

**NON-COMPLIANCE BY MINISTRIES/
DEPARTMENTS IN TIMELY
SUBMISSION OF ACTION TAKEN
NOTES ON THE NON-SELECTED
AUDIT PARAGRAPHS (CIVIL AND
OTHER MINISTRIES)**

**PUBLIC ACCOUNTS COMMITTEE
(2015-16)**

FORTY-SECOND REPORT

SIXTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

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SELECTED AUDIT PARAGRAPHS (CIVIL
AND OTHER MINISTRIES)**



Presented to Lok Sabha on:

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29 APR 2016

**LOK SABHA SECRETARIAT
NEW DELHI**

April 2015/ Vaisakha 1938 (Saka)

CONTENTS

PAGE

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2015-16) (iii)

COMPOSITION OF THE SUB-COMMITTEE IV OF PUBLIC ACCOUNTS COMMITTEE (2015-16) (iv)

INTRODUCTION (v)

REPORT

PART I

| | | |
|------|--|----|
| I | Introductory | 1 |
| II | Non-compliance in timely submission of ATNs on non-selected Audit paragraphs by Ministries and the role of Monitoring Cell, Ministry of Finance in ensuring compliance | 2 |
| III | Non-compliance in timely submission of ATNs on non-selected Audit paragraphs relating to CBEC, Ministry of Finance (Department of Expenditure) | 3 |
| IV | Non-compliance in timely submission of ATNs on non-selected Audit paragraphs relating Ministry of Defence | 6 |
| V | Non-compliance in timely submission of ATNs on non-selected Audit paragraphs relating Ministry of Communications and Information Technology (Department of Telecommunications) | 9 |
| VI | Non-compliance in timely submission of ATNs on non-selected Audit paragraphs relating Ministry of Railways | 14 |
| VII | Non-compliance in timely submission of ATNs on non-selected Audit paragraphs relating to Department of Atomic Energy | 18 |
| VIII | Non-compliance in timely submission of ATNs on non-selected Audit paragraphs relating to Ministry of Tribal Affairs | 20 |

PART II

Observations/ Recommendations.....

22

Appendices

- *I Minutes of the First Sitting of Sub-Committee IV of PAC (2015-16) held on 02-07-2015
- *II Minutes of the Second Sitting of Sub-Committee IV of PAC (2015-16) held on 10-07-2015
- *III Minutes of the Third Sitting of Sub-Committee IV of PAC (2015-16) held on 29-09-2015
- *IV Minutes of the Fourth Sitting of Sub-Committee IV of PAC (2015-16) held on 06-10-2015
- *V Minutes of the Fifth Sitting of Sub-Committee IV of PAC (2015-16) held on 14-10-2015
- *VI Minutes of the Sixth Sitting of Sub-Committee IV of PAC (2015-16) held on 28-10-2015
- *VII Minutes of the Seventh Sitting of Sub-Committee IV of PAC (2015-16) held on 09-11-2015
- *VIII Minutes of the Eleventh Sitting of Sub-Committee IV of PAC (2015-16) held on 08-04-2016
- *IX Minutes of the ^{Twenty} ~~Thirty~~ Fifth Sitting of PAC (2015-16) held on 18-04-2016

* Not appended to the Report.

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2015-16)**

Prof. K.V. Thomas - Chairperson

MEMBERS

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Sudip Bandyopadhyay
4. Shri Ranjit Singh Brahmputra
5. Shri Nishikant Dubey
6. Shri Gajanan Kirtikar
7. Shri Bhartruhari Mahtab
8. Shri Ramesh Pokhriyal "Nishank"
9. Shri Neiphiu Rio
10. Shri Dushyant Singh
11. Shri Janardan Singh Sigriwal
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar Udasi
15. Dr. P. Venugopal

RAJYA SABHA

16. Shri Naresh Agrawal
17. Shri Satyavrat Chaturvedi
18. Shri Anil Madhav Dave
19. Shri Vijay Goel
20. Shri Bhubaneswar Kalita
21. Shri Shantaram Naik
22. Shri Sukhendu Sekhar Roy

SECRETARIAT

- | | | | |
|----|----------------------------------|---|----------------------|
| 1. | Shri A.K. Singh | - | Additional Secretary |
| 2. | Shri Tirthankar Das | - | Additional Director |
| 3. | Shri Paolienlal Haokip | - | Deputy Secretary |
| 4. | Shri Shankarnath Sharma Laimayum | - | Committee Assistant |

Composition of Sub-Committee – IV [Non-compliance by Ministries/Departments in timely submission of Action Taken Notes on the Non-selected Audit Paragraphs (Civil and other Ministries)] of the Public Accounts Committee (2015-16)

| | | | |
|--------------------|---|----|-------------------------|
| Convenor | : | 1. | Shri Bhartruhari Mahtab |
| Alternate Convenor | : | 2. | Shri Gajanan Kirikar |
| Members | : | 3. | Shri Nishikant Dubey |
| | | 4. | Shri Shiv Kumar Udasi |
| | | 5. | Shri Anil Madhav Dave |

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2015-16) having been authorised by the Committee, do present this Forty-second Report (Sixteenth Lok Sabha) on "**Non-compliance by Ministries/Departments in timely submission of Action Taken Notes on the Non-selected Audit Paragraphs (Civil and other Ministries)**" related to the Ministry of Finance(Department Expenditure).

2. Due to inordinate delay on the part of various Ministries/Department in timely submission of Action Taken Notes on the non-selected Audit Paragraphs of the Reports of the C&AG of India, the Public Accounts Committee (2015-16) took up the subject for detailed examination and report. A Sub-Committee was specifically constituted under the convenorship of Shri Bhartruhari Mahtab, MP and a Member of the PAC. The Sub-Committee procured written replies and took evidences of the representatives of various Ministries on the subject at their sittings held on 02.07.2015, 10.07.2015, 29.09.2015, 14.10.2015, 28.10.2015 and 09.11.2015. The Draft Report on the subject was prepared and approved by the Convenor and subsequently approved by the Chairperson, PAC. The Committee considered and adopted this Draft Report at their sitting held on 18th April, 2016. The Minutes of the Sittings are appended to the Report.

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

4. The Committee thank the Sub-Committee for taking oral evidences of the various Ministries and obtaining information on the subject.

5. The Committee would like to express their thanks to the representatives of the various Ministries for tendering evidence before the Sub-Committee and furnishing the requisite information to the Sub-Committee in connection with the examination of the subject.

6. 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;
18th April, 2016
Vaisakha, 1938 (Saka)

PROF. K.V. THOMAS
Chairperson,
Public Accounts Committee.

REPORT PART- I

I. INTRODUCTORY

One of the central purposes behind audit of public finances lies in the improvement of systems by taking remedial action on the shortcomings and or loopholes identified by auditors, apart from the primary purpose of ensuring accountability and efficiency of public expenditures. This can only be achieved when the executive gives sufficient attention to the task of examining audit observations and taking remedial/corrective actions to redress lapses and to ensure non-recurrence of the same or similar lapses. The PAC, taking cognizance of this fact, had over the years evolved a system whereby the timely submission of action taken notes by Ministries/Departments of the Government of India is closely monitored. Owing to the consistent efforts of the Public Accounts Committee, the compliance by government in timely submission of remedial notes to the PAC, duly vetted by C&AG, has seen tremendous improvements over the last two decades. Nevertheless, some Ministries continue to fail to comply. This report deals with the examination of the Non-compliance by Ministries/Departments in timely submission of Action Taken Notes on the non-selected Audit paragraphs of C&AG (Civil and other Ministries) during the year 2015-16.

2. The C&AG was requested to furnish a Background Note on the subject which contains status of the pending Remedial/Corrective Action Taken Notes pertaining to various Ministries/Departments as on 30.04.2015. As per the information furnished by Audit the total number of paras pending with the various Ministries stood at 644 as on 30.04.2015. The follow-up action by the Ministries/Departments concerned on the C&AG's Reports still continues to be highly unsatisfactory as large number of Remedial/Corrective Action Taken Notes are still pending submission by the Ministries/Departments concerned, some for several years.

