

TAMIL NADU LEGISLATIVE ASSEMBLY

**COMMITTEE ON PUBLIC ACCOUNTS
(2018-2019)**

(FIFTEENTH ASSEMBLY)

SIXTY SEVENTH REPORT

**REPORT OF THE COMMITTEE ON PUBLIC ACCOUNTS ON THE
PARAGRAPH CONTAINED IN THE REPORT OF THE COMPTROLLER
AND AUDITOR GENERAL OF INDIA (CIVIL) FOR THE YEAR
2009-2010 RELATING TO INDUSTRIES DEPARTMENT.**

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REPORT

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INDUSTRIES DEPARTMENT

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TAMIL NADU LEGISLATIVE ASSEMBLY
COMMITTEE ON PUBLIC ACCOUNTS (2018-2019)
(Constituted on 05.07.2018)

CHAIRMAN

1. Thiru. Durai Murugan

MEMBERS

2. Hon'ble Thiru. O. Panneerselvam
Deputy Chief Minister,
(Ex-Officio)
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Chairman, Committee on Estimates,
(Ex-Officio)
4. Thiru. S. Semmalai,
Chairman, Committee on Public Undertakings,
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12. Dr. V.P.B. Paramasivam
13. Dr. Palanivel Thiaga Rajan
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17. Thiru. K.A.M. Muhammed Abubacker
18. Thiru. Dusi K. Mohan
19. Thiru. T.R.B Rajaa

SECRETARIAT

- | | |
|----------------------|---------------------|
| Thiru. K. Srinivasan | .. Secretary |
| Thiru. P. Padmakumar | .. Joint Secretary |
| Tmt. P. Thenmozhi | .. Deputy Secretary |
| Tmt. B. Revathi | .. Deputy Secretary |

INTRODUCTION

1. I, Chairman, Committee on Public Accounts having been authorized by the Committee (2018-2019) to submit the Report on their behalf present this **Sixty Seventh Report** on the paragraph pertaining to Industries Department included in the Report of the Comptroller and Auditor General of India (Civil) for the year 2009-2010.

2. The Report of the Comptroller and Auditor General of India for the year 2009-2010 (Civil) was laid on the Table of the House on 14.9.2011.

3. The original notes submitted by the department have been taken into account by the Committee in finalizing this Report. The Committee examined and approved this Report at its' meeting held on 27.6.2019.

4. The Committee records its appreciation of the valuable assistance rendered by the Secretary, Legislative Assembly, Principal Accountant General (General and Social Sector Audit) and Under Secretary, Finance Department.

Chennai-600 009 ,
27th June 2019,
Vikari , Aani-12 ,
Thiruvalluvar Aandu-2050.

DURAI MURUGAN,
Chairman,
Committee on Public Accounts.

**REPORT OF THE COMMITTEE ON PUBLIC ACCOUNTS ON THE
PARAGRAPH CONTAINED IN THE REPORT OF THE COMPTROLLER
AND AUDITOR GENERAL OF INDIA FOR THE YEAR 2009-2010
(CIVIL) RELATING TO INDUSTRIES DEPARTMENT**

INDUSTRIES DEPARTMENT

1. Lack of responsiveness of Government to Audit (Para No.2.3.4)

1.1 The Committee notes that important irregularities detected by Audit during periodical inspection of Government offices through test check of records are followed up through Inspection Reports (IRs) issued to the Head of Office with a copy to the next higher authority. Government issued orders in April 1967 fixing a time limit of four weeks for prompt response by the authorities to ensure corrective action in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. A half-yearly report of pending IRs is sent to the Secretary of the Department by the Accountant General to facilitate monitoring of action on the audit observations.

1.2 The Committee observes that as of March 2010, 159 paragraphs relating to 63 Inspection Reports remained to be settled for want of satisfactory replies. Compilation of details by Audit revealed that of the above unsettled paragraphs even the initial reply was not received for 16 IRs involving 56 paragraphs. This showed the absence of response from the authorities and as a result the deficiencies and lapses pointed out continued to be unaddressed. As a result of the long pendency, serious irregularities had not been settled as of March 2010.

1.3 The Department in its explanatory notes stated as follows:

As on date there are 5 paragraphs pending for the period upto 31.03.2010. The details of pending paragraphs are as follows:

In respect of Department of IC&DIC, as on date, 3 Paragraphs in two inspection reports are pending. In respect of Commissioner of Sugar, two audit paragraphs are pending. The details are as follows:

Industries Commissioner and Director of Industries and Commerce

General paragraphs details as given below

Year	A.G. Reference	No. of. Paragraphs
2008-2009	Para 3 of Part IIB	1
2009-2010	Para 2 of Part IIB & Para 1 of Part IIB	2

..2..

Present stage of the pending paragraphs is furnished hereunder.

1. Para 3 of Part IIB/2008-2009:

Non-Recovery of ways and means advance from Tamilnadu Industrial Explosive Limited – Rs. 8.22 Crore along with Penal interest.

