the Department of Space to the authorities concerned in DoS/ISRO Centres/Units with regard to the adherence to the time limit of three months from the date of Indent to the placement of Purchase Order. Further, reasons are required to be recorded for delays, if any, alongwith the actions taken to intensify the Monitoring Mechanism at each stage right from raising Indent to the release of Purchase Order. The Committee expect that these steps initiated by the Department of Space would facilitate timely procurement and utilization of stores and equipment and proper utilization of the allocated budget within the stipulated time.

CHAPTER II
OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED
BY THE GOVERNMENT

Pursuant to the recommendations made by the Public Accounts Committee in their 105th Report (Tenth Lok Sabha), the Ministries/Departments are required to furnish remedial/corrective Action Taken Notes to the Committee through the Ministry of Finance (Department of Expenditure) on those Paragraphs of the Reports of the Comptroller & Auditor General of India (C&AG) which are not formally selected for examination by the Committee and upon which Reports of the Committee have not been presented to Parliament. With effect from March, 1996 such remedial/corrective ATNs 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 there has been inordinate delay on the part of various Ministries/Departments in furnishing the remedial/corrective ATNs within the prescribed time line. This can be corroborated from the fact that as on 28th February, 2010, as many as 3450 Audit Paragraphs upon which ATNs were to be furnished, were pending with different Ministries/Departments. Out of all these pending paragraphs, four Paragraphs pertained to the Department of Space, as revealed by Audit. The break-up of these pending four Paragraphs is the re-submission of ATNs on three Paragraphs consequent upon Audit Observations and furnishing of ATN on the Paragraph even for the first time. The Department of Space clarified that only two Paragraphs are pending with them, the break-up being submission of the revised ATN on Performance Audit Report on 'Procurement and Inventory Control' and ATN on 'Non-Tax Receipts'. In this context, the Committee are informed that delays on submission of ATNs occurred on the part of the Department as extensive data/information were to be collected from various Centres/Units and also due to some major decisions taken by the Department in revising the Purchase Procedure and issuing fresh guidelines to the Centres/Units, consequent upon the C&AG's recommendations. The Department have further contended that it becomes extremely difficult to stick to the prescribed time line in case of Performance Audit where observations are system based covering various issues, voluminous data etc. The Committee are somehow not convinced with the reasons advanced by the Department in their failure to adhere to the stipulated time frame or furnishing the ATNs on Audit Paragraphs. The basic objective to the Performance Audit of the Ministries/Departments by the C&AG is to examine in depth the performance of the Ministry/Department concerned on whole lot of issues which obviously involve voluminous data and various Centres/Units under their administrative control. Such Audit guide/help the Ministries/Departments in plugging the loopholes and taking corrective action for overall better performance in many spheres of activities. The Department of Space have also been benefited from the Audit review, as is evident from their own admission that based on the C&AG recommendations they have revised their decade old Purchase Procedure and issued guidelines to the Centres/Units accordingly. So, instead of

advancing Performance Audit as a plea for delay in submission of ATNs, the Department should rather welcome such review which is intended to facilitate corrective action. The Committee, therefore, desire the Department to submit/re-submit the pending ATNs by April, 2010, as assured, and strengthen their co-ordination mechanism with different Centres/Units for timely collection of data/information so that ATNs in respect of future Report of the C&AG are furnished well within the prescribed time line of four months. In fact, the Committee would like the Department of Space to set an example, akin to their excellence in the execution of national space activities, for other Ministries/Departments in timely submission of ATNs on Audit Observations.

[Sl.No. 1; Para 1 of the Eighteenth Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken by the Department

As indicated by the Department earlier, there was a delay in submission of Action Taken Note (ATN) in respect of Procurement of Stores and Inventory Control due to the fact that extensive data/information had to be collected from the DOS/ISRO Centres/Units and also of the fact that the Department had taken pro-active action for amending the DOS Purchase procedure. **The vetted comments of Principal Director of Audit (Scientific Departments) on the revised ATN is still awaited.** As assured by the Department, ATN on Non-Tax Receipts was submitted by the Department in April 2010. Subsequently, the Principal Director of Audit had sent the vetted ATN to the DOS in August 2010 for sending the revised ATN. The revised ATN to Principal Director of Audit has been sent in October 2010. It is also assured that the Department will make all efforts for submitting the ATNs on the Audit paras appearing in the C&AG Audit Reports, if any, in future within the prescribed time as desired by Hon'ble PAC.

Vetting Comments

No comments.

Observations/Recommendations

2. The Performance Audit of the Procurement of Stores and Inventory Control, the Department of space was conducted during July to October, 2006 and October to November, 2007, covering a period of six years from 2001-02 to 2006-07. During the period under review, the Committee find that the Department could not utilize 7 to 15 per cent of their Procurement Budget which was on an average 56 per cent of the overall Budget and thus constituted a major activity of the Department. The Committee are more concerned to note that the unutilized amount of the Procurement Budget increased consistently from Rs. 83.28 crore in 2002-03 to Rs. 438.28 crore in 2006-07. The Department have stated that the major savings i.e., 15 per cent occurred during the years 2005-06 and 2006-07 when the entire provision could not be utilized due to non-finalisation of the Global participations and the associated financial implications, the Industry contract and Management Strategy as well as due to the non-approval of Advanced Communication Satellite, Semi-Cryogenic Engine Development and Earth Observation New Mission programmes. The Department have further argued that owing to the complex nature of the space technology, developmental uncertainties