3. The Committee, therefore, again formed a Sub-Committee (Sub-Committee-IV) under the same Convener in order to pursue and thus minimize the non-compliance of ATNs not selected by the PAC.. This time, the Sub-Committee decided to focus on the non-compliance in timely submission of ATNs on non-selected Audit paragraphs relating to Ministry of Tribal Affairs, Ministry of Finance (CBEC), Department of Atomic Energy, Ministry of Communication and Information Technology (Department of Telecommunications), Railways (Railway Board)

and Defence. Oral evidences of respective Ministries were taken by the Sub-Committee in the meetings held on 02-07-2015, 10-07-2015, 29-09-2015, 06-10-2015, 14-10-2015, 28-10-2015 and 09.11.2015 respectively to take an overall view of the pendency of Audit Paras with concerned Ministries of the Government of India, Monitoring Cell and to assess the measures taken to coordinate and monitor the progress by the Ministries.

II. Non-compliance in timely submission of ATNs on non-selected Audit paragraphs by Ministries and the role of Monitoring Cell, Ministry of Finance in ensuring compliance

4. The Monitoring Cell, under the Department of Expenditure (Ministry of Finance) has been entrusted to coordinate and collect the Remedial/Corrective Action Taken Notes on the various Audit Paragraphs contained in different Audit Reports from all the Ministries/Departments concerned duly vetted by Audit and forward the same to the Public Accounts Committee within the stipulated period of four months from the date of presentation of Audit Reports to the Parliament. The Sub-Committee noted that since 21.05.2010 when the PAC had for the first time selected "Non-Compliance by the Ministries/Departments in timely submission of replies to the Audit paragraphs of the C&AG" as a subject for detailed examination, there have been a noticeable decline in the number of pending paras. According to the Ministry, from 4216 paras of pending ATNs as on 30.06.2010, the number had come down to 1651 as uploaded in the APMS portal on 02.03.2016 as against figure of 644 given by the office of C&AG on 30.04.2015.

5. Later, a statement of pendency as on 30.11.2015 of the various Ministries was obtained from Audit. Same is given in the following table.

Total Number of Reports / paras on which ATNs are pending as on 30.11.2015

| No of Reports/ Paras on which ATNs have not been received even for the first time from the Ministry/ Department | No. of Reports/ paras on which revised ATNs are awaited from Ministry/Department | ATNs finally vetted by Audit but pending with Ministry / Monitoring Cell for submission to PAC | No. of ATNs with Audit for Vetting | Total |
|---|--|--|------------------------------------|-------|
| 148 | 270 | 84 | 113 | 615 |

Thus, from the figures given on the table above, it is noted that the total pendency of ATNs has slightly decreased from 644 to 615. The figures furnished by Monitoring Cell,

| | | | | | | | | |
|----------------------------|----|----|----|----|---|---|----|----|
| (Compliance Audit Report) | 13 | 2 | 6 | 21 | 3 | 3 | 4 | 10 |
| (Performance audit report) | 0 | 10 | 12 | 22 | 2 | 3 | 10 | 15 |
| Total | 13 | 12 | 18 | 43 | 5 | 6 | 14 | 25 |

| 30.09.2015 | | | | | 31.12.2015 | | | |
|----------------------------------|----------------------------|-------------------------|-------|----------------------------------|----------------------------|-------------------------|-------|--|
| ATNs not received for first time | ATNs under process | | Total | ATNs not received for first time | ATNs under process | | Total | |
| | ATNs Pending with Ministry | ATNs pending with Audit | | | ATNs pending with Ministry | ATNs pending with Audit | | |
| (Compliance Audit Report) | 6 | 15 | 29 | 0 | 7 | 11 | 18 | |
| (Performance audit report) | 1 | 8 | 22 | 0 | 9 | 13 | 22 | |
| Total | 7 | 23 | 51 | 0 | 16 | 24 | 40 | |

- Note : 1 The above data is taken from the pendency statement taken from Office of the C&AG
 2. First Action Taken Notes have been sent in all the paras by November, 2015, this report as on 31.12.2015 showing NIL pendency.
 3. The details of pendency of each quarter received from C&AG is enclosed.

The statement was prepared on the basis of detailed pendency report received from Office of the C&AG.

10. Supplementing the above, the Secretary, Department of Expenditure deposed during evidence as under:

"Subsequent to the receipt of the notice, subsequent to 31/7, we have been giving some replies, including some of the replies which you have got yesterday and today. We are trying to give as many replies as possible. We will reconcile separately with the audit officers. Our present pendency is just 15 where the first report itself has not been given. We will separately sit with the officers and do it. But as on today, it is 15 - three in Central Excise, three in service tax and nine in customs, where the first report itself has not been received. So, when we got these details, we started reviewing the process itself as to how we are giving our replies and what are the flaws in our own system, in our monitoring process. We are trying to ensure that this does not happen in future. So, even this 15 we are hoping that in the next two months we will try and give a reply. The latest is 31st December. But I am trying to say it would be November end because each one of these paras again has multiple sub-paras. They are not a single para. So, my submission is that we will be attempting to settle these paras, where the first report itself has not gone. The second issue which you have raised is about the replies which have been given where the audit in turn has sent them back to us for our comments. We are working on those also. We will eliminate and reduce them. We have reviewed the functioning of our system. We have a Commissioner exclusively for the PAC-related work. We will strengthen his hands and ensure that this does not happen in future. All I can submit is that this has happened. This should not happen. We will do our best to ensure that we reduce the pendency and concerns of the Audit specifically on the two areas which are mentioned both public-private bonded warehouse and the incorrect availing of Central excise exemption. We do have our views on this issue."

11. When the Sub-Committee enquired about the mechanism in place in the Ministry for timely submission of ATNs within the stipulated period of 4 months from the date of laying of Reports in the Parliament, the Ministry submitted that the audit gives 4 weeks time to reply/comments on Draft Audit Paras and Draft Performance Reports. Each Draft Audit Report consists of number of Audit Paras including various annexures covering hundreds of units/assessees and recommendations and taking comments from almost all zones (23 in number) was a lengthy process. Ministry forwards each Draft Audit Report to all the concerned zones with the request to furnish comments of the Commissionerates falling under the jurisdiction to the Ministry. The zonal Chief Commissioners in-turn gets the reply from the Commissionerate who in-turn had to get it from the Division office. The jurisdiction of zone was geographically large and often it was seen that inspite of sincere efforts made by all concerned Officers, it was not possible to meet the deadline of 4 weeks. In the meantime, without considering Ministry's comments, the C&AG publish its report and present the same in the Parliament. This difficulty was brought to the notice of the C&AG by Ministry on 6th October, 2015. If adequate time (i.e. three months) was given to Ministry at draft stage then no. of paras would be reduced and the published report would contain much lesser no. of Audit Paras. This would help the Ministry to timely submit ATNs to C&AG.

12. When the Sub-Committee further desired to know as to whether the Ministry have adopted any good practices of other Ministries in timely disposal of pending ATNs, it was submitted that the Ministry had adopted receiving the communications from the field formations through official e-mail address that preferably in word file so that repeat typing could be avoided at the Ministry level. This reduces the delay considerably in submitting Ministry's comments to Audit.

13. On being asked as to whether the Ministry would be able to comply if ATNs were required to be supplied to Public Accounts Committee electronically to reduce delay and reduce usage of paper, the Ministry submitted in the affirmative and stated that it would be convenient to supply electronically the ATNs to PAC as this would reduce the delay and usage of paper work.

14. When the Sub-Committee wished to know as to whether any decision had been taken by the Ministry to reflect performance in timely submission of ATNs in the ACRs of Officers, it

was submitted that necessary instructions sensitizing the officers for timely compliance of ATNs were under process.

15. On being enquired as to whether the Ministry have adequate manpower having operational knowledge of Audit Para Monitoring System Portal launched by the Monitoring Cell of Ministry of Finance, the Ministry submitted in the affirmative and stated that Ministry had adequate manpower to deal and operate the Audit Para Monitoring System (APMS) Portal.

IV. Non-compliance in timely submission of ATNs on non-selected Audit paragraphs relating to Ministry of Defence

16. The Sub-Committee took evidence of representatives of Ministry of Defence on 2.2.2015. The Committee note that the pendency of ATNs with the Defence Ministry is on the decline but not satisfactory. From an outstanding of 153 in July, 2015 the figure has dropped to 142 as of 30.11.2015.

