

FIRST REPORT
COMMITTEE ON
PUBLIC UNDERTAKINGS
(1999-2000)

(THIRTEENTH LOK SABHA)

FOLLOW-UP ACTION ON THE REPORTS
OF C&AG OF INDIA (COMMERCIAL)

MINISTRY OF HEAVY INDUSTRY
AND PUBLIC ENTERPRISES
(DEPARTMENT OF PUBLIC ENTERPRISES)

*[Action Taken by Government on the Recommendations contained in the
2nd Report of Committee on Public Undertakings (12th L.S.) on Follow-up
Action on the Reports of C&AG of India (Commercial)]*



Presented to Lok Sabha on 10.03.2000

Laid in Rajya Sabha on 13.03.2000

LOK SABHA SECRETARIAT
NEW DELHI

March, 2000/Phalguna, 1921(S)

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COMPOSITION OF COMMITTEE ON PUBLIC UNDERTAKINGS
(1999-2000)

Prof. Vijay Kumar Malhotra—*Chairman*

MEMBERS

Lok Sabha

2. Shri Prasanna Acharya
3. Shri Sudip Bandyopadhyay
4. Shri Surinder Singh Barwala
5. Shri R. L. Bhatia
6. Shri Shiv Raj Singh Chauhan
7. Shri C.K. Jaffer Sharief
8. Maj. Gen. (Retd.) B. C. Khanduri
9. Shri Vilas Muttemwar
10. Shri B.B. Ramaiah
11. Shri Rajiv Pratap Rudy
12. Shrimati Sangeeta Kumari Singh Deo
13. Shri Tarit Baran Topdar
14. Shri Balram Singh Yadav
15. Shri Devendra Prasad Yadav

Rajya Sabha

16. Shri H. Hanumanthappa
17. Shri Suresh Kalmadi
18. Dr. Gopalrao Vithalrao Patil
19. Shri Gopalsinh G. Solanki
20. Shri Jibon Roy
21. Shri Ranjan Prasad Yadav
22. Shri K. Kalavenkata Rao

SECRETARIAT

- | | | |
|-----------------------------|---|--------------------------|
| 1. Shri M. Rajagopalan Nair | — | <i>Joint Secretary</i> |
| 2. Shri S. Bal Shekar | — | <i>Deputy Secretary</i> |
| 3. Shri R. C. Kakkar | — | <i>Under Secretary</i> |
| 4. Shri Tirthankar Das | — | <i>Reporting Officer</i> |

INTRODUCTION

1. I, the Chairman, Committee on Public Undertakings, having been authorised by the Committee to submit this Report on their behalf, present this First Report on Action Taken by Government on the recommendation contained in the Second Report of the Committee on Public Undertakings (Twelfth Lok Sabha) regarding Follow-up Action on the Reports of C&AG of India (Commercial).

2. The Second Report of the Committee on Public Undertakings, presented to Lok Sabha on 22 April, 1999, had only one recommendation in it. Reply of the Government indicating the action taken on that recommendation was received on 28 September, 1999. Thereafter the Committee on Public Undertakings considered the reply alongwith the Draft Report on it on 20 January, 2000 and authorised the Chairman to finalise the Report in the light of the observations made by them in that sitting. Accordingly, this Report has been finalised. A copy of the Minutes of the sitting held on 20 January, 2000 is at Appendix-II.

3. The recommendation contained in the original Report had two aspects in it of which only one was accepted by the Government for implementation, while the other aspect was not accepted at all. Since the original Report had only one recommendation in it, the usual practice of categorising the replies of the Government into Chapters containing recommendations that have been accepted, recommendations that have not been accepted etc. could not be adopted in this Report. Therefore, this Action Taken Report contains only one Chapter in running form containing all the details of the original recommendation, the action taken reply and the comments of the Committee thereon. As a consequence to this, it was not found possible to include the usual Appendix showing Chapter-wise analysis of action taken indicating the percentage of acceptance of recommendations or otherwise by the Government in this Report.

NEW DELHI;
February 24, 2000

Phalguna 5, 1921(S)

VIJAY KUMAR MALHOTRA,
Chairman,
Committee on Public Undertakings.