and export restrictions in foreign procurements, marginal variations in actual expenditure with reference to the Budget Estimates become inevitable. The Committee are aware of the complex nature of the Space technology and the restrictions/uncertainties involved therein, but 15 per cent savings during the years 2005-06 and 2006-07 are no marginal variations *vis-a-vis* the BE and that too for a Department which has been engaged in so many important space activities like development of satellites, launch vehicles and research in Space science and technology. Moreover, such savings occurred due to non-finalisation and non-approval of certain programmes/activities which imply that there are deficiencies in the planning and management of the projects undertaken by the Department. The Additional Secretary, DOS's statement that they are fully capable of spending hundred percent Budgetary allocation by the end of March of a particular year does not convince the Committee in view of the generally 40 per cent utilization of funds by the Department upto November in a given fiscal. Moreover, the Ministry of Finance (Department of Expenditure) determine the RE on the basis of the performance of a Ministry/Department upto the month of November/December. In such cases, if the spending pattern is not consistent right from the beginning of a financial year, the Department of Space might face fund constraints at the RE stage which in turn would adversely impact the achievement of important projects/activities. The savings of 5.55 per cent and 7.59 per cent during the years 2007-08 and 2008-09 respectively, although an improved performance on the part of the Department compared to the preceding years, are still a matter of concern as savings in any form amount to bad budgeting. The Committee, therefore, would like to impress upon the Department to resort to appropriate planning and prudent management of their Budgetary exercise for a realistic projection of their fund requirements as well as effective execution of the activities/projects undertaken.

[Sl.No. 2; Para 2 of the Eighteenth Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

The Department has evolved a mechanism of reviewing and monitoring the commitment and expenditure status of various programmes/projects approved in the annual budget periodically and take appropriate action, for making financial management more effective. In order to have better expenditure management, the Additional Secretary & IFA of the Department of Space reviews the expenditure position of each Centre/Projects of DOS/ISRO on a monthly basis to ensure that the allocated funds are fully utilised. Accordingly, while formulating the Revised Estimates 2009-2010, a critical appraisal of the progress-both physical and financial is carried out consistent with the programmatic requirements. Quarterly targets are fixed for each major project/scheme during the beginning of the year and the Additional Secretary & IFA of the Department takes a rigorous review of the expenditure/commitment status on a monthly basis to ensure that the financial and programmatic targets are realized. The Project Management Councils/Project Management Boards of all the major projects constituted at the DOS/ISRO Centre level also review the progress of expenditure/commitment status and initiate necessary follow-up actions keeping in view the programmatic criticalities. Major procurement proposals of the DOS/ISRO are also taken up for discussions during the ISRO Council meeting before the Budget Estimates of the successive years

are finalized. Thus periodical critical review of the physical and financial performance of all the projects/schemes is an integral part of the planning and implementation strategy of DOS/ISRO. However, considering the uncertainty involved in Space Sector, possibility of some savings cannot be ruled out even though best efforts are made to reduce the savings to the minimum extent. Illustratively, in ISAC, Project Management Office (PMOs) have been advised to initiate procurement actions well in advance, vigorously monitor the progress, make realistic projections of the fund requirement and ensure utilization of funds as per BE targets envisaged.

Vetting Comments

The unspent provision of the total budget of DOS during 2007-08 was 15 per cent (Rs. 580.80 crore) and during 2008-09 it was 18.76 per cent (Rs. 806.46 crore of the budget of DOS). The savings in actual terms continued to be substantial (Source: Appropriation accounts). There needs to be adequate assurance and an action plan from DOS to reduce substantial savings.

Observations/Recommendations

3. The Committee are constrained to note that the DOS Purchase Order does not prescribe any time frame for various stages of procurement, adversely impacting thereby the efficiency and economy of the procurement system. The Department's contention that they have a mechanism in place to periodically monitor/control various processes in the procurement cycle does not convince the Committee, because timely procurement of stores/equipment carries utmost significance for a project oriented organization like the Department of Space and for that, prescription of a definite time frame for each of the procurement activities is an absolute imperative. Now that the Department, taking into account the Audit Observations and the requirements under the General Financial Rules 2005, have issued instructions to the Centres/Units to adhere to a time limit of three months from the date of indent to the date of placement of the Purchase Order, the Committee recommend that DOS should also intensify their monitoring mechanism to ensure strict adherence to the prescribed time limit by the Centres/Units so that optimal availability of stores/equipment in a timely manner is facilitated.

[Sl. No. 3; of the Eighteenth Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Based on the instructions issued by the Department to adhere to the time limit of three months from the date of Indent to the placement of Purchase Order, the DOS/ISRO Centres/Units have issued internal instructions to all concerned to adhere to the prescribed time limit given by the Department. Reasons for delays, if any, should be placed on record, actions are also being taken to intensify Monitoring Mechanisms at each stage, commencing from raising of Indent till the release of Purchase Order with all necessary approvals. Indentors have been made responsible to follow-up with the respective agencies to speed up the procurement activity and also advised to adhere to the time limits prescribed to the extent possible and also to fully utilize the funds. The Department also at its level, reviews the high value items in the expenditure review

meetings headed by Additional Secretary/IFA, DOS and instructions have been issued to the Directors of the DOS/ISRO Centres/Units to conduct internal review of these items on a fortnightly basis. All the above mechanism may facilitate optimal availability of Stores/Equipment in a timely manner and ensure that the Budget allocation made is utilized to the maximum extent.

Vetting Comments

The improvement in system as a result of instructions issued in November, 2008 will be reviewed during future audits.