17. A comparative statement of pendency as on 31.07.2015 and 30.11.2015 of the Ministry as obtained from the Audit is given in the following table.

| | As on 31.07.2015 | As on 30.11.2015 |
|---|------------------|------------------|
| No. of Audit Paras for which ATNs are pending | 153 | 142 |

From the comparative figures given on the table above, it is seen that the Ministry had been able to clear only 9 additional Paras since July, 2015.

18. Apprising the reasons for the delay in submission of pending ATNs, the representatives of the Ministry deposed as under:

"Sir, as you recall that I had appeared before this hon. Committee in February this year and we had discussed in detail about the pendency in the Ministry of Defence. After the meeting of the Committee, I had taken two meetings at my level with all the officers concerned, Joint Secretaries of the Ministry, and I am doing it on a regular basis. The last meeting was done in August and before that we had a meeting in April. After reconciling the data which related to pending paras, as on 6th October, there is a total of 28 paras only where the ATNs have not been sent even once. So, you have mentioned that there is a large number of cases, around 48, but those were pending at different stages for Hindi translation and things like that. They have all been cleared. There are 28 cases in which the ATNs have not been sent even once. We have reviewed these cases also. I will assure you that we should be able to clear majority of these cases in the next one-and-a-half months, where the ATNs have not been sent even once. These pertained to specifically two or three wings of the Ministry. So, we have already fixed up a meeting with the concerned Joint Secretaries where the pendency is large and we will definitely try to reduce this number drastically. About the

total paras which are pending as on date, of the total carry forward, there were 110 as on 1st April, 2015 and there are another 69 paras added out of the reports, 34/2014 and 35/2014. There are a total of 179 cases. These include also paras of the performance audit. They are 15 in number. Out of those, we have already sent 26 to the monitoring wing of the Ministry of Finance. One has been vetted by the Audit and that is pending for sending to the hon. Committee. There are 75 which have been sent to the Audit for vetting and there are 75 which are pending at different levels in the Ministry. These figures may keep changing but we will reconcile and maybe, we will sit with the DG, Audit and we can reconcile these figures so that at least there are no discrepancies as far as the numbers are concerned. We understand that the number of paras is still very large and we need to drastically reduce it and we need to work hard towards this. But the problem in the Ministry of Defence is that it is a very huge Ministry with a large number of units spread all across the country. That does not give us any excuse not to do it. But definitely sometimes it gets delayed because we tend to collect information and it takes a little longer than any other place. But definitely, as I pointed out, I have been reviewing it at my level regularly. We have asked all the Joint Secretaries to review at their level with all the concerned Service Headquarters' representatives so that these are expedited in a time bound manner. You mentioned about the old cases pertaining to 1991. There are 24 cases of old vintage and we had discussed that in the last meeting of the Committee. You had identified that many of these reports belong to 1985-86 and onwards. One of the cases in that you have kept for discussion today. Now we have also been hunting for our records. In some of these cases we have identified and at least got some information including in this particular case that an ATN was sent some time in 1994 but there are other cases also where we have got some evidence that it has been sent. In some cases, because they are too old, maybe, the records are not readily available but we have also taken a stock of these 25 cases which are really old and we will come back to the Committee regarding the status of all these cases in a comprehensive manner. "

19. When the Sub-Committee asked to furnish a detailed statement, quarterly, of the pendency of ATNs relating to the Ministry during the past one year, it was submitted as under:

| Details of the Audit Paras on which ATNs are pending as on date | | | | | |
|---|---|---------------------------------------|--|--|-------------------------------|
| Position as on quarter ending | No. of ATNs not sent to Audit even for the first time | No. of ATNs sent to Audit for vetting | No. of ATNs sent but returned with observations and Audit is awaiting their resubmission by the Ministry | No. of ATNs which have been finally vetted by Audit but have not been submitted to Monitoring Cell | Total outstanding Audit Paras |
| April 2015 | 16 | 47 | 36 | 5 | 104 |
| July 2015 | 48 | 17 | 56 | 32 | 153 |
| October 2015 | 28 | 75 | 49 | 1 | 153 |
| January 2016 | 13 | 55 | 67 | 9 | 144 |

Efforts were being made to reduce the number of ATNs not sent to Audit even once. Considerable progress had been made in last one year on this front. For this purpose, the concerned Addl. Secretary was regularly chairing meeting of concerned JSs, who

had been further directed to discuss these ATNs with Service HQrs. All the concerned agencies had been directed to submit ATNs in timely manner.

20. When the Sub-Committee desired to know whether the Ministry would be able to comply if ATNs were required to be supplied to PAC electronically to reduce delay and reduce usage of paper, it was stated that Ministry of Defence very well appreciated the endeavor of PAC for reducing delay and usage of paper and would ensure its compliance in a gradual manner in definite time-frame. However, due to the extremely sensitive nature of data being handled in the Ministry, internet access was restricted at certain levels in the Ministry of Defence, Notwithstanding this, efforts would be made to implement electronic communication to PAC from Ministry of Defence.

21. When asked about the mechanism in place in the Ministry for timely submission of ATNs within the stipulated period of 4 months from the date of laying of Reports in Parliament, it was submitted that the Budget Division of the Ministry had been mandated with the responsibility of maintaining a database of outstanding audit paras. The progress was monitored at the level of Addl. Secretary, FA (DS) and the Defence Secretary and through the mechanism of the standing Audit Committee. Concerned Divisional Heads i.e. Joint Secretaries had been directed to hold regular monthly meetings within their Divisions as also with Service HQrs to sort out outstanding issues. However, the Ministry of Defence, unlike other Ministries/Departments could seldom respond to an audit para on its own. It has to first make a reference to service Headquarters, and often to concerned field formations subsequently, as the original records in most cases were held with Service Headquarters or agencies subordinate to them. The reply to an audit para was prepared after consultations among the various agencies concerned. The response of Service Headquarters was vetted by Finance Division of the Ministry, approved by Administrative wing of Ministry of Defence and then sent to Audit for final vetting. Once the Audit clears the Audit Para, the same was forwarded to monitoring Cell/PAC after its translation and other formalities. In view of above, the major constraint in ensuring timely submission of ATNs was the long processing time involved due to the involvement of multiple agencies in formulation of the ATNs.

22. When asked as to whether any decision have been taken by the Ministry to reflect performance in timely submission of ATNs in the ACR of officers, it was submitted that ACR (Mow APAR) contained many columns where the officer concerned had to mention about his work, achievements, timely action taken tasks and shortfalls, etc. These columns reflect the

overall performance of an officer. As the format or Act (APAR) were introduced and approved by DOP&T or the concerned cadre controlling Department/Ministry, Ministry of Defence was not competent to introduce a new column in APAR format.

23. When the Sub-Committee asked whether the Ministry had adopted any good practice of other Ministries in timely disposal of pending ATNs, it was stated that the constraints faced by Ministry of Defence were entirely different from other Ministries. However, so far, no other Ministry had been approached to provide solutions in timely disposal of pending ATNs, but it was proposed to approach Ministry of Finance to ascertain good practices being adopted by other Ministries, if any. As an initiative towards adopting best practices, Ministry of Defence was proposing to implement an IT-based database system in respect of draft paras and ATNs to ensure more efficient monitoring of their timely disposal.

24. When enquired as to whether the Ministry have adequate manpower having operational knowledge of Audit Para Monitoring System Portal launched by the Monitoring Cell of Ministry of Finance, it was stated that Ministry of Defence had sent 28 officials to attend APMS training programme organised by Monitoring Cell, Ministry of Finance during 2013 and 2014. Some of these officials had since been transferred. Ministry of Defence had again requested the Monitoring Cell, Ministry of finance to organise more such trainings.

V: Non-compliance in timely submission of ATNs on non-selected Audit paragraphs relating to Ministry of Communications and Information Technology (Department of Telecommunications)

25. The Ministry of Communications and Information Technology (Department of Telecommunications) had 20 Paras are pending as on 31.08.2015. It is also seen from the information provided by the Office of the C&AG that up to 31.08.2015, Action Taken Notes on 1 Audit Paragraphs pertaining to the year 2006 and 3 Action Taken Notes pertaining to the year 2010-11 have not been submitted to the PAC by the Ministry of Communications and Information Technology (Department of Telecommunications). The Sub-Committee took evidence of its representatives on 28.10.2015. A comparative statement of pendency as on 31.08.2015 and 31.11.2015 of the Ministry as furnished by the Audit is given in the following table:

COMPARATIVE TABLE OF NUMBER OF AUDIT PARAS FOR WHICH ACTION TAKEN NOTES ARE PENDING AS ON 31.08.2015 AND 31.11.2015

| | |
|--|--|
| Number of Pending Paras as on 31.08.2015 | Number of Pending Paras as on 31.11.2015 |
| 20 Paras | 22 Paras |

From the comparative figures given on the table above, it is clear that the number of paras have increased.