REPORT

This Report of the Committee deals with the Action Taken by the Government on the Observation/Recommendation contained in the Second Report (12th Lok Sabha) of the Committee on Public Undertakings (1998-99) on "FOLLOW UP ACTION ON THE REPORTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA (COMMERCIAL) which was presented to Lok Sabha on April 22, 1999.

2. The Second Report mentioned above contained only one Recommendation in it. The Government have considered this Recommendation for implementation and have forwarded their Action Taken Notes on the recommendation contained in the Report. A perusal of the Action Taken Notes shows that the Government have accepted only partially the recommendation of the Committee, as out of the two aspects of the recommendation only one aspect has been accepted by the Government for implementation.

3. The Committee will now deal with the details of Action Taken by the Government on their recommendation in the succeeding paragraphs.

4. The Committee in Para 22 of their Second Report (12th Lok Sabha) made the following Observations in respect of the unreasonable delays in the submission of details of Follow-up Action taken by various Public Undertakings under different Ministries on the Observations of the Audit contained in a number of Reports of the Comptroller and Auditor General of India (Commercial):—

"The Committee on Public Undertakings in their 49th Report (7th Lok Sabha) *inter-alia* had recommended that there should be some automatic follow up action on the reports of C&AG (Commercial) presented to Parliament by Ministries. This recommendation was accepted by Government. Subsequently, in June, 1985 and February, 1992 all the Ministries/Departments were asked to furnish brief notes on the review of the follow up action taken on each of the C&AG reports (Commercial) presented to Parliament after 1985. The Committee are deeply perturbed to note that even after accepting the recommendation of the Committee, the Ministries/Departments have not implemented it in right earnest. Follow up action on the reports of C&AG presented to Parliament even as far back as 1993 are also pending. In fact there was no system of monitoring at the Government level for follow up action on the reports of C&AG (Commercial). As a result, the follow-up Action Taken Notes have not been received regularly and in time. As per information furnished by Audit, out of the 57 Reports of C&AG (Commercial) presented

to Parliament from March 1993 to July, 1998, Action Taken Notes in respect of as many as 865 paragraphs of various reports pertaining to 30 Ministries/Departments were pending as on 16th December, 1998. In addition, such action taken notes in respect of comprehensive appraisal conducted by audit on 11 undertakings have also not been received."

5. After making these Observations, the Committee, in Para 23 of their Second Report, made the following recommendation:—

"The Committee took serious view of the casual attitude shown by the Ministries/Departments in finalising the Action-taken notes on the Reports of the C&AG of India (Commercial). The Committee, therefore, called for evidence the representatives of the Ministries/ Department of Chemicals & Fertilizers (Department of Chemicals & Petrochemicals), Civil Aviation, Coal, Communications (Department of Telecommunications), Finance (Insurance Division), Ministry of Petroleum & Natural Gas, Railways, Steel and Textiles, in whose case, action taken notes on a large number audit paras were pending for a long time. Almost all of them have admitted that there as no strong and effective mechanism available in the Ministries/ Departments for coordinating and monitoring the submission of follow up action on the Reports of C&AG (Commercial) which resulted in the huge pendency in their Ministries/Departments. It was only after the matter was taken up for examination by this Committee that some of them have set up a monitoring mechanism for streamlining the existing system. Keeping in view the huge pendency of follow up on Audit paragraphs, this Committee would emphasize the need for evolving an effective monitoring mechanism in each Ministry to ensure timely submission of the action taken notes on each report of C&AG presented to Parliament. The Committee, therefore, strongly recommend that specific and immediate steps be taken by the Government for setting up a monitoring cell in each Ministry to monitor the submission of the follow-up action on Audit Reports (Commercial) on individual undertakings. Besides, in case of reports containing paras relating to a number of undertakings, (under different Ministries) a monitoring cell should also be set up in the Department of Public Enterprises to monitor the follow-up action on such reports. Thereafter, the follow-up action taken notes duly vetted by audit in respect of all reports of C&AG (Commercial) presented to Parliament should be furnished to the Committee within six months from the date of presentation of the relevant audit reports."