Observations/Recommendations

4. The Committee observe that during the period 2001-06, out of 15478 items raised by Indian Space Application Centre (ISAC), 1798 Indents (12 per cent) amounting to Rs. 682.50 crore did not result in purchase orders. Similarly, a random test check by Audit revealed that 83 indents valuing Rs. 63.42 crore raised by Space Application Centre (SAC) did not result in purchase orders. It implies that requirements of the Centres/Units were not accurately assessed by the Indentors. The Department have clarified that the systems, sub-systems, equipments etc., used in the Space projects/programmes are susceptible to changes/modifications due to scientific/technological innovations/improvements in the global market. If such innovations take place after an indent is raised, the initial indent is cancelled and a fresh indent raised for the improved items. The Department have further submitted that most often, there is no response to the tenders floated by DOS/ISRO for procurement of strategic items, resulting in the closure of the purchase file concerned. The Committee are, however, of the view that if the actual requirements of the Centres/Units and the specifications of the equipment are firmed up prior to raising the indent, keeping in view the technological advances, knowledge of which is necessary on the part of DOS, the cancellation of indents due to scientific/technological innovations/improvements can be avoided to a great extent. Similarly, if sources of supplies of the equipment, status of technology and availability in the market are judiciously assessed and evaluated before raising the indent, there would be hardly any occasion of non-response to the tenders floated by DOS/ISRO. The revision of the Purchase Order by the Department is a measure in right direction and the Committee hope that the Department will now streamline the system of assessment of requirement by the indentors by maintaining a centralized database of various items, specifications thereof etc., so that there is adequate planning at the indenting stage itself to avoid complications later on.

[Sl. No. 4; Para 4 of the Eighteenth Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Inadvertently, the Hon'ble PAC has mentioned Indian Space Application Centre (ISAC) instead of ISRO Satellite Centre (ISAC). It is stated that the components, systems and sub-systems used in satellite projects are susceptible to changes/modifications due to scientific/technical innovations/improvements in the global market. Indentors may have to firm up their requirements considering the new technologies

and improvements which can ensure better efficiency of the components and sub-systems used. Often there are limitations for procuring new innovative items, especially where change in the configuration/design of the satellite is involved. However, a system has been devised in the DOS/ISRO Centres/Units to assess the requirement of items and their specifications in advance before raising indent in consultation with the Technical Evaluation Committees (TECs) constituted by Centre Directors. With the introduction of this system of clearing indents by TECs, the cancellation of indents due to change in specifications would be reduced to a great extent.

Further, instructions have been issued by the Centres/Units to maintain comprehensive centralized database for procurement of items in the Purchase and Components Divisions which can help Indentors to access required informations like specifications, prevailing cost, source of supply etc. In addition, the Computerised Working in Administrative Areas (COWAA), a software used in all the DOS/ISRO Centres/Units has the provision to get history of previous purchases including the price. The stock position is also available in the database for all space qualified components. A document of vendor list with their products has been prepared at ISRO Satellite Centre (ISAC) and this is updated periodically. An item directory is also available in the intranet to all users. The item directory is linked with the vendor database. All the users can find vendors who have been registered in the database for a particular category of items and can recommend names of other vendors for obtaining competitive offers. Efforts are on to further streamline this database. A Vendor Evaluation Committee has been formed for this purpose as per guidelines laid down in the revised purchase procedure. This directory is being updated in coordination with Purchase, MIS Division (MISD) and End Users. All the above measures strengthen planning at the indenting stage itself and avoid complications later on. Similarly, in ISRO Telemetry Tracking & Command Network (ISTRAC), the number of indents closed prematurely is negligible since every indent goes through a preliminary screening by Programme, Planning and Engineering Group (PPEG). In Liquid Propulsion Systems Centre (LPSC) too, such cases are rare. The Hon'ble PAC has also appreciated that the measures taken by the Department is in right direction.

Vetting Comments

The improvement in system as a result of instructions issued in November 2008 will be reviewed during future audits.

Observations/Recommendations

5. The Committee note that the DOS Purchase Order provides for purchase of proprietary goods on single tender basis from either the manufactures or their authorized agents. However, before proprietary indent is raised, the Centres/Units have to ensure that there is no other manufacturer available in the market to meet their critical requirements. The Committee's examination of the subject has revealed that majority of the procurements by the Centres/Units have been made on proprietary/single tender basis, even when more than one source of supply was available. Specific requirement of electronic components, metals, materials etc., manufacture of such components by

very limited companies, over-dependence on import of these components, reservations on the part of the foreign countries in the supply of critical components to India and political compulsions have *inter-alia* been attributed towards the Department's preference for proprietary/single tender mode of procurement of components. In order to overcome these problems, the Committee find that the Department are spending substantial sums of money on Research and Development and making continuous efforts to have indigenization to the best possible extent. Besides, instructions have been issued to the Centres/Units to continuously evaluate, prepare and update the vendor's list and build up a centralized database of vendors to bring in more competition in the procurement process and reduce proprietary/single tender procurements. As a result, the Committee are informed that during the period from 2006-07 to 2008-09, the percentage of proprietary/single mode of tendering procurement has been substantially reduced both in terms of amount and number. However, it is a matter of concern for the Committee to note the statement of the Additional Secretary, DOS that their dependence, to some extent, on foreign elements will be continuing for some more time because right at the moment, the Indian Industry is not capable of manufacturing everything that the Department requires. The Committee recommend that DOS should further intensify the measures adopted towards indigenization, R&D activities and promotion of competition so that dependence on import of critical components and proprietary/single tender procurements come to an end sooner than later.