26. When the Sub-Committee asked to furnish a detailed statement, quarterly of the pendency of ATNs relating to the Ministry during the past one year, the Ministry submitted that quarterly statement of all pending ATNs relating to C&AG were as stated below for kind perusal:

| SL. No | Para No | Report No. | Position as on 28/10/2015 | Position as on 18/01/2016 | Remarks |
|--------|---------------|-------------|--------------------------------|--------------------------------|---|
| 01 | 2 of 2004 | 1.3 | Sent to Audit | Case closed on 10/12/15 | Sent to Monitoring Cell MoF, for onward submission to PAC |
| 02 | 2 of 2004 | 1.1.12 | Sent to Audit | Case closed on 30/11/15 | |
| 03 | 9 of 2006 | 2.6.27 | Under Modification | Case closed on 11/01/16 | |
| | | 2.6.32 | Under Modification | Under Modification | |
| 04 | 19 of 2010-11 | 3.1 to 3.3 | Sent for copy | Case closed on 09/11/15 | Sent to Monitoring Cell MoF, for onward submission to PAC |
| 05 | 19 of 2010-11 | 4.1 to 4.11 | Sent for copy | Case closed on 09/11/15 | |
| 06 | 19 of 2010-11 | 5.2 to 5.5 | Sent for copy | Case closed on 09/11/15 | |
| 07 | 17 of 2014 | 2.1 | Under Modification on 02/07/15 | Sent to Audit | 2.1.6.1. & 2.1.6.2 is UM on 18/12/15 2.1.6.3 & 2.1.6.4 is SA on 15/01/16 |
| 08 | 17 of 2014 | 2.2 | Sent to Audit on 21/10/2014 | Under Modification on 18/12/15 | |
| 09 | 17 of 2014 | 2.3 | Under Modification 14/07/2015 | Under Modification on 18/12/15 | (Sent to Audit on 16/10/15 and returned by Audit with observations) |
| 10 | 20 of 2015 | 2.1 | Sent to Audit on 25/08/15 | Sent to Audit On 24/11/15 | (Returned by Audit with observations on 03/11/15 and again Sent to Audit) |
| 11 | 20 of 2015 | 2.2 | Sent to Audit on 06/10/15 | Under Modification on 23/11/15 | |

| | | | | | |
|----|------------|-----|--------------------------------|--------------------------------|---|
| 12 | 20 of 2015 | 2.3 | Sent to Audit on 06/10/15 | Under Modification on 16/12/15 | |
| 13 | 20 of 2015 | 2.4 | Under Modification on 13/10/15 | Sent to Audit on 15/12/15 | |
| 14 | 20 of 2015 | 2.5 | Under Modification on 08/09/15 | Under Modification | |
| 15 | 20 of 2015 | 2.6 | Sent to Audit on 23/11/15 | Sent to Audit on 15/12/15 | (Returned by Audit with observations on 23/11/15 and again Sent to Audit) |
| 16 | 20 of 2015 | 2.7 | Sent to Audit on 27/10/15 | Sent to Audit on 15/01/16 | (Returned by Audit with observations on 23/11/15 and again Sent to Audit) |
| 17 | 20 of 2015 | 2.8 | Under Modification on 16/09/15 | Sent to Audit on 15/12/15 | |

P&T Quarterly report w.e.f from 01/01/2015 to 31/12/2015

| Status | As on 1 st April 2015 | As on 1 st July 2015 | As on 1 st October 2015 | As on 01 st January 2016 |
|------------------------|----------------------------------|---------------------------------|------------------------------------|-------------------------------------|
| Sent to Audit | 7 | 6 | 4 | 4 |
| Sent for Copies | Nil | 3 | 3 | Nil |
| Under Modification | 5 | 3 | 6 | 7.5 |
| First Reply Not Framed | Nil | Nil | 4 | Nil |
| Total | 12 | 12 | 17* | 11.5 |

* 8 Paras from CAG Report No. 20 of 2015 have been added on 7th September 2015

27. Supplementing the above, the Secretary deposed during the oral evidence as under :

"At the moment, you have told about some of the paras which are pending after 31st of August and as on 30th of September. I have not brought that position of 30th September. But as we have brought the position of 31st August, I would say that 16 paras were there. When you see, the first reply out of these 16 replies which were pending for vetting the reply, six replies were sent in time; 11 replies were delayed for the first reply to be sent, five of them were delayed by only one month, three of them were delayed by three months and two of them were delayed by two months one of them which is listed today for oral evidence was delayed for more than a year. This was basically regarding the Enforcement Bureau to be set up. Delays are there. We understand that thing and we understand our responsibility. We are trying hard to see to it that delays are not there and they are replied as much as possible in time."

28. Drawing a distinction between pending paras and delayed paras, and elaborating on their efforts and achievements to dispose the paras, the Secretary submitted as under:

"But I would like to bring to your notice some of the reasons why these delays are there. As you know, this Department is quite huge and there is large number of functionaries in the field. Audit is taking place all over the country. When the Audit paras are there, we have to collect the replies from all over the country. Sometimes, we have to reconcile our records with the records of the different Government Departments also. For example, one of the paras for the Audit is here today and which we will be replying during the oral evidence. It pertains to GAIL and another Government agency. Sometimes, the reconciliation takes long time. We have to give them due time. Because of that also, sometimes the paras are delayed. But, by and large, the delay is there. We would like to bring it down as much as possible. But in most of the cases, delay is normally limited from one month to five months."

29. When the Sub-Committee desired to know the mechanism in place in the Ministry for timely submission of ATNs within the stipulated period of 04 months from the date of laying of Reports in Parliament, it was stated that a separate section was constituted in DoT for coordination of replies to audit para with nodal wings of DoT and CAG. The extracts of the were immediately forwarded to Nodal Wings for replies and coordination was made with O/o DG Audit (P&T), Monitoring Cell and Lok Sabha Secretariat.

30. Supplementing the above the Secretary during evidence deposited as under :

"The I take all these points which you have told. There is no dispute about those things. As you very rightly told that if we increase the time frame from four months to six months, that does not mean that delays will not be there. Delays will still be there. Probably, it is best to keep the time to four months only. By and large, if you say four months, the things are done fairly well in time. If you see these 16 paras, six paras were replied well in time in less than four months; further, five paras were replied within five months. That means, out of 16, 11 paras were replied within five months. The first reply on the 11 paras was sent within five months; six were sent within four months is well in time. Further, three more paras were sent within three months after that. By and large, I would say that delay even for month should not be there. We must always try that delays are not there. We will always keep a check. As far as possible, we will try to do it in time. But sometime it is not possible to do it well in time. You have asked what the reasons were. I told you these reasons are there. Basically reasons are manifold. Sometime there is non-availability of records. That also becomes a reason for delay. When there is non-availability of records, then we have to collect the record or try to construct it from whatever information is available. So, sometime that becomes the reason for delay. Sometimes multiple units are involved for one audit para. There is a lot of coordination involved in that. When that coordination is going on, it takes time. Sometimes, the matter is sub judice. If a matter is sub judice, we cannot complete the reply to the para because then we are waiting for the decision of the courts to come. We are mentioning that at times. Even today when we are sending ATNs some of the cases are such which are pending in the court and we have mentioned that in the ATN para."

31. When the SUB-Committee further asked as to whether any decision had been taken by the Ministry to reflect performance in timely submission of ATNs in the ACR of officers, it was stated that the instructions regarding the timely submission received from Department of Expenditure, Ministry of Finance had been circulated to all concerned.

32. When asked as to whether the Ministry had adopted good practice of other Ministries in timely disposal of pending ATNs, the Ministry submitted that the pendency in DoT was at a very minimal level. Paras of only two current C&AG Reports No. 17 of 2014 and Report No. 20 of 2015 were under finalization.

33. When the Sub-Committee desired to know whether the Ministry would be able to comply if ATNs were required to be supplied to PAC electronically to reduce delay and reduce usage of paper, it was submitted in the affirmative.

