

TAMIL NADU LEGISLATIVE ASSEMBLY

COMMITTEE ON PUBLIC ACCOUNTS

(2018 - 2020)

(FIFTEENTH ASSEMBLY)

NINETY SIXTH REPORT

REPORT ON THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THREE HUNDRED AND FOURTEENTH REPORT (ELEVENTH ASSEMBLY) OF THE COMMITTEE ON PUBLIC ACCOUNTS (2000-2001) ON THE PARAGRAPHS INCLUDED IN THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA (REVENUE RECEIPTS) FOR THE YEAR 1993-1994 RELATING TO INDUSTRIES DEPARTMENT.

CONTENTS

	Pages
Composition of the Committee on Public Accounts for the year 2018 -2020 ...	vii
I. Introduction	xi
II. Report	xv
III. Appendices	
Appendix-I :- Statement showing the Observation/ Recommendation which the Committee has desired not to pursue.	1-18
Appendix-II:- Statement showing the Observations/ Recommendations which the Committee has desired to pursue.	19-24

TAMIL NADU LEGISLATIVE ASSEMBLY
COMMITTEE ON PUBLIC ACCOUNTS (2018-2020)
(Constituted on 05.07.2018 and extended upto 31.03.2020)

CHAIRMAN

1. Thiru. Durai Murugan

MEMBERS

2. Hon'ble Thiru. O. Panneerselvam
Deputy Chief Minister (Ex-Officio)
3. Thiru. Thoppu N.D. Venkatachalam
Chairman, Committee on Estimates (Ex-Officio)
4. Thiru. S. Semmalai
Chairman, Committee on Public Undertakings (Ex-Officio)
5. Thiru. R.T Ramachandran
6. Thiru. R. Rajendran
7. Thiru. T. Udhaya Suriyan
8. Thiru. R. Ganesh
9. Tmt. M. Geetha
10. Thiru. R. Chandrasekar
11. Thiru. R. Nataraj
12. Dr. V.P.B. Paramasivam
13. Dr. Palanivel Thiaga Rajan
14. Thiru. K.P.P. Baskar
15. Thiru. P.V. Bharathi
16. Thiru. A. Maruthamuthu
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 |

I. INTRODUCTION

1, Chairman, Committee on Public Accounts having been authorised by the Committee (2018-2020) to submit the Report on its behalf, present this **Ninety Sixth Report** on the action taken by the Government on the recommendations contained in the Three Hundred and Fourteenth Report (Eleventh Assembly) of the Committee on Public Accounts (2000-2001) on the paragraphs included in the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year 1993-1994 relating to Industries Department.

2. The Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year 1993-1994 was laid on the Table of the House on 10.11.1995. The Committee for the year 2000-2001 presented its Three Hundred and Fourteenth Report (Eleventh Assembly) on the paragraphs included in the said Report relating to Industries Department, to the Assembly on 24.01.2001.

3. The statement of action taken by the Government on the recommendations contained in the Three Hundred and Fourteenth Report (Eleventh Assembly) was considered and the Report thereon approved by the Committee for 2018-2020, at its meeting held at Chennai on 23.10.2019.

4. The replies received from the department have been taken into account by the Committee in finalising this Report.

5. The Committee places on record its appreciation of the valuable assistance rendered by the Secretary, Legislative Assembly and the Accountant General (Economic and Revenue Sector Audit) in its deliberations.

Chennai - 600 009,
23rd October, 2019,
Vikari, Ippasi - 6,
Thiruvalluvar Aandu - 2050.

Durai Murugan,
Chairman,
Public Accounts Committee.

II. REPORT

REPORT ON THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THREE HUNDRED AND FOURTEENTH REPORT (ELEVENTH ASSEMBLY) OF THE COMMITTEE ON PUBLIC ACCOUNTS (2000-2001) ON THE PARAGRAPHS INCLUDED IN THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA (REVENUE RECEIPTS) FOR THE YEAR 1993-1994 RELATING TO INDUSTRIES DEPARTMENT.

Out of Six (6) recommendations contained in the Three Hundred and Fourteenth Report (Eleventh Assembly) of the Committee on Public Accounts (2000-2001), two (2) recommendations has been treated as settled by the Committee in the light of the replies furnished by the Government vide Appendix - I for details. The Committee have decided to pursue further the remaining four (4) recommendations, vide Appendix - II for details.

2. The Committee desires that replies to the recommendations contained in Appendix-II should be furnished within one month.

Chennai - 600 009,
23rd October, 2019,
Vikari, Ippasi - 6,
Thiruvalluvar Aandu - 2050.

Durai Murugan,
Chairman,
Public Accounts Committee.

APPENDICES

APPENDIX - I

**STATEMENT SHOWING THE OBSERVATION/ RECOMMENDATION WHICH THE COMMITTEE HAS DESIRED NOT TO PURSUE
INDUSTRIES DEPARTMENT**

Serial No.	Recommendation No.	Paragraph No.	Subject	Committee's Observations/ Recommendations
(1)	(2)	(3)	(4)	(5)
1	2	1.3	Arrears of Revenue (Para No. 8.8 of Audit Report)	The Committee desires that a report on the further progress made in the collection of arrears pending from Madura Sugar Limited, be furnished to the Committee. The Committee also desires that speedy action should be taken by the department for collection of the balance of dues and desires to have a report on the progress of collection .