6. The Government in their reply have stated as follows:—

"As per the recommendations of the Committee, the administrative Ministries/Departments have been advised to set up a Monitoring Cell in each Ministry/Department for monitoring the submission of

follow-up Action Taken Notes on the Reports of C&AG of India (Commercial) relevant to PSUs under their control and to submit follow up Action Taken Notes on all relevant Reports of C&AG of India (Commercial) presented to Parliament within six months from the date of presentation of the report. A copy of the OM dated 19.8.99 addressed to the Ministries/Departments in this regard is at Appendix-I

2. Regarding setting up of monitoring cell in the Department of Public Enterprises for monitoring follow-up Action Taken Notes on Reports/Paras relating to a number of undertakings (under different Ministries/Departments), the Government have stated that it is not considered necessary to set up such a cell because of the following reasons:—

- (i) The setting up of Monitoring Cell in DPE will duplicate the efforts of collecting and collating enormous data/information already being collected by the administrative Ministries/Departments for finalising Action Taken Notes on various Reports of C&AG of India (Commercial).
- (ii) DPE has been discharging a nodal role of assisting the Government in policy formulation for public sector. The monitoring is vested only with the administrative Ministries/Departments concerned with PSUs.
- (iii) Presently a large number of Reports/Paras are there on which Action is yet to be completed besides Reports on PSUs which are likely to be received in future. The Monitoring Cell advised to be set up in the administrative Ministries/Departments should be in a position to monitor the follow-up Action Taken Notes on the paras which are meant for them.

7. The Committee note the steps taken by the Department of Public Enterprises to bring the Observations and recommendations of the Committee regarding the undue delay in furnishing details of follow-up action taken on the Audit Observations contained in the Report of the Comptroller and Auditor General of India (Commercial) to the pointed attention of the Secretaries of all the administrative Ministries/Departments and to advise them to set up a Monitoring Cell in each Ministry to ensure the timely submission of follow-up action taken details in respect of the Public Undertakings that come under the purview of that Ministry. The Committee, however regret to note that the Department of Public Enterprises has taken an unduly long period of four months after date of presentation of their Report to simply pass on the recommendation of the Committee to the Ministries to set up a Monitoring Cell in each Ministry/Department. The Committee do not appreciate the inordinate delay on the part of the Department of Public Enterprises in processing the recommendation of the Committee which involved only a Post Office

job. The Committee, however, expect that individual Ministries/Departments would have promptly acted upon the recommendation of the Committee to set up a Monitoring Cell in this regard. They desire that the details of the names of Ministries/Departments which have set up the Monitoring Cells so far and the dates on which these Monitoring Cells actually started working should be submitted to the Committee for their information within a month from the date of presentation of this Report. Names of Ministries/Departments who have not set up the Monitoring Cells so far should also be submitted to the Committee within one month.

8. The Committee regret to note that the Department of Public Enterprises have not accepted the recommendation of the Committee to set up a separate Monitoring Cell in the Department of Public Enterprises itself to monitor the follow-up action by various Ministries/Departments on the observations contained in the Audit Reports (Commercial) on individual undertakings. The Committee do not agree with the reason given by the Department that the setting up of a Monitoring Cell in the Department of Public Enterprises will duplicate the efforts of collecting and collating enormous data/information already being collected by the administrative Ministries/Departments for finalising the follow-up action taken notes on various Reports of the C&AG (Commercial). The Committee feel that the original recommendation of the Committee has not been viewed in the proper perspective by the Department as the Committee intended that the Monitoring Cell in the Department, of Public Enterprises would only keep an exclusive watch over this particular aspect by merely keeping an account of the extent of compliance by various Ministries in respect of the number of observations for which the follow-up Action Taken Notes have been sent by the Ministry/Department. The Committee feel that such a centralised monitoring mechanism which only keeps a mere statistical count of the cases settled is necessary in the Department of Public Enterprises, as after a lapse of certain time, the Monitoring Cells in individual Ministries/Departments would become either dysfunctional or slack in their work as in the past and under those circumstances there should be a centralised cell which should keep reminding them of their duties which have to be performed well in time. Therefore, the Committee urge upon the Department of Public Enterprises to consider the recommendation of the Committee in its proper perspective and take constructive action to ensure a permanent centralised monitoring arrangement for this much neglected activity, as the Committee do not want the Government to repeat its poor performance of 1985 and 1992 once again on this count.