34. When enquired as to whether the Ministry had adequate manpower having operational knowledge of Audit Para Monitoring System Portal launched by the Monitoring Cell of Ministry of Finance, it was stated that there were severe Manpower constraints.

35. The Secretary during evidence deposed as under:

"Secondly, we are doing the regular monitoring here. I am myself taking a meeting every three months and the Telecom Commission meetings are there and it reviews the pendency of the Audit paras. Then there is a Coordination Committee with the Audit at the level of Director. The recent meeting has taken place only around one and a half months back in September. That meeting is also taking place regularly where the officers from the Audit also come. That takes place at the DDG level and regularly monitoring is done of all the pending paras. But nonetheless we will ensure that all the efforts are made to ensure that paras are replied in time."

36. When asked about the measures being put in place to reduce the pendency of ATNs, the Secretary during evidence deposed as under:

"Sir, you have asked what are the measures we have put in place. As I told you, there is a coordination committee which is at the senior DDG's level in which the Director from the audit also comes. Those meetings are held regularly. That is different. There you interact on the complaints or objections or certain issues which come to the notice of the CAG and you finalise it. To understand the situation they interact. We have a fullfledged Audit Coordination Wing which is basically coordinating with all audits. Our officer sitting here is basically doing that job. She is quite a senior ranking officer. She is responsible for seeing that all the audit paras are replied in time. She is the one who puts up for the meeting at my level or Member (Finance) level in addition to this Audit Coordination Committee. And those meetings are taking place regularly. Even the Telecom

Commission which has four more Secretaries other than me also review after every three months the pendency of audit paras. That mechanism is there."

VI. Non-compliance in timely submission of ATNs on non-selected Audit paragraphs relating to Ministry of Railways

37. The Ministry of Railways had 90 paras of which 5 paras have not been submitted even for the 1st time since 2012-13 and 2013-14. Of these three are of entire Report and one on one full chapter as on 30.09.2015. The Sub-Committee took evidence of its representatives on 19.11.2015. A comparative statement of pendency as on 30.09.2015 and 30.11.2015 furnished by Audit is given in the following table.

| | No. of ATNs not received even for the first time | No. of revised ATNs awaited from the Ministries | No. of pending ATNs with Audit for vetting | Total O/S | ATN vetted but pending with Ministries/Deptt. |
|------------------|--|---|--|-----------|---|
| As on 30.09.2015 | 5 | 74 | 6 | 89 | 4 |
| As on 31.11.2015 | 0 | 33 | 45 | 80 | 2 |

From the comparative figures given on the table above, it could be seen that the Ministry had not made much progress during the last two months.. The total outstanding had marginally fallen from 89 to 80.

38. When the Sub-Committee asked to furnish a detailed statement, quarterly, of the pendency of ATNs relating to the Ministry during the past one year, it was submitted that the quarterly statement for the last one year (Jan 2015 to Dec. 2015) was given below:-

| Position as on | Paras Pending with Ministry | | | Paras Pending with Audit | Total Paras Pending (i.e. yet to be submitted to PAC) |
|----------------|-----------------------------|-----------------------------------|---------------------------------------|--------------------------|---|
| | Initial ATNs | Comments on audit's observations/ | Vetted and awaiting Hindi translation | | |
| 31.3.2015 | 12 | 18 | 08 | 76 | 114 |
| 30.6.2015 | 07* | 48 | 04 | 41 | 100 |
| 30.9.2015 | 05 | 70 | 02 | 12 | 89 |
| 31.12.2015 | 43** | 32 | 07 | 42 | 124 |

*4 more paras added with new Report laid on 08.5.2015

**43 more paras added with 2 new Reports laid on 08.12.2015 and 2 more reports laid on 18.12.2015

39. Supplementing the above the representative of the Ministry deposed as under:

"Sir, as you are aware and as you have also said, in 2011, there were as many as 429 paras pending but as of today, you have said 90, but we have come to a net position of 84. We took a special drive and we have been able to give till last week 26 more replies to the audit and that leaves us with 58 left with us. Of course, there is a dynamic process as you know because some of the references come back from audit. These include 2 of the 4 ATNs initial replies also. Out of these, 3 paras have now been finalised. Today, out of 58, 21 replies are available and therefore, we have 37 paras over the last one week which have been exchanged. Thus we have now got 39 minus 4 that is 35 paras net with us. Within our system, our interest is two-fold. One is preventive. We should be able to satisfy all the items on which the CAG has sought clarifications, for which the replies should be cogent and complete. Now, for that we have the standing audit committees. This year itself, from March onwards, we have held 16 meetings of the standing audit committees within the Railway Board along with representatives from the zones. This is the preventive part. The corrective part is to obviously reduce the discrepancies or reasons for it to be referred back. So, to that extent also we have succeeded because as you know our number has really reduced to 58 and we do want to bring it down even further. One more issue which the first Report of the PAC has raised is that wherever there is a recovery involved, we have already, I think, implemented, that this can be recommended for closure after keeping Audit informed at all stages regarding the progress of the recoveries. So, that has also been implemented. This is one thing. However, I still feel that at least for thematic ones, this is just a request to the hon. Committee, whether we could have a little bit more time to have the final replies. That is for your kind consideration although you have not agreed to it earlier. I know that. But still on behalf of the Ministry I would request you again because of the large dispersion of the Ministry."

40. When asked to state the mechanism in place in the Ministry for timely submission of ATNs within the stipulated period of 4 months from the date of laying of Reports in Parliament, the Ministry submitted that all matters relating to audit paras of C&AG were handled by a centralized directorate in the Ministry of Railways under the overall supervision of a very senior officer of the level of Additional Secretary with intermediate level officers of the ranks of JS, DS and US. This Cell works in close co-ordination with Executive Officers of various Directorates within the Ministry, the Zonal Railways, Ministry of Finance (Monitoring Cell) and the Audit. Similarly, at the Zonal Railway level, Accounts Department, headed by a senior officer of the rank Higher Administrative Grade (HAG) or Sr. Administrative Grade rank, functions as the nodal officer for processing matters related to C&AG for co-ordinating with various Heads of the executive Departments (HODs) of different functional areas. Action Taken Notes on Audit Paras were required to be submitted to the Ministry of Finance within four months of

presentation of the C&AG's Report to the Parliament. On receipt of CAG's Report in the Ministry, Audit Paras were immediately circulated to the Executive Officers concerned for preparation of ATNs. Constraints/difficulties were, however, experienced in finalizing ATNs as per above schedule in cases of Performance Review Paras or Thematic/Special Audit Paras where all Railways were involved requiring extensive collection of information. The time consumed gets multiplied when Audit makes observations on the ATNs proposed by the Ministry of Railways requiring back references to the Zonal Railways/Divisions and sometimes further to field units. In some cases, in the event of a disagreement between the Audit and the Executive, ATNs get held up and a lot of avoidable time was consumed in the finalization process. The Cell in the Ministry of Railways worked in close coordination with all concerned with a view to meeting the target dates stipulated in each case and regular follow up was done at appropriate levels. The mechanism that was in place and the levels at which interaction and monitoring takes place were adequate. Due to this close monitoring the Ministry had been able to finalise 325 paras in the last 4 years (2012-2015). The initiatives/improvements had been made to strengthen the mechanism of monitoring viz. an Office order was issued in 2013 prescribing the time schedule to be adhered to stage-wise for finalization of audit paras. After the PAC meeting on 02.2.2015, another Office Order had been issued on 13.2.15 for strict adherence to the time schedule prescribed earlier and also for fixing of responsibility in cases of delay to the replies as well as for missing records; Standing Audit Committee (SAC) meetings were regularly held to review the pending position. Pursuant to recommendations of 1st Report of Public Accounts Committee(16th Lok Sabha), the SAC meetings were now being held at the level of Additional Secretary level officer. In the year 2015, seventeen (17) SAC meetings were held with the executives concerned. With these efforts, replies to 46 paras had been finalized and many more replies were sent to audit for vetting. As on 14.1.2016, 50 paras were pending with audit for vetting; the executives concerned were reminded regularly through written reminders, fax message, telephonic reminders and informal meetings were also held with them at the level of Adv(F)/AM(Finance) for expediting the replies; and A D.O. communication had also been sent on 10.2.2015 to the General Managers of all Zonal Railways and Production Units for giving utmost attention to audit paras and in sending prompt replies in this regard.