It is stated that the Tamilnadu Industrial Explosive Limited has suspended production from July 2016. There is no generation of funds in the company for the past few years and for payment of pending salaries to employees from July 2016 as well as for VRS, TEL is approaching Government for further ways and means advance. The Government had decided to relieve the willing employees of TEL on Voluntary Retirement Scheme or to provide employment to other employees in other Public Sector Undertakings. Accordingly, the company had relieved all the employees either on Voluntary Retirement Scheme or provided alternative employment in other Corporations and there is no employee on roll as on 1.10.2017.

Therefore, at present they are not in a position to repay the loan amount. In the VRS proposal submitted to Government, TEL had requested the Government to waive all the loans due to the Government.

The above reply has been sent to Accountant General with a request to accept the same and to drop the paragraph. The Accountant General has reviewed the reply and requested to inform whether loan waiver orders has been received from the Government. Hence this paragraph is pending.

2. Paragraph 1 of Part IIB/2009-2010:

Tamil Nadu Industrial Development Corporation – Restructuring of financial position – Sanction of ways and means advance – non recovery of principal (loan) and Interest – Final decision taken by Government and copy of orders for conversion of equity amount of Rs.50 crore as capital grant, may be communicated to audit.

The Chairman & Managing Director, TIDCO, Chennai – 08 has submitted the reply as detailed below. In pursuance of the Resolution of the 494th Board Meeting of TIDCO held on 14.03.2018, the Board observed the following:

"During the discussion, the Chairman informed the Board that in view of income tax benefit availed during the past years by TIDCO on the interest and Penal interest of Rs.64.11 Crore accrued upto 31.03.2017 on Ways and Means Advance of Rs. 50.00 Crore, TIDCO may repay the interest and Penal Interest of Rs.72.55 Crore (upto 31.03.2018) and also

..3..

request the Government to convert the Principal amount of the Ways and Means Advance of Rs. 50 crore into capital grant with effect from 1st April 2018".

After detailed discussion, Board suggested that TIDCO may request the Government to convert the Ways and Means Advance as capital grant for funding specific projects of TIDCO and passed the following resolutions:

"RESOLVED to approve the TIDCO to repay Rs. 72.55 crores towards Interest and Penal Interest to Government on the ways and means advance accrued upto 31.03.2018 during the year 2018 - 2019:

"FURTHER RESOLVED that CMD/ED be and hereby authorized to send proposal to Government to convert the Ways and Means Advance of Rs.50 crore as capital grant with details of the Projects for which the capital grant is requested for and

"FURTHER RESOLVED that ED/CMD be and hereby authorized to take necessary further action in the related aspects in the above subject matter".

Further, a sum of Rs.17.63 crore is outstanding from Government as on 18.04.2018 under various heads in the books of accounts of TIDCO:

In the above context, it was suggested that TIDCO may remit the Interest and Penal Interest of Rs. 72.55 crore (as on 31.03.2018) on Ways and Means Advance of Rs.50.00 crore after adjusting the above dues of Rs.17.63 Crore from Government. (i.e. 72.55 Crore - 17.63 Crores = 54.92 Crore).

In the light of the explanation furnished above, TIDCO has requested the Government to consider the request of TIDCO to repay Rs.54.92 crore towards interest and Penal interest after adjustment of dues from Government on the Ways and Means Advance accrued upto 31.03.2018 and for the conversion of Ways and Means advance of Rs.50 crore into capital grant with effect from 01.04.2018.

Orders of the Government in this regard are yet to be received.

3. Paragraph 2 of Part IIB/2009-2010:

Unutilized amount locked up with SIPCOT - Rs. 8.73 Crore.

SIPCOT vide their No.ID/CAG/AR/2011, dated 19.08.2014 has informed that they have remitted the balance unutilised amount of Rs.8,73,13,000/- on 10.06.2011 and there is no delay in remitting the amount. Since SIPCOT has kept the above amount in current account, a non bearing interest account, remitting of interest does not arise.

..4..

The above final reply was communicated to Accountant General vide this office letter no.21126/AA1/2009, dated 28.08.2014. The Accountant General has accepted the above reply and dropped the para vide their Letter No.Pr.AG (E&RSA)/HW-II/IV/30-006/2009-10/32, dated 05.06.2015.

Since continuous action is being taken to settle the audit paragraphs, the reply furnished by the department may be accepted and the paragraph No.2.3.4 may be settled.

Department of Sugar

In respect of Department of Sugar all the paragraphs have been settled and only 2 paragraphs are pending, the details are as below.

Year	Audit Para Nos	Summary of Objections	Present Status
2008 - 2010	Part II-B / Para 6	Personal Deposit Account-Inoperative for more than 9 years	Action being taken for closing the PD account, on its receipt final Reply will be sent to AG
2008 - 2010	Part II-B / Para 7.1	Pendency in collection of Guarantee Commission	There is no pending fee collection, final Reply sent to AG. Orders awaited

1.4 As the outstanding paragraph are being pursued in the subsequent Audit Report, the Committee records the reply with instructions to the department to initiate speedy action to clear the pendency. The Paragraph may be treated as settled.

Chennai-600 009 ,
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