[Sl. No. 5; Para 5 of the Eighteenth Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

As regards the recommendations of the Committee to further intensify the measures adopted towards indigenization, R&D activities and promotion of competition to reduce the dependence on import of critical components and proprietary/single tender procurements, the DOS/ISRO Centres/Units have been transferring technical know-how to the Indian Industries whoever come forward to take up the challenging task of indigenization of space related components and sub-systems. Such industries are already working and supplies are being received from them. A comprehensive database on vendors assists indentors in getting feedback about multiple sources, if any, before indenting on proprietary basis. In addition to this, actions are also being taken through Electronic & Mechanical Fabrication Committees to find out the Industries who can take up the required fabrications of sub-systems at competitive rates. In ISAC, to streamline the procurement process a new format has been designed wherein the Indentor should provide all the details like source of supply, availability of stock, mode of tendering, justification for procurement on proprietary/specific brand basis, clearance of TEC for specifications, realistic value of the items indented with reference to previous procurement of prevailing market rate, etc. This format has to be filled up by the Indentor and submitted to NARC with the approval of Indent Approving Authority along with indent. This is of considerable use to Need Aspect Committee (NAC), and in majority of cases, recommendations are made for procurement by Public Tender or Limited Tender. Only in cases where single manufacturer is available or a specific brand is required, the necessary clearance is given by NARC after satisfying themselves

that there are no other parties for supplying these items. Also, Liquid Propulsion Systems Centres (LPSC) has taken action to indigenize some of the critical components/materials like Aluminum Alloy, Titanium Alloy, Columbium Alloy etc., and the same has yielded results. For example, Aluminum Alloy Rings upto a diameter of 5 meter are now rolled from an industry in Chennai which was hitherto imported from European market. The above centre has also taken action to indigenize further components like flexible hoses, O' rings etc. Similarly Titanium and Columbium alloys are indigenously procured from MIDHANI, a PSU. Consumables like Aerospace quality fasteners are also procured indigenously which hitherto used to be imported from European market. The above centre has also taken action to indigenize further components like flexible hoses, O' rings etc.

Space Applications Centre (SAC), which is responsible for development of Payloads for remote sensing and Communication Satellites, have also put efforts towards indigenization of the space related components. The indigenization of space related components and sub-systems is on ongoing process and in this direction, SAC has successfully developed antenna tiles, Electrical Power Controls (EPCs), waveguides, gridded antenna, MMIC receivers, T/R modules etc. Efforts are on to develop high end components like TWTA, Atomic Clock, Quantum Dot Detectors with the help of industries and R&D institutions. For this purpose, SAC has reconstituted a Committee to work out the details like activities to be taken up, resources and schedules, potential of Indian Industries etc., for indigenization of the space related components.

Indigenization of most of the space qualified items will require R&D efforts and qualification process by industries under the guidance of the Centre. The iteration of R&D, product development and qualification is a lengthy process and the final indigenization takes several years. A Committee after thorough review has identified industries qualified for indigenization which will be pursued rigorously so that the import shall be reduced in future. Hence, the Department has taken pro-active action to indigenize the space materials to the extent possible and further efforts will be made to indigenize the space materials.

Vetting Comments

Hon'ble PAC recommended that DOS should further intensify the measure adopted towards indigenization, R&D activities and promotion of competition so that dependence on import of critical components and proprietary/single tender procurements come to an end sooner than later.

Against this, DOS enlisted measures already taken by DOS. The further intensified measures and action plan proposed to be adopted by DOS based on this specific recommendation may be indicated.

Observations/Recommendations

6. The Committee note that pursuant to a limited tender floated by Space Application Centre (SAC) for supply and installation of furniture items, six firms responded, out of which three firms were rejected on technical grounds. Out of the remaining three, the lowest bidder at an offer of Rs. 63.26 lakh was preferred and SAC decided to place the

order with the firm. At the last moment, it was detected that the firm upon which orders were about to be placed was a small furniture shop, therefore, instead another indent was raised on proprietary basis in favour of two firms, which were earlier rejected on technical grounds, and that too at a cost of Rs. 79.88 lakh. The logic advanced by the Department in raising the indent on proprietary basis in favour of the rejected firms is that their products were of high quality and they have already supplied furniture items to SAC. According to the Committee, SAC committed two fundamental mistakes. Firstly, before rejecting the offer of the two firms at the first instance, the quality of their products and earlier supply of furniture to SAC should have been taken into consideration. Secondly, since the offer of the lowest bidder was technically and financially acceptable to SAC, a fresh indent on proprietary basis should not have been raised in favour of the two rejected firms at a higher cost. It appears to be a clear case of indifference and mismanagement on the part of SAC. The Committee, therefore, advise the Department of Space to prevail upon their Centres/Units to take all possible precautionary measures in the tender terms and conditions and ensure that indents on proprietary basis not raised for routine items like furniture.

[Sl. No. 6; Para 6 of the Eighteenth Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Generally the procedure followed in DOS/ISRO Centre for example in ISAC, is that procurement of standard items of furniture like Table, Chair, Cup-boards, book-shelf, Computer tables, Computer chairs, Filling cabinets etc., quotes are called on Public Tender for finalization of rate contract since these items are required on continuous basis. Normally, the rate contracts are being entered for 1 to 2 years. Before finalization of rate contracts, the files are cleared by the Furniture Committee and Purchase Orders are issued against these rate contracts based on requirement of furniture. If there are no rate contracts are in force, limited/public tenders are floated for procurement of furniture.