NEW DELHI;
February, 24, 2000

Phalgun, 5, 1921 (S)

VIJAY KUMAR MALHOTRA,
Chairman,
Committee on Public Undertakings.

APPENDIX I

संख्या/No.

(Vide Para 6 of the Report)

Gram :BEPUBENT
Fax: 4362613
4360204

भारत सरकार
उद्योग मंत्रालय
सरकारी उद्यम विभाग
GOVERNMENT OF INDIA
MINISTRY OF INDUSTRY
DEPARTMENT OF PUBLIC ENTERPRISES

लोक उद्यम भवन
PUBLIC ENTERPRISES BHAVAN,
ब्लॉक नं० 14, सी०जी०ओ० कम्प्लेक्स, लोदी रोड,
BLOCK NO. 14, CGO COMPLEX, LODI ROAD,
नई दिल्ली/NEW DELHI the August 19, 1999.

OFFICE MEMORANDUM

SUBJECT: *Follow-up action on the Reports of the Comptroller and Auditor General of India (Commercial).*

The Committee on Public Undertakings (12th Lok Sabha) in their 2nd Report on follow-up action on the Reports of the Comptroller and Auditor General of India (Commercial) noted that action taken notes on a large number of audit paras were pending for a long time. The Committee noted that there was no strong and effective mechanism available in the Ministries/Departments for coordinating and monitoring the submission of follow-up action on the Reports of C&AG of India (Commercial).

2. Keeping in view the huge pendency of follow-up action on audit paragraphs, the Committee emphasised the need for evolving effective monitoring mechanism in each Ministry to ensure timely submission of action taken notes on each report of C&AG presented to Parliament. The Committee, therefore, recommended specific and immediate steps to be taken by the Government for setting up of Monitoring Cell in each Ministry to monitor the submission of the follow-up action on Audit Reports of C&AG of India (Commercial) on individual undertakings.

3. In this connection, attention is also invited to Lok Sabha Secretariat's O.M. No. 301(1)-PU/85 dated 16.7.1985 and 301(1)-PU/92 dated 17-2-1992 (copies enclosed) on the matter.

4. The above recommendation on COPU have been considered and accepted. All the administrative Ministries/Departments are requested to take immediate steps for setting up monitoring cell for PSUs under their administrative control. They may also ensure timely submission of follow-up Action Taken Notes duly vetted by the Audit to the Committee, on all relevant Reports/Paras of C&AG of India (Commercial) presented to the Parliament, within six months from the date of presentation.

5. Submission of action taken notes to the Committee on audit paras pending for a long time may also be cleared by 21.10.99 positively.

6. Action taken in the matter may be intimated to DPE.

Sd/-

(S. TALWAR)

Joint Secretary to the Govt. of India.

To,

The Secretaries of all administrative Ministries/Departments.

COPY OF THE LOK SABHA SECRETARIAT O.M. NO. 301(1)-PU/85,
DATED 16th JULY, 1985

SUBJECT: *Follow-up action on the Reports of the Comptroller & Auditor General of India.*

The undersigned is directed to invite attention of the Ministry of Agriculture and Cooperation etc. to the following recommendations of the Committee on Public Undertakings contained in Para 19 (Para II) of their 49th Report (1981-82) and the action taken by Government thereon as reproduced on page 22 of the Committee's 70th Action Taken Report (1982-83):

"Recommendation S.No. 19 (Para 19, Part II) contained in the Forty-Ninth Report of C.P.U.

The C&AG's Report (Commercial) is presented in several parts in addition to his comments on the accounts published in the Annual Reports of the undertakings. There should be some automatic follow-up action on these by the Ministries. These should be reviewed for suitable action at the periodical performance review meetings and at the time of review of the working before laying of the Annual Reports before Parliament.