41. Explaining the constraints faced by the Ministry in submitting the Action Taken Notes within the stipulated four months, the representatives of the Ministry during oral evidence deposed as under:

"Now let me come to the constraints and its solutions and why we have these problems. In the recent past, the CAG office has been conducting several thematic reviews and all India level surveys. Now this change which has come about than what it was earlier, involves collection of data from all the zonal railways and production units. This is one of the reasons where even if one unit has not been able to supply the data on time, there is an element of delay, although we try our best to pursue them. We have a regular monitoring machinery for them. The second issue which does affect us is that sometimes the replies may not be to the full satisfaction of the CAG office. Then there is a question of back reference."

42. When enquired as to whether the Ministry had adopted any good practices of other Ministries in timely disposal of pending ATNs, it was stated that the mechanism that was in place and the levels at which interaction and monitoring takes place in the Ministry, were adequate. The Committee, in their Twentieth Report, had appreciated the improvements effected in the mechanism in place in the Ministry of Railways to deal with the pendency of ATNs.

43. When asked as to whether any decision had been taken by the Ministry to reflect performance in timely submission of ATNs in the ACR of Officers, it was submitted that while the need for timely submission of ATNs on audit paras was impressed upon the executives through circulars, reminders, Standing Audit Committee etc., no specific provision had been made in the Annual Performance Appraisal Reports to reflect the performance in regard to disposal of audit paras.

44. When enquired as to whether the Ministry would be able to comply if ATNs were required to be supplied to PAC electronically to reduce usage of paper, it was submitted that the Ministry of Railways had complied with the instructions of Ministry of Finance and started uploading initial ATNs on the Web Portal "Audit Para Monitoring System" of audit paras relating to Reports of 2010-11 onwards. However, since audit have still not started uploading their observations/remarks on the ATNs, further remarks/clarifications of the Ministry could not be uploaded. Accordingly, the finalized ATNs were being sent in paper form only to PAC through Monitoring Cell of Ministry of Finance. Ministry of Railways would be in a position to comply and send ATNs electronically to PAC only if audit play their role in the process.

45. When the Sub-Committee desired to know as to whether the Ministry have adequate manpower having operational knowledge of Audit Para Monitoring System Portal launched by the Monitoring Cell of Ministry of Finance, it was submitted in the affirmative.

46. When the Sub-Committee asked as to whether the Ministry have any internal mechanism for uploading the data, the representatives of the Ministry during evidence deposed as under:

" Sir, if you see, I am just giving reasons which are generic in nature and it is not 100 per cent. We have an internal mechanism. We have a concept of standing audit committees which are available not only in the Ministry of Railways' level but also at the level of the zonal railways. That is why, this number has come down. I assure you that we will bring it down even further. As you have very correctly said, there is a system of on line where data is available and it is uploaded. In fact, even between CAG and ourselves, we do have a automatic audit para monitoring system which is on line. So, not only within the system but even between the audit and us we have an on line monitoring system. Yes, Sir, you are very correct that it should not be a problem. We are tightening up the whole thing. In fact, over the last 5 years, we have uploaded even 143 ATNs. But within us, it is our day-to-day monitoring system which is there. We have got dedicated officers at every point who are working on line. But I am only trying to say that the system is such if it is an individual para for individual zone it is much faster than having a thematic view. No doubt about it that thematic reviews have done a lot to improve and tightening of the system in the Indian Railways itself. We appreciate this. In fact, we have instituted an internal audit mechanism also which is thematic in nature so that systems which are not working properly are solved by multi-disciplinary methods. As I said, we have an issue of writing and getting back written replies from the Audit and the reference back. We have recently requested the Audit and I am sure they will help us is that when there is a difference in perception, instead of writing to each other again and again it would be a good idea if we could sit together and solve it across the table. I am trying to incentivise that kind of a system so that any clarification along with papers can be done across the table. I think this will speed up the process. Our time is four months for final reply. But we have found that when we reply and then there is a reference back for further clarification, if it goes through a letter and then after our explanation is not really accepted, then instead of replying back if we have meetings together to clarify our stand, the paper work will reduce and the speed will increase. This is my only submission. To that extent, we have started this – although we have already a system like that – but we are trying to request for more and more such meetings to come together."

VII. Non-compliance in timely submission of ATNs on non-selected Audit paragraphs relating to Department of Atomic Energy

47. The pendency status of ATN in the Ministry as on 31.07.2015 as received from Audit was seven Paras. The status Report on Pending Action Taken Notes (ATNs) for the Ministry received up to 30.11.15 by the C&AG was as given below:

| | No. of ATNs not received even for the first time | No. of revised ATNs awaited from the Ministries | No. of pending ATNs with Audit for vetting | Total O/S | ATN vetted but pending with Ministries/ Depts. |
|------------------|--|---|--|-----------|--|
| As on 30.09.2015 | 5 | 74 | 6 | 89 | 4 |
| As on 31.11.2015 | 0 | 33 | 45 | 80 | 2 |

From the comparative figures given on the table above, it could be seen that the pendency status of ATNs have not dropped satisfactorily since 31.07.2015.

48. When the Sub-Committee asked the Ministry to furnish the details of the pending Audit paras, the Secretary during evidence deposed as under:

"Initially there were as many as 147 paragraphs which were there in the audit report and thereafter we have given responses on two occasions. The last one was in June 2014 and thereafter, after audit has accepted many of them, the remaining paragraphs were 29. These paragraphs contain some of the issues which are repeated. The net is now that we are left with 14 issues. Initially it was 147 in 2009."

49. When the Sub-Committee further asked the Ministry to furnish the details of the Audit Paras which have not been complied at all, the Secretary during evidence deposed as under:

"Today we are not prepared for this. Only the reading of the OM which called for attendance, we somehow felt that the discussion would be mainly on the management of fuel for pressurised heavy water reactor. But I think, within two weeks' time, we should be ready with rest of the material as well. Sir, the problem is that we have come to this specific Sub-Committee for the first time. It was not familiar to us as to what could be the domain of discussion over here. The communication, which was received by us from the Secretariat over here, specifically mentioned the management of fuel for pressurised water reactor in addition to Action Taken Notes on non-selected audit paragraphs. It was not very clear to me, at that time, as to what are those things which we need to discuss in addition to that. That is why, we have come prepared with the people who are dealing with that. "

50. When the Sub-Committee sought the pendency status of ATNs, the Ministry stated that the final ATN on Para No. 2.4 of Report No.5 of 1999, duly vetted by Audit had already been sent to the Monitoring Cell, Lok Sabha Secretariat. It was further emphasised that the final ATNs for 4 paras viz. Para No. 10.1 of the report No. 13 of 2012-13, Stand Alone Para (1.1) of the Report No. 19 of 2008, Para 5.4 of the Report No. 5 of 2001 and Para No. 9.1 of the Report No. 5 of 2002 have already been sent to C&AG for vetting. On receipt from C&AG, the duly vetted ATNs will be forwarded to Monitoring Cell, Lok Sabha Secretariat. Presently, there are 5 Non-Selected paras pending with the Department, Out of 5 ATNs for 4 paras were initially prepared and sent to Audit which were received back recently with their comments.

Revised ATNs for these paras are under process and will be sent to C&AG for vetting expeditiously. However, the latest status of all 10 Non-selected paras intimated by the Ministry of Finance, Department of Expenditure would be sent in due course.

51. When the Sub-Committee desired the Ministry to furnish the number of paras pending with respect to the standalone C&AG Report No. 19 of 2008, the Secretary during evidence stated as under:

"Sir, these paragraphs, which were raised in 2008, have been studied and the number has come down from 147 in 2009 to 29. The unique issues which are reflected in these 29 paragraphs are actually 14 in number. Among these 14 also, there are quite a few which are generally similarly in terms particularly of site specific progress in terms of development of different mines. Sir, I may summarise the issues. The first one is the operation of 12 pressurised water reactors fuelled by indigenous uranium. In India, we are today having 21 reactors under operation. Out of them, 11 are under IAEA safeguards. After the Civil Nuclear Cooperation Agreement, India became eligible to receive international fuel supplies in spite of having been non-signatory to the NPT, having already tested nuclear devices. With this unique opportunity, we have been able to grow our programme much faster than which could be otherwise possible. Our programme has been mainly hindered by non-availability of adequate quantity of uranium which is the fuel for first generation reactors. So, under the Civil Nuclear Cooperation Agreement, we had sought and got the right to determine for ourselves, under a separate plan, which of the reactors would be kept outside the IAEA safeguards and which one could be kept within the IAEA safeguards. Those reactors which have been declared to be eligible for IAEA safeguards are receiving fuel from international sources and there is no issue on their performance getting hindered because of shortage of fuel."