SAC in particular, has taken the following action:—

- (i) A general awareness among all the indentors, budget coordinators and approving committees has been created for not raising any indent on proprietary mode for the common items like furniture, etc;
- (ii) All Proprietary indents accompanied with a proper justification, duly Approved by the competent authority are being scrutinized by Need Aspect Committees. These Committees are empowered to change the mode of tendering if required;
- (iii) In order to ensure that quality of the procurement is not compromised with, appropriate clauses with respect to materials, responsibilities of the vendors, for erection/installation warranty, etc. are incorporated in the tender document. Vendors are also assessed on the basis of on-site inspection of previous orders executed by them;

Vetting Comments

No further comments.

Observations/Recommendations

7. The Committee's examination of the subject has revealed that in eight cases of procurement of equipments/components negotiations were held with vendors other than the lowest bidders (L1), and in two cases at Liquid Propulsion System Centre (LPSC) and Space Application Centre (SAC), orders were placed with the L2 bidders, ignoring L1, despite the latter being found technically suitable by the Technical Evaluation Committee. By doing so, the DOS violated not only its own Purchase Procedure but also Central Vigilance Commission Guidelines and provisions contained in the General Financial Rules, all of which ban any sort of post tender negotiations with any bidder other than the lowest tenderer. The Department have clarified that the Best And Final Offers (BAFOs) were called for not only from the L1 bidder but also from other technically suitable bidders primarily to ensure that the final prices are advantageous which would result in savings to the exchequer. The Committee are not satisfied with the clarifications as the price quoted by the lowest bidder ought to be considered as the best offer and if at all any negotiations are to be carried out to bring down the price further, it should be done with the lowest tenderer. However, the Committee note that the Department have now issued instructions to the Centres/ Units to strictly comply with the CVC Guidelines, General Financial Rules and the Department's own Purchase Procedure. The Committee would like to impress upon the Department to monitor the actual implementation of their instructions with a view to ensuring that all post tender negotiations, with L1, are disallowed.

[Sl. No. 7; Para 7 of the Eighteenth Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

The guidelines issued by the Department in respect of having price negotiations with L1 tenderer, in exceptional circumstances, after duly recording the justification for holding such negotiations on file, are strictly followed by all the DOS/ISRO Centres/ Units. As a measure of abundant caution, the indenting Groups/Divisions and the various Purchase Committees have been informed to strictly comply with these instructions. Apart from this, the Purchase Wing, which is the focal Division is also ensuring compliance of these instructions when each file is processed. These internal checks are made to ensure that the instructions of the Department as well as CVC guidelines not to have negotiations with other than L1, in exceptional circumstances, are followed by all DOS/ISRO Centres/Units. The indenting Groups/Divisions and the various Purchase Committees at LPSC have been notified to strictly comply with the instructions for "not holding post tender negotiations" except with L1 tenderer and that too in exceptional circumstances only duly recording the justification for holding such negotiations on file. This is to confirm that these instructions are followed in LPSC meticulously. This apart, the Purchase Wing which is the focal Division is also ensuring compliance of these instructions at the time of each file process. The CVC

guidelines in this regard being scrupulously adhered to. It is ensured that orders are placed on L1 offers. No post tender negotiations are being held except with L1.

Vetting Comments

The compliance to CVC guidelines will be verified in future audits.

Observations/Recommendations

8. Audit scrutiny has revealed that Indian Space Application Centre (ISAC), Space Application Centre (SAC) and Liquid Propulsion System Centre (LPSC) have been making advance payments in a routine and liberal manner, without documenting any reasons and in violation of the provisions contained in the DOS Purchase Order according to which advance payments should be made in exceptional cases only. The Committee find that as of March, 2006, Rs. 437.73 crore paid as advances in 1177 cases was pending settlement, the break up being Rs. 199.64 crore pertaining to 557 cases of import and Rs. 238.09 crore pertaining to 620 cases of indigenous purchases. Updating the figure as on 28th February, 2010, the Department have later on stated that 273 import cases amounting to Rs. 8.13 crore and 265 indigenous cases amounting Rs. 97.93 crore were pending settlement in respect of ISAC, SAC and LPSC. According to the Department, the DOS/ISRO Centres/Units normally give advances only when the suppliers insist for the same either for setting up the facility or for procuring costly raw materials. Any insistence of interest on such advances would only result in increase in the cost/price to that extent or more by the suppliers. The Committee are not convinced with the reasoning of the Department as advances worth crores of rupees remaining outstanding for long periods involve financial risk in case the suppliers fail to honour the contractual obligations. The Department have further deposed that out of the total advances outstanding, major portion are payments against 'Sight Draft', Letter of Credit and milestone payments supported by Bank Guarantees. In this context, the Committee desire that a system should be evolved for prompt and timely renewal of the Performance Bank Guarantees in order to avert any financial loss in cases of default by the suppliers. The Committee also recommend that an effective mechanism be devised by the Department to monitor the present outstanding advances of Rs. 106.06 crore and that may arise in future also and settle them expeditiously. It is also desirable that the Centres/Units may be prevailed upon to make advance payments only in exceptional circumstances, documenting reasons therefore, in tune with the provisions contained in the DOS Purchase Order.

[Sl.No. 8; Para 8 of the Eighteenth Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Inadvertently, the Hon'ble PAC has mentioned Indian Space Application Centre (ISAC) instead of ISRO Satellite Centre (ISAC).

The DOS/ISRO Centres/Units have formed Committees under the Chairmanship of Controllers of Centres in each Centre to constantly review the outstanding advances

and take necessary follow-up actions for settlement of advances granted. Reminders are also being sent to the suppliers/indentors regularly, to settle the advance payments as early as possible.

