

**NEGLIGENT SCRUTINY OF CLAIMS LEADING
TO EXCESS PAYMENT**

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

MINISTRY OF INFORMATION AND BROADCASTING

**PUBLIC ACCOUNTS COMMITTEE
(2012-13)**

SEVENTY-THIRD REPORT

FIFTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

PAC NO. 2000

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MINISTRY OF INFORMATION AND BROADCASTING



Presented to Lok Sabha on: 21.03.2013

Laid in Rajya Sabha on: 21.03.2013

LOK SABHA SECRETARIAT
NEW DELHI

March, 2013/ Phalguna 1934 (Saka)

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APPENDICES

- *I Minutes of the Twenty-seventh sitting of Public Accounts Committee (2012-13) held on 19th March, 2013
- *II Analysis of the Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Forty-first Report (Fifteenth Lok Sabha)

* Not appended to the cyclostyled copy of the Report

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2012-13)

Dr. Murli Manohar Joshi - Chairman

LOK SABHA

2. Shri Anandrao Vithoba Adsul
3. Dr. Baliram
4. Shri Sandeep Dikshit
5. Dr. M. Thambidurai
6. Shri T.K.S. Elangovan
7. Shri Anant Kumar Hegde
8. Shri Bhartruhari Mahtab
9. Shri Sanjay Nirupam
10. Shri Shripad Yesso Naik
- *11. Shri Abhijit Mukherjee
12. Shri Ashok Tanwar
- †13. Shri Takam Sanjoy
14. Dr. Girija Vyas
15. Shri Dharmendra Yadav

RAJYA SABHA

16. Shri Prasanta Chatterjee
17. Shri Prakash Javadekar
18. Shri Satish Chandra Misra
19. Shri Sukhendu Sekhar Roy
20. Shri J.D. Seelam
21. Shri N.K. Singh
22. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Devender Singh - Joint Secretary
2. Shri Abhijit Kumar - Director
3. Smt. A. Jyothirmayi - Deputy Secretary

* Elected w.e.f 6th December, 2012 *vice* Shri Sarvey Sathyanarayana appointed as Minister on 28th October, 2012.

† Elected w.e.f 6th December, 2012 *vice* Dr. Shashi Tharoor appointed as Minister on 28th October, 2012.

INTRODUCTION

I, the Chairman, Public Accounts Committee (2012-13), having been authorised by the Committee, do present this Seventy-third Report (Fifteenth Lok Sabha) on Action Taken by the Government on the Observations/ Recommendations of the Committee contained in their Forty-first Report (Fifteenth Lok Sabha) on 'Negligent scrutiny of claims leading to excess payment' relating to the Ministry of Information & Broadcasting.

2. The Forty-first Report was presented to Lok Sabha/laid in Rajya Sabha on 19th December, 2011. Replies of the Government to the Observations/ Recommendations contained in the Report were received on 5th November, 2012. The Public Accounts Committee considered and adopted this Report at their sitting held on 19th March, 2013. 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 Forty-first Report (Fifteenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;

19 March, 2013

28 Phalguna, 1934 (Saka)

DR. MURLI MANOHAR JOSHI

Chairman,

Public Accounts Committee.

CHAPTER - I

REPORT

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their Forty-first Report (Fifteenth Lok Sabha) on '**Negligent scrutiny of claims leading to excess payment**' based on Paragraph No. 7.1, Chapter VII of Audit Report No. CA 2 of 2008 relating to the Ministry of Information and Broadcasting.

The Forty-first Report (Fifteenth Lok Sabha), which was presented to Lok Sabha on 19th December, 2011, contained 6 Observations and Recommendations. Action Taken Notes in respect of all the Observations and Recommendations have been received from the Ministry of Information and Broadcasting and are broadly categorized as under:

Observations/Recommendations which have been accepted by the Government:

Para Nos.1-5

**Total: 5
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:

Para No. 6

Total: 1

Chapter - V

2. Taking cognizance of the huge pendency, the Public Accounts Committee constituted a Sub-Committee during 2010-11 to examine the Ministries/Departments who defaulted in furnishing the Remedial/Corrective Action Taken Notes within the prescribed timeframe. The Committee thereafter decided to examine the position in respect of Ministry of Information & Broadcasting.

3. In the course of examination of pendency, the Committee found that in addition to pendency regarding submission of Remedial/Corrective Action Taken Notes, there was discrepancy with respect to pendency figures. Alongwith examination of this issue, the Committee had also taken up Para No. 7.1 of Chapter VII of Audit Report No. CA 2 of 2008 for detailed examination during the year 2010-11. Urging the Ministry of Finance, Department of Expenditure to reconcile the figures in consultation with the Audit and Ministry of Information & Broadcasting to ensure nil pendency, the Committee had made their observations on the detailed examination of Audit Para and had given their recommendations thereon, in the Forty-first Report (15th Lok Sabha).