VIII. Non-compliance in timely submission of ATNs on non-selected Audit Paragraphs relating to the Ministry of Tribal Affairs

52. The pendency status of ATN in the Ministry as 30.04.2015 as received from Audit was 1 paras. The status Report on Pending Action Taken Notes (ATNs) for the Ministry received up to 30.11.15 by the C&AG was a given below:

| | No. of ATNs not received even for the first time | No. of revised ATNs awaited from the Ministries | No. of pending ATNs with Audit for vetting | Total O/S | ATN vetted but pending with Ministries/ Department |
|------------------|--|---|--|-----------|--|
| As on 30.04.2015 | 1 | 0 | 0 | 1 | 0 |
| As on 31.11.2015 | 2 | 0 | 0 | 2 | 0 |

From the comparative figures given on the table above, it could be seen that the Ministry have not done anything to clear the pending para which is of 2007 more over, one more para has been added so seen from the above table since 31.04.2015.

PART IIObservations and Recommendations

1. The Committee note that the Reports of C&AG of India relating to the audit of Union accounts must be submitted to the President of India as per Article 151 of the Constitution of India who directs them to be laid on the table of the House. Thereafter, the Reports of the C&AG (Civil) stand referred to the Public Accounts Committee for detailed examination. However, due to paucity of time the Committee is not in a position to examine every Report and therefore adopts a selective approach by scrutinizing the more important Reports/Paras. The Audit Reports which are not selected for in-depth examination by the Committee are being dealt with by a well devised or accepted procedure. The Committee, in their 105th Report (Tenth Lok Sabha), have evolved a procedure whereby the Action Taken Notes in all the paragraphs of the Reports of the C&AG of India are required to be furnished to the Committee through the Monitoring Cell, Ministry of Finance, Department of Expenditure within a period of 4 months from the date of laying of the Audit Reports on the table of the House w.e.f. 31st March, 2016.

2. The Committee note that pendency of ATNs have not improved much despite the recommendations of the Committee, mainly due to lack of genuine and consistent efforts by the various Ministries/Departments. The Public Account Committee (2008-09), (2010-11) (2013-14) and 2014-15 reviewed the position with respect to timely submission of ATNs on the non-selected Audit paragraphs by the Ministries/Departments. The PAC (2014-15) selected and examined the subject and submitted its 1st and 20th Report (16th Lok Sabha) because of the shortcomings meted out in furnishing the ATNs on the Audit paragraphs. As the Pendency did not improve much, the Sub-Committee IV of the PAC (2015-16) was constituted for detailed examination. The Sub-Committee after procuring the pendency status of ATNs in various Ministries/Departments as on 30.04.2015 from the Audit, which stood at 644 paras, decided to take oral evidence of the concerned/specific Ministries to take stock of the pendencies/difficulties faced by the Ministries and the flaws in furnishing the ATNs, if any, and to explore the possible corrective/remedial actions taken in this regard.

Monitoring Cell, Ministry of Finance (Department of Expenditure)

3. The Committee appreciate the effort of the Monitoring Cell, Ministry of Finance, Department of Expenditure in sensitizing the Ministries/Departments for timely submission of the ATNs within the stipulated period of 4 months and ensuring compliance of the recommendation of PAC, considerably reducing the pendency of ATNs from 4216 paras as on 30.06.2010 to 644 paras as on 30.04.2015. The Committee however, note with concern that the pendency of ATNs furnished by Audit reveal that the number of ATNs pending as on 30.04.2015 was 644 and 615 paras as on 30.11.2015. Though the pendency of ATNs have slightly declined/decreased, the Committee feel that ATNs pending with the various Ministries/Departments are almost stagnant despite regular meetings of the various stake holders such as the Committee of Secretaries, constitution of Standing Audit Committee chaired by the Secretary of the Ministries concerned. The Committee, therefore, wish the Monitoring Cell, Department of Expenditure to expedite the process of clearing the pending ATNs by issuing strict instructions to the Ministries/Departments in consultation with of the office of the C&AG within the stipulated period of 4 months. They also wish the Ministries to understand and comprehend the same as part of their statutory obligation to furnish the ATN on the Audit para to the PAC after getting them vetted by Audit.

4. The Committee appreciate the effort of the Monitoring Cell, Ministry of Finance in upgrading the need based Audit Para Monitoring System (APMS) and organising training Programmes for the officers of the Ministries on its USAGE. The Committee note with concern that since officers have a specific tenure within the Ministry and get transferred after a specific period of service, the Committee also note with concern that certain Ministries have shortage of manpower for operating the APMS. The Committee feel that the complete operationalisation of the APMS should be done at the earliest with all the Ministries as it gives a correct picture regarding real status of the pending ATNs with respect to various Ministries. The Committee desire the Monitoring Cell to give instructions to all the Ministries for adopting the APMS which could considerably help in access of the status. The Committee also recommend that the Monitoring Cell should conduct training of officers on Quarterly basis so that they are acquainted with the working of APMS to ensure availability of trained officers to those Ministries with

deficient manpower for the same. The Committee may be apprised of the action taken in this regard within six months of the presentation of this Report.

5. The Committee recall that the Public Accounts Committee at their sitting held on 7.4.1982 and subsequently on 19.4.1982, had decided that the various Audit Reports be referred to the various Ministries concerned for furnishing notes, duly vetted by Audit, showing the Remedial/Corrective Action Taken on all the Paragraphs contained therein within four months of the presentation of the Report. Subsequently, the Ministry of Finance was enjoined as the nodal agency to coordinate among various Ministries with respect to furnishing of Action Taken and forward the same to the Lok Sabha Secretariat. The Committee also caused a system of online monitoring of timely submission of ATNs by Ministries to be put in place and mandated the Ministry of finance, Department of Expenditure, to act as the nodal Ministry to monitor and coordinate timely submission of ATNs, using the e-monitoring system called Audit Paras Monitoring System or APMS. The Committee are apprised that several Ministries are yet to comply to the requirement of uploading ATNs on the portal and obtaining vetting comments online despite repeated instructions from monitoring cell. This failure to comply by some Ministries, who still resort to Manual clearance of Audit Paras has rendered the e-monitoring portal's data unreliable and therefore makes the entire effort useless. The Committee, therefore, recommend that all Ministries, henceforth, should upload all ATNs at every stage on to the APMS portal, obtain vetting comments thereon from the C&AG online, and furnish final ATNs also online by uploading onto the portal. The Committee also recommend that the C&AG may also process ATNs on the portal only and decline to accept ATNs submitted manually by Ministries. Further, the C&AG may also *suo moto* categorise the final ATNs once uploaded by Ministries and upload such categorisation on the APMS portal for the use of the Public Accounts Committee.

Ministry of Finance, Department of Revenue

6. The Committee note that as on 30.04.2015, the total number of Action taken Notes pending with the Ministry of Finance (Department of Revenue) was 150, out of which ATNs on 67 paras have not been furnished even for the first time. The Secretary, during evidence on 29.09.2015 however, stated that the total paras pending with the

Department of Expenditure was 15 only, i.e. 3 in Central Excise, 3 in Service Tax and 9 in Customs. The Committee further observe that as per the information furnished by Audit the number of pending ATNs have increased to 141 as on 30.11.2015. The Ministry again submitted that as on 31.12.2015 the total number of paras pending with Central Excise and Service Tax was 40 and 82 out of which 50 ATNs have not been furnished even for the first time. The Committee are perturbed to note the Ministry's lackadaisical approach in settling the Audit paras despite the clear cut guidelines to furnish the ATNs within 4 months after the Audit Reports are laid on the Table of the House. The Committee have noted that in the case of non-selected paras by the Public Accounts Committee, the Ministries have shown a very casual attitude in sending the Action Taken Notes and hence, the pendency of the ATNs have increased over a period of time. The Committee, therefore, recommend the Ministry to take appropriate measures to furnish the ATNs at the earliest within the prescribed period and bring down the pendency status. The Committee may be apprised of the action taken in this regard within six months of the presentation of the Report.