As per the guidelines issued under revised DOS Purchase Procedure, advance payments are given only in unavoidable circumstances depending upon the merit of each case, credibility of suppliers, previous track records with organisation etc., and advance payments are allowed only after getting confirmed Bank Guarantees for an equivalent amount of advance and is being followed at SAC. A software has been developed and implemented to monitor the validity period of each Bank Guarantees. Accounts & Purchase division co-ordinate for regular follow-up of the Bank Guarantees, securing extension of validity period wherever required and invoking of bank guarantee if recommended and approved by the appropriate authority to recover outstanding advances.

In the following circumstances advance payments are made to suppliers in exceptional circumstances with the approval of the competent authority at ISAC:-

- (a) When suppliers request for advance payment for procurement of inputs for fabrications of final products, against high value orders and small value FE orders where suppliers do not agree for LC/SD terms;
- (b) In respect of major import contracts where payments are made in milestones (for e.g., advance against signing of the contract, PDR, CDR etc.) involving major expenditure to be incurred by suppliers towards design, inputs etc., before supply of finished products;
- (c) In case parties insist on advance payments in major procurements, negotiation are made by the respective Purchase Committees to reduce the prices *in lieu* of advance payments;
- (d) In all the aforesaid cases, advances are paid only against Bank Guarantees, except small value orders of foreign suppliers who do not agree for furnishing of Bank Guarantees. However, in respect of Autonomous Bodies & Public Undertakings, advances are given against Indemnity Bonds. However, requests for making advance payments are discussed in the respective Purchase Committees and proper justifications in writings are recorded in the minutes of the Junior Purchase Committee (JPC), Senior Purchase Committee (SPC), Contract Finalisation Committee-I (CFC-I) and Contract Finalisation Committee-II (CFC-II).
- (e) Advance payments towards long lead time equipment/stores to foreign contractors are made as per the milestones in the Contract which ultimately get adjusted once the equipments/stores are supplied or milestones are completed. The Department has already issued instructions to DOS/ISRO Centres/Units to scrupulously monitor and clear the advances as far as possible. The Centres/Units of DOS/ISRO have also been generating the monthly reports which is monitored by the Centre Directors/Heads of Units.

Vetting Comments

The position of outstanding advances will be verified in future audits.

Observations/Recommendations

9. The Committee note that as per the DOS Stores Procedure, inspection of materials should normally be completed within three days from the receipt of ordinary materials and within seven days in respect of those materials which require qualitative test. But one of the Centres *i.e.*, ISAC failed to follow the prescribed time limit by delaying the inspection of material and consequently replacement of the rejected stores worth Rs. 8.73 crore could not be obtained from the suppliers. The Committee's examination has revealed that the Department follow a somewhat unusual procedure for inspection of materials upon receipt. They do not unpack the containers and just resort to a visual inspection of the materials. Moreover, there is no system of pre-shipment inspection also. Further, the warranty period starts from the date of shipment and not from the date of use/installation. What happens, therefore, at the time of actual requirement when the container is unpacked, some materials even if found to be deficient/faulty, cannot be replaced as by that time the warranty period normally expires. This state of affairs is totally unacceptable to the Committee as it depicts lack of planning and foresightedness, to say the least. The Committee, therefore, urge upon DOS, ISRO and their Centres/Units to overhaul their inspection mechanism and evolve a foolproof system wherein there is proper and thorough inspection of materials/components within a definite time-frame both at pre-shipment and post-receipt stages.

[Sl. No. 9; Para 9 of the Eighteenth Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Efforts are made to ensure that all items received in the Centres/Units are inspected and cleared within the stipulated time frame. An inspection mechanism has been put in place wherein periodic reminders are sent to the Indenting Officer regarding inspection of materials and hence delay in inspection is minimal. Action is being taken on priority basis to clear the Stores Receipt Vouchers (SRVs) in respect of items already received and 80% of the cases have already been cleared within a stipulated time frame. E-mails are also sent to indenters for speedy release within 3 to 10 days of receipt of items. Wherever delay occurs, the matter is being brought to the notice of the Section/Division Heads for necessary action at their end. Wherever pre-shipment inspection is required, specific instructions are provided in the Purchase Order with the stipulation that necessary documents such as test certificate, test results for the tests conducted etc., are insisted on as part of the supply. The DOS/ISRO Centres/Units have also issued internal instructions to the respective Divisions to inspect the items received and clear the SRV without delay. If there is any discrepancy of short shipment, damage etc., Purchase & Stores Divisions should be informed immediately for necessary replacement/rectification. The pre-despatch inspection of certain indigenous items is mandatory and such inspection is also linked to release of milestone payments. In the case of imports also, the condition to obtain pre-despatch clearance on technical conformance is insisted for critical nature of items. The proposal for enhancement of the existing SRV clearance period from 10 days to 20 days is under active consideration.

It is evident from the above that DOS/ISRO Centres/Units are making sincere efforts to inspect the materials received within the time frame fixed.

Vetting Comments

No further comments. Efforts made to avoid delays in inspection would be scrutinized during future audit.

Observations/Recommendations

10. The Committee are constrained to note that physical verification of Bonded Stores in ISAC has not been conducted after 1995 and such verification has been conducted only once in March, 2004 in respect of SAC. The Department on their part have issued instructions to the Centres/Units to ensure that physical verification of all types of stores are conducted periodically. The Department have also instructed the Centres/Units to develop Management Information System (MIS)/Software to monitor the stock position and track the requirements in pipeline. The Committee are of the view that mere issuance of instructions would serve little purpose unless an effective mechanism is put in place to ensure their execution. The Committee, therefore, desire that the Department should strengthen their monitoring system to see that the instructions issued to the Centres/Units for physical verification of all types of stores are carried out without fail for reducing the inventory cost and making inventory management more efficient.