4. The Action Taken Notes furnished by the Ministry of Information and Broadcasting on the Observations and Recommendations of the Committee contained in their Forty-first Report (Fifteenth Lok Sabha) have been reproduced in the relevant Chapters of this Report. In the ensuing paragraphs, the Committee have dealt with the Action Taken by the Government on their Observations and Recommendations made in the Original Report which merit comments. **The Committee desire that Government should furnish final/conclusive action taken replies to the recommendation for which interim reply has been furnished.**

A. Recovery of excess money paid to BCCI

(Recommendation Sl. No. 4)

5. Audit Para No. 7.1 of Chapter-VII of Audit Report No. CA 2 of 2008, relating to the Ministry of Information & Broadcasting had highlighted a case of loss of revenue to the tune of ₹ 3.39 crore due to an erroneous agreement signed between Prasar Bharati

and Board of Control for Cricket in India (BCCI) on 30.11.2005 for the telecast of 12 One Day International (ODI) Matches during October-November, 2005. According to clause 11 of the Agreement, the Prasar Bharati was to pay ₹ 7.50 crore to BCCI for each of the Match played. The Agreement also contained a rider wherein it was provided that in case a Match was not played for full duration, which according to Audit and based on the Sport Section Schedule provided by the Prasar Bharati was 'seven hours', on any day the amount of money to be paid was to be calculated in terms of the number of hours played. Clause 11 of the Agreement also stated that 'in case of lesser number of matches being played for any reason whatsoever, the consideration shall be reduced on a *pro rata* basis'. According to the Agreement, 'in case a game is not played for the full duration on any day for any reason whatsoever, the consideration for that day shall be calculated in proportion to the number of hours played'. In the event of a match being cancelled altogether, 'no consideration shall be payable'. The Committee had noted that ,on the contrary, the Agreement also provided that in terms of the stipulations of the International Cricket Council (ICC), a ball being bowled in a Match shall be deemed to be a Match having been played. Based on this analogy, the Committee had found that Prasar Bharati had not reduced the payment for five Matches which were held for less than the full duration of seven hours except for one cancelled Match and one match played at Mohali. The Committee were perturbed to note that such a patently erroneous Agreement was described by the Secretary, Ministry of I&B simply as 'an unhappily drafted agreement'. The Committee had deplored that the Agreement, which caused pecuniary loss of ₹ 3.39 crore to the public exchequer, was not even vetted by legal authorities which was, in fact, a reproduction of an earlier Agreement signed in 2004 for a five-day Match series. The Committee had thus demanded explanation for such patently erroneous drafting of agreement, recovery of the intentional loss caused to the public exchequer and stringent penal action against the officers involved with the finalization of the Agreement. The Committee had recommended that the process be commenced for the recovery of the amount overpaid to BCCI for the Matches which were played for less than seven hours duration as similar deduction was made for the Mohali Match. Further, the Ministry was exhorted to take foolproof measures to ensure

that agreements were drafted with utmost care and foresight and duly vetted legally to avoid any fiduciary loss to the Government.

6. In this regard, the Ministry submitted the action taken as under:

"Prasar Bharati has informed that the matter for recovery of excess amount has since been taken up by Prasar Bharati with the BCCI for refund. The BCCI has been asked to refund the excess amount of ₹ 3.39 crore paid earlier. The officers who signed and approved the draft agreement have since retired. Utmost care is now being taken to ensure that all the agreements signed with third parties are duly vetted by our standing Legal counsel with particular reference to the need to ensure that ambiguity of the kind which arose in the instant case does not recur".

7. Pursuant to their recommendation, the Committee find that the Ministry has asked BCCI to refund the excess amount that has been paid by Prasar Bharati for the ODI Matches that were played during October-November 2005 and which were played for less than seven hours. From the Action Taken Notes it is seen that the BCCI has been asked to refund but the outcome of this request has not been made available to the Committee. *The Committee would like to be apprised of the response of the BCCI in this regard and the payments made, if any. The plea of the Ministry that 'officers who signed and approved the draft agreement have since retired', is not acceptable and therefore, the Committee reiterate that the officers responsible for fiduciary loss to the Government must be made accountable.*

**B. Establishment of state-of-the-art filing and retrieval system
(Recommendation Sl. No. 5)**

8. Prasar Bharati made a net gain of ₹ 26,81,47,402.00 for the said 11 Matches, yet the Ministry had failed to explain to the Committee as to what was the basis for fixing the rate of ₹ 7.5 crore paid to BCCI for each ODI Match. The Committee were shocked to learn that 'no records were traceable in Prasar Bharati which could give details of fixation of this rate'. The Committee had decried such an outrageous plea of missing records and recommended that responsibility be fixed for the 'missing records' and all

out efforts be made to reconstruct the records. The Committee had also recommended that state-of-the-art filing and retrieval system be put in place within the Ministry as well as Prasar Bharati so that instances of this nature would not recur and transparency was brought in their functioning.

9. Elaborating on the Action Taken in this regard, the Ministry has stated as under:

"Prasar Bharati has informed that special efforts have been made to trace the relevant records. It has been noted that the Prasar Bharati Board approved a recommendation made by the Empowered Committee on Sports Rights (ECSR) in its meeting held on 21st October 2005 to submit a bid to the BCCI for acquiring telecasting and broadcasting rights. The decision was based on a detailed revenue evaluation exercise. Subsequently, the ECSR approved fixation of a consideration amount of rights fee of ₹ 7.5 crores per ODI in respect of the Cricket Series in question. Observations made by the Committee are noted for future guidance and inconvenience caused is regretted".

10. Deploring the instance of 'missing/untraceable records' related to fixing the rate of ₹ 7.5 crore paid to BCCI for each ODI Match, the Committee had recommended for a state-of-the-art filing and retrieval system in the Ministry of Information and Broadcasting and Prasar Bharati which would aid in 'good governance'. *Though the Ministry has taken cognizance of their observations for future guidance the Committee desire that they be intimated of concrete remedial measures initiated by the Ministry to prevent recurrence of such instances of missing/untraceable documents. The Committee further desire that responsibility be fixed for the failure to recover/retrace the relevant records.*

New Delhi
19 March, 2013
28 Phalgun 1934(Saka)

Dr. Murli Manohar Joshi
Chairman,
Public Accounts Committee