Ministry of Defence

7. The Committee observe that the pendency of ATNs of the Ministry of Defence has not declined satisfactorily from 153 in July, 2015 to 142 as on 30.11.2015. The Secretary during evidence on 06.10.2015 had stated that a total of 179 paras were pending out of which ATNs for 28 paras have not been sent to Audit even for once. The Committee are dismayed at the slow progress of the Ministry in furnishing the pending ATNs. The Committee also note that the Ministry was proposing to implement an IT based data system in respect of draft paras and ATNs to ensure more stringent monitoring of their timely disposal of ATNs. The Committee therefore urge the Ministry to take stock of the ATNs pendency and evolve adequate strength of its monitoring mechanism for timely disposal of ATNs. The Committee also wish the Ministry to expedite the implementation of the IT based data system which could be of immense help in reducing the pending ATNs. This will not only reduce duplication of typing work but also will result in ensuring a paperless office work.

8. The Committee note with concern that the Action Taken Notes on 20 paras were pending with the Ministry of Communications and Information Technology (Department of Telecommunications) as on 31.08.2015 out of which Action Taken Notes on 1 Audit

paragraph pertaining to the year 2006 and 3 paras pertaining to 2010-11 were still pending. The Committee further note that the number of paras pending with the Ministry have increased to 22 as on 30.11.2015. Explaining the reasons for the delay in submitting the Action Taken Notes, the Secretary during evidence on 28.10.2015 had stated the existence of large number of field functionaries and collection of the replies from the same. Moreover, the reconciliatory process with Audit also consume a lot of time. The Committee are not convinced with the reply of the Ministry that existence of large number of field functionaries is the cause for delay in submitting the Action Taken Notes. They feel that for a Ministry such as the Communication and Information Technology, it must be comparatively easier to have a sound mechanism to have a better co-ordination with its field units than other Ministries. They, therefore, urge upon the Ministry to ensure better co-ordination amongst its field units by using its core areas of IT modules and communication networks so that such information on submission of Action Taken Notes on Audit Paras be obtained quickly and be forwarded to the Lok Sabha Secretariat after getting them vetted by the Audit. Moreover, the Committee are dismayed to note the non-committal effort of the Ministry in clearing the pending paras and that too even of the year 2006 though it has been almost a decade since the Report was presented to the House. The Committee, therefore, urge the Ministry to take stringent action against the erring officials and fix responsibility for such a lapse. The Committee also desire the Ministry to beef up the mechanism for timely submission of ATNs and apprise the Committee of the action taken in this regard within six months of the presentation of this Report.

Ministry of Railways

9. The Committee observe that the total number of Paras pending with the Ministry of Railways was 89 out of which ATNs on 5 paras have not been submitted even for the first time since 2012-13 and 2013-14 as on 30.09.2015. The Committee further observe that the number of pending paras have further increased to 124 as submitted by the Ministry on 31.12.2015. The Committee also note the constraints of the Ministry in finalising the ATNs on thematic/performance Review Paras where all Railways were involved and extensive collection of information is required. The Committee are however unimpressed with the effort of the Ministry in clearing the pending paras, (though 43 new paras were added) with them furnishing ATNs only on 8 paras from

April 2015 till 08.12.2015. The Committee deplore the callous attitude of the Ministry in failing to comply within the stipulated period of 4 months on so many paras. The Committee, therefore, recommend the Ministry to adhere to the timeline of 4 months fixed for submission of ATNs.

10. Failure to recover huge sum is yet another issue which was pointed out by the Sub-Committee. The Sub-Committee observe that the Railways had failed to recover huge sums due on account of maintenance charges for Road over Bridges and Road under bridges. They also note that only ₹ 371 crore of ₹ 811 crore had been recovered. The Committee desire that the entire unrecovered amount should be recovered expeditiously. They recommend that the ambiguities in contracts entered into within various agencies which in the past had led to disputes concerning liability for maintenance charges may be avoided in future, with insertion of clear contractual provisions. The Committee feel that wherever Public Money is involved, the Ministry/Departments should act with caution and see that funds are being spent in accordance with sound monetary principles and prudent practices.

11. The Committee also note that loss of revenue suffered on account of moving traffic by longer route and charging by shortest route, which has been embedded as a policy by the railways. The Committee were not satisfied with the reasoning that route feasibility is what prompts them to transport-goods using longer route, and rationalizing charges might result in losing the market. They, therefore, recommend that this matter may be investigated thoroughly and suitable penal actions be initiated against the erring officials for loss of revenue to the Railway exchequer. Further, the Committee recommend that all efforts should be made by the Railways to explore all possibilities to find out shortest rail routes which will prove to be beneficial for transporters so that this will result in extra revenue generation for the Railway Exchequer. The Committee may be informed of the actions taken by the Railways in this regard.

Department of Atomic Energy

12. The Committee observe that the Department of Atomic Energy had 9 Action Taken Notes pending as on 31.07.2015 which included a standalone Report No. 19 of 2008. It was also observed that there were 5 paras on which Action Taken Notes have

not been submitted even for the first time. The Committee also observe that the number of pending ATNs have also increased to 11 as on 30.11.2015. Of these, again, the Department have not furnished ATN on 2 paras even for the first time. When asked to submit the pendency status within the Department was stated that only 5 paras were pending as of 18.02.2016 and that the latest status of 10 non-selected paras intimated by the Ministry of Finance, Department of Expenditure would be submitted in due course. The Committee note that the lackadaisical approach on the part of the Department in dealing with furnishing of timely ATNs and deplore the attitude of the Department in sidelining the recommendations of the Committee. The Committee, therefore, reiterate that appropriate steps should be taken up for timely submission of the Action Taken Notes within 4 months of the presentation of the Report. The Committee also urge the Department to take action on the erring officials for the lapses leading to the delay in submission of ATNs.

Ministry of Tribal Affairs

13. The Committee observe that the pendency status of Action Taken Notes of the Ministry of Tribal Affairs as on 30.04.2015 was only on the entire C&AG Report No. 14 of 2007. It is also observed that the pendency of ATNs have increased to 2 as on 30.11.2015. The Committee are astounded to note that Ministry has done nothing to rectify the mistake even after a lapse of more than 7 years that too when the issue is that of the vulnerable section of the society. The Committee also note with concern that there was inadequate publicity, cases of grant to ineligible beneficiaries and delayed payment of scholarship, depriving the eligible beneficiaries and defeating the objective/purpose of the scheme with delayed payment. The Committee therefore, recommend the Ministry to expeditiously furnish/reconcile with Audit of the pending paras and also urge the Ministry to roll out the e- scholarship portal at the earliest so that the scholarship amount goes directly into the beneficiary's account. The Committee also recommend that the Ministry should arrange to have properly trained personnel to handle the APMS related work at all times.

14. This Sub-Committee, as the name itself suggests, has been tasked primarily to ensure compliance by Ministries/Departments of the Union Government in timely submission of Remedial Action Taken Notes on the Audit Examination. However, as

mentioned in the preceding paras, ATNs on a large number of paragraphs pertaining to various Ministries selected by earlier Committees are still pending with the Ministries. Ministries are certainly aware of the importance our Constitution has attached to public financial accountability and the elaborate mechanism it has put in place for the same. The Committee would like to be apprised of the mechanism in place within the Ministry/Department to attend to timely submission of ATNs and the efforts made in recent years to ensure compliance in timely submission of remedial/correction ATNs on Audit observations on Ministry's functioning.

15. The Committee also observe that a large number of audit paragraphs are pending against social sector Ministries, and considering these Ministries have substantial budgetary allocations and the proper utilization of grants to these Ministries having a direct bearing on the livelihood of millions, timely submission of remedial Action Taken Notes by them needs stringent/constant monitoring. The Committee, therefore, recommend that Ministry of Finance, Department of Expenditure should further strengthen their monitoring of non-compliance by social sector Ministries in timely submission of remedial Action Taken Notes. Further, failure on the part of the officials in ensuring timely submission of these Action Taken Notes may be entered into the ACRs of the concerned officials.

NEW DELHI;
th April, 2016
Chaitra, 1937 (Saka)

PROF. K.V. THOMAS
Chairperson,
Public Accounts Committee