[Sl. No. 10; Para 10 of the Eighteenth Report of the Public Accounts Committee)
(15th Lok Sabha)]

Action Taken

Based on the guidelines issued by the Department, the DOS/ISRO Centres/Units have issued internal instructions reiterating the imperative need to conduct physical verification of all types of Stores periodically to reduce inventory cost and also to make inventory management more efficient. Certain DOS/ISRO Centres/Units have constituted committees for verification of stores. Liquid Propulsion Systems Centre (LPSC), one of the constituent Centres of DOS/ISRO have entrusted the responsibility to the Resident Engineers placed at the work centers to verify the FIM position at the Contractor's premises periodically and submit report to the Director, LPSC through the Contract Managers concerned. ISAC, another constituent Centres/Units of DOS/ISRO have conducted physical verification of all types of stores annually by a Committee constituted with representatives from Purchase, Stores, Accounts Divisions & also from Technical Divisions. Infact, the physical verification of stock would also assist in effectively monitoring the stock position so that action for procurement can be initiated on need basis as and when the required stock depletes.

Vetting Comments

No further comments. The latest position in this regard will be covered in regular audit.

Observations/Recommendations

11. Another disquieting aspect that has come to the notice of the Committee is that ISAC has not carried out any exercise since 1995 to dispose off the Bonded Stores. Similarly, out of the 694 non-bonded items, which were more than one year old, 192 items remained to be disposed of till the time of Audit review. In this case also, the Department more have just issued instructions to the Centres to dispose off the obsolete/surplus/in-serviceable items. The Committee would like to reiterate that alongwith the issuance of instructions, the monitoring aspect needs to be intensified so that surplus and obsolete items are timely disposed off to prevent avoidable carrying cost.

[Sl.No. 11; Para 11 of the Eighteenth Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken

Based on the instructions issued by the Department, ISRO Satellite Centre (ISAC) has completed the physical verifications of the Bonded Stores and necessary measures have already been taken to dispose of the components which are being treated as obsolete/surplus/un-serviceable. At present, a software has been installed to monitor the stock status of all the components housed in the Bonded Stores. The Senior Executives are using this software which is available on internal computer network for monitoring the stock status of each component and the same are replenished based on requirement. Instructions will be issued to these agencies to periodically identify the components which may have become obsolete/surplus/un-serviceable and inform Stores for taking necessary action to dispose of the same. In respect of un-serviceable asset items/miscellaneous scrap items, action is being initiated separately and disposal of these stores have been completed and the proceeds thereof have been remitted to the Government Account. During the period from April 2010 to June 2010, disposal of un-serviceable items worth Rs. 15.00 lakhs have been completed.

Vetting Comments

No further comments. The latest position in this regard will be scrutinised during regular audit.

Sd/-

Sr. Audit Officer (Report)

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO
NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED
FROM GOVERNMENT

—Nil—

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF
GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND
WHICH REQUIRE REITERATION

—Nil—

CHAPTER V
RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT
HAVE FURNISHED INTERIM REPLIES

—Nil—

NEW DELHI;
2 August, 2011

11 *Sravana*, 1933 (*Saka*)

DR. MURLIMANO HAR JOSHI
Chairman,
Public Accounts Committee.

APPENDIX I

MINUTES OF THE SECOND SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2011-12) HELD ON 28TH JUNE, 2011

The Committee sat on Tuesday, the 28th June 2011 from 1100 hrs. to 1330 hrs. in Room No. '53', First Floor, Parliament House, New Delhi.

PRESENT

Dr. Murli Manohar Joshi — *Chairman*

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Shri Sandeep Dikshit
4. Shri Anant Kumar Hegde
5. Shri Bhartruhari Mahtab
6. Shri Shripad Yesso Naik
7. Shri Sanjay Nirupam
8. Shri Jagdambika Pal
9. Dr. Kavuru Sambasiva Rao
10. Shri Adhi Sankar
11. Kunwar Rewati Raman Singh
12. Shri K. Sudhakaran
13. Dr. M. Thambidurai
14. Dr. Girija Vyas

Rajya Sabha

15. Shri Prasanta Chatterjee
16. Shri Naresh Gujral
17. Shri Satish Chandra Misra
18. Smt. Jayanthi Natarajan
19. Prof. Saif-ud-Din Soz

SECRETARIAT

- | | | |
|--------------------------|---|----------------------------|
| 1. Shri Devender Singh | — | <i>Joint Secretary</i> |
| 2. Shri Abhijit Kumar | — | <i>Director</i> |
| 3. Shri M.K. Madhusudhan | — | <i>Additional Director</i> |
| 4. Shri Sanjeev Sharma | — | <i>Deputy Secretary</i> |
| 5. Shri D.R. Mohanty | — | <i>Deputy Secretary</i> |
| 6. Smt. A. Jyothirmayi | — | <i>Under Secretary</i> |

Representatives of the Office of the Comptroller and Auditor General of India

- | | | |
|-------------------------|---|---|
| 1. Shri R.S. Mathrani | — | Director General of Audit (Central Expenditure) |
| 2. Shri Gautam Guha | — | Director General of Audit (Defence Service) |
| 3. Ms. Geetali Taare | — | Pr. Director of Audit (Scientific Department) |
| 4. Shri Bhawani Shankar | — | Pr. Director, (Economic Service & Ministries) |