Reply of the Government vide page No. 22 of Seventh Report of C.P.U.

Government accept this recommendation. The administrative Ministries have been advised to take note of the recommendation while conducting the periodical performance review meetings and before laying the annual reports of the Ministries before Parliament.

Ministry of Finance, Bureau of Public Enterprises, O.M. No. 11(10)/82-BPE, (Parl.) dated 31st January, 1983."

At their sitting held on 7th June, 1985, the Committee on Public Undertakings have decided that each Ministry/Department should be requested to furnish a brief note each on their review of the follow-up action taken on the Reports of the Comptroller and Auditor General of India presented to Parliament during the period 1983-84 and 1984-85 and that the note should be got vetted by Audit before submission to the Committee.

It is requested that the note in respect of all the public undertakings under your Ministry/Department, as desired by the Committee on Public Undertakings, duly vetted by Audit, may kindly be furnished to this Secretariat by 20th August, 1985 for being placed before the Committee.

4. Receipt of this O.M. may please by acknowledged.

Sd/-

(M.K. MATHUR)

Chief Financial Committee Officer.

COPY OF THE LOK SABHA SECRETARIAT O.M. NO. 301/1-PU92,
DATED 17th FEBRUARY, 1992

SUBJECT: *Follow-up action on the Reports of the Comptroller & Auditor General of India.*

The undersigned is directed to invite attention to this Secretariat O.M. No. 301(1)-PU/85 dated 16th July, 1985, wherein it was requested that each Ministry/Department should, *inter-alia*, furnish a brief note each on their review of the follow-up action taken on the Reports of the Comptroller and Auditor General of India presented to Parliament during the period 1983-84 and 1984-85, after getting the same vetted by Audit before submission to the Committee.

2. At the sitting held on 5th February, 1992, the Committee on Public Undertakings have reiterated that each Ministry/Department should furnish a brief note on the review of the follow-up action taken on each of the Comptroller & Auditor General's Reports presented to Parliament after 1985. The note may be got vetted by Audit before submission to the Committee.

3. It is requested that the note in respect of all P.U. under your Ministry/Department, as desired by the Committee on Public Undertakings, duly vetted by Audit, should be furnished to this Secretariat not later than 31st March, 1992 for being placed before the Committee.

4. Receipt of this O.M. may please be acknowledged.

Sd/-
(REVATHI BEDI)
Under Secretary.

APPENDIX II

(Vide Para 2 of Introduction)

MINUTES OF THE 2ND SITTING OF THE COMMITTEE ON PUBLIC UNDERTAKINGS HELD ON 20TH JANUARY, 2000

The Committee sat from 1100 hrs. to 1155 hrs.

Prof. Vijay Kumar Malhotra — *Chairman*

MEMBERS

Lok Sabha

2. Shri Sudip Bandyopadhyay
3. Shri Surinder Singh Barwala
4. Shri R. L. Bhatia
5. Shri C. K. Jaffer Sharief
6. Shri Vilas Muttemwar
7. Shri B. B. Ramaiah
8. Shri Rajiv Pratap Rudy
9. Shrimati Sangeeta Kumari Singh Deo
10. Shri Tarit Baran Topdar
11. Shri Devendra Prasad Yadav

Rajya Sabha

12. Shri Suresh Kalmadi
13. Shri Jibon Roy
14. Shri K. Kalavenkata Rao

SECRETARIAT

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|-----------------------------|-------------------------|
| 1. Shri M. Rajagopalan Nair | <i>Joint Secretary</i> |
| 2. Shri S. Bal Shekar | <i>Deputy Secretary</i> |
| 3. Shri R. C. Kakkar | <i>Under Secretary</i> |
| 4. Shri Raj Kumar | <i>Under Secretary</i> |

OFFICE OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

- | | |
|---------------------------|------------------------------|
| 1. Shri A. K. Chakrabarti | — Dy. C & AG
(Commercial) |
| 2. Shri B. B. Pandit | — Secretary,
Audit Board |
| 3. Smt. Meena Chaturvedi | — Director
(Commercial) |