2. At the outset, the Chairman welcomed the Members and the representatives of the Office of the C&AG to the sitting of the Committee. The Chairman, then, apprised that the sitting was convened to consider the Draft Reports of the Committee. Thereafter, the Committee took up the following Draft Reports for consideration:

- | | | | | |
|-------|--|-----|-----|-----|
| (i) | *** | *** | *** | *** |
| (ii) | *** | *** | *** | *** |
| (iii) | *** | *** | *** | *** |
| (iv) | *** | *** | *** | *** |
| (v) | Draft Report on Action Taken by the Government on the Observations/ Recommendations of the Committee contained in their Eighteenth Report (Fifteenth Lok Sabha) on ' Procurement of Stores and Inventory Control '. | | | |

3. After detailed deliberations, the Committee adopted these draft Reports, one by one with some modifications/amendments and authorized the Chairman to finalise and present the same to the Parliament in the light of factual verification done by Audit.

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|----|-----|-----|-----|-----|
| 4. | *** | *** | *** | *** |
| 5. | *** | *** | *** | *** |
| 6. | *** | *** | *** | *** |
| 7. | *** | *** | *** | *** |

The Committee, then, adjourned.

APPENDIX II

(Vide para 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR EIGHTEENTH REPORT (FIFTEENTH LOK SABHA)

- | | | |
|--|---|--------------------------------|
| (i) Total No. of Observations/Recommendations | - | 11 |
| (ii) Observations/Recommendations of the Committee which have been accepted by the Government: | - | Total: 11
Percentage - 100% |

Para Nos. 1-11

- | | | |
|---|---|-----------------------------|
| (iii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government: | - | Total: 0
Percentage - 0% |
|---|---|-----------------------------|

Nil

- | | | |
|--|---|-----------------------------|
| (iv) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which require reiteration: | - | Total: 0
Percentage - 0% |
|--|---|-----------------------------|

Nil

- | | | |
|---|---|-----------------------------|
| (v) Observations/Recommendations in respect of which Government have furnished interim replies: | - | Total: 0
Percentage - 0% |
|---|---|-----------------------------|

Nil

PARLIAMENTARY PUBLICATIONS CAN ALSO BE OBTAINED FROM THE FOLLOWING AUTHORISED AGENTS:—

Sl.No.	Name of Agent	Sl.No.	Name of Agent
	ANDHRA PRADESH	13.	M/s. Jayna Book Depot, Chowk Chhapparwala, Bank Street, Karol Bagh, New Delhi-110005.
1.	M/s. Ashok Book Centre, Benz Circle, Vasavya Nagar, Vijaywada-520006. (A.P)	14.	M/s. Standard Book Co., 125, Municipal Market, Connaught Place, P.B. No. 708, New Delhi-110001. (T. No. 23411919)
	BIHAR	15.	M/s. D.K. Agencies (P) Ltd. A/15-17, Mohan Garden, Najafgarh Road, New Delhi-110059.
2.	M/s. Progressive Book Centre, Zila School, Pani Tanki Chowk, Ramna, Muzaffarpur-842002. (Bihar)	16.	M/s. Vijay Book Service C-D/123/C, Pitam Pura, New Delhi-110034.
	DELHI		MADHYA PRADESH
3.	M/s. Jain Book Agency, C-9, Prem House, Connaught Place, P.B. No. 1113, New Delhi-110001.	17.	M/s. Suvidha Law House, 28 Malviya Nagar, Roshanpura, Bhopal-462003.
4.	M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110009.		MAHARASHTRA
5.	M/s. Rajendra Book Agency, IV-D-50, Lajpat Nagar, Old Double Storey, New Delhi-110024. (T. Nos. 26412362 & 26412131)	18.	M/s. Usha Book Depot, 585/A, Chitra Bazar, Khan House, P.B. No. 2621, Mumbai-400002.
6.	M/s. Central News Agency Pvt. Ltd., P-23, Connaught Circus, New Delhi-110001.	19.	M/s. Jaina Book Agency (India), 649-A, Girgaum Road, Opp. 2nd Dhobi Talao Lane, Mumbai-400002.
7.	The Manager, M/s. Books India Corporation, Publishers, Importers & Exporters, L-27, Shastri Nagar, Delhi-110052.		PUDUCHERRY
8.	M/s. Sangam Book Depot, LG-3, Akarshan Bhawan, 23, Ansari Road, Darya Ganj, New Delhi-110002.	20.	Editor of Debates, Legislative Assembly Department, Puducherry-605001.
9.	M/s. Biblia Impex Pvt. Ltd., 2/18, Ansari Road, New Delhi-110002. (T.No. 23262515)		TAMILNADU
10.	M/s. Universal Book Traders, 80, Gokhale Market, Opp. New Courts, Delhi-110054. (T. No. 23911966)	21.	M/s. M.M. Subscription Agencies, 123, Third Street, Tatabad, Coimbatore-641012.
11.	M/s. Seth & Co. Room No. 31 D, Block-B, Delhi High Court, Sher Shah Road, New Delhi-110003.	22.	M/s. C. Sitaraman & Co., 73/37, Royappettah High Road, Chennai-600014.
12.	M/s. Dhanwantra Medical & Law House, 592, Lajpat Rai Market, Delhi-110006. (T. No. 23866768)		UTTAR PRADESH
		23.	M/s. Law Publishers, Sardar Patel Marg, P.B. No. 1077, Allahabad (U.P)
		24.	M/s. Ram Advani Bookseller, Mayfair Building Hazrat Ganj, GPO Box No. 154, Lucknow-226001.