Reply from the Department
(6)

Comments of the Committee
(7)

(i) Collection of Cane cess arrear from Madura Sugars Ltd.:

The details of action taken for the recovery of the arrear amount by Director of Sugar is furnished below

- The District Collector, Madurai was requested on 27.10.1997 to collect the above arrear amount from Thiru K.S.Sethu, Managing Director, Madura Sugars Ltd. under Tamil Nadu Sugar Factories(Control) Act, 1949.
- The Tahsildar, Madurai North, took action to attach the house of Thiru K.S.Sethu located in Madurai but his wife (Tmt. Visalakshi) filed a Civil Suit claiming that the premises is

As the amount due from Madura Sugars has been written-off and the balance of dues from Madurantakam Co-operative Sugar Mills have been collected, the paragraph may be treated as settled.

*Reply from the Department
(6)*

belonging to her personal property and the Court decreed to Suit. Therefore, the attachment order issued by the Tahsildar, Madurai North became invalid. Since the Suit property was the personal property of his wife, no appeal was filed against the Judgement in O.S.No.928/2001, dated 28.05.2005.

- *The District Collector, Madurai later on 23.06.2007 informed that Thiru K.S.Sethu vacated his house at Madurai and residing at Coimbatore and informed to take action through the District Collector, Coimbatore.*
- *Accordingly, the District Collector, Coimbatore was addressed on 19.11.2008 to take action to collect the arrears of cane cess due under Revenue Recovery Act.*
- *The District Collector, Coimbatore informed to the Director of Sugar on 02.01.2010 that Thiru K.S.Sethu who was residing at Coimbatore had vacated the house and now residing in Madurai District.*
- *Hence, the District Collector, Madurai was again instructed to follow up the case.*
- *Constant action were taken by the Department to collect the cess fund amount from Thiru K.S.Sethu from his known assets, but resulted in vain.*

Reply from the Department - Contd.,
(6)

- As per the concept of joint stock company, liability of the limited company can be collected only from the assets of the Company. The sugar mill owned by Madura Sugars Ltd. was taken over by Government and handed over to Tamil Nadu Sugar Corporation Ltd. The value of assets was worked out and the liability of the said Mill was discharged by the Commissioner of Payments to the value of assets taken over. There was no enough money to settle cane cess arrears, etc.
- As per Sec.8 of the Madura Sugars Ltd. (Acquisition and Transfer of Undertaking) Act, 1984, every liability of the erstwhile management (Thiru K.S.Sethu) in respect of any period prior to take over shall be the liability of *that company* (Madura Sugars Ltd) and cannot be enforced against the Government and Government company.
- In the Website of Ministry of Corporate Affairs, Government of India, the said Madura Sugars Ltd. is categorized as a dormant undertaking. Its paid up share capital is Rs.5 lakh only and the said company is defunct for the past 32 years.
- The District Collector, Madurai was again addressed on 13.07.2015 to find out the assets of the defunct Madura Sugars Ltd. The District Collector, Madurai based on the reports of Tahsildars has informed that there is "No Assets" in the name of Madura Sugars Ltd. in Madurai District.

*Reply from the Department - Contd.,
(6)*

- Through a practising Chartered Accountant, efforts were taken to trace out assets, if any, in the name of Company from the website of Ministry of Corporate Affairs. But, except Memorandum and Articles of Association of the Company, there are no other details in the website.
- Based on the report of the District Collector, Madurai, the Director of Sugar on 13.10.2015 has sent a write-off proposal to the Government for writing-off the cane cess arrear of Rs.32.23 lakh by the Madura Sugars Ltd. citing the following reasons:
 - (i) The due relates to the period from 1977-78 to 1982-83 i.e. more than 3 decades old.
 - (ii) The said Madura Sugars Ltd. is defunct since 1983.
 - (iii) There is no asset in the name of the above Company that belongs to Thiru K.S. Sethu to recover the dues.
 - (iv) The Liability of erstwhile Madura Sugars Ltd (before acquisition) cannot be shifted to Madura Sugars, now a defunct unit of Tamil Nadu Sugar Corporation Ltd. a Government company in view of Sec.8 of Madura Sugars (Acquisition and Transfer of Undertaking)Act, 1984.
 - (v) All possibilities have been exhausted to recover the dues, but in vain.

Reply from the Department - Contd.,
(6)

- (vi) There is no legal impediment to write off the above amount.

In this connection, the above proposal was placed before the Sugarcane Cess Fund Utilisation Committee chaired by the APC/Secretary, Agriculture Department to obtain its approval. A detailed proposal in this regard was sent by Director of Sugar to Government to write off the pending Cane Cess Collection of Rs.32.23 lakh in respect of Madura Sugar Ltd., Based on the proposal of Director of Sugar and decision taken by the Sugar Cane Cess fund Committee Meeting held on 26.04.2016 the pending Cane Cess arrear Amount of Rs. 32.23 lakh in respect of Madura Sugars Ltd., had been written off by the Government in the G.O.(Ms)No.110 Agriculture (K2) Department, dated 20.4.2017. (Copy of G.O enclosed) Hence this reply may kindly be accepted and the paragraph may kindly be treated as settled.

(ii) Collection of cane cess arrears from other Sugar Mills:

As per the inspection report the total arrear amount to be recovered is Rs.1214.36 Lakh. The actual arrear amount in respect of Madurantakam Cooperative Sugar Mill is Rs. 75.29 lakh, but in the inspection report the arrear amount in respect of this mill has been noted as Rs.60.14 Lakh. Further, the actual amount to be recovered from Madura Sugars Ltd., is Rs.32.23 lakh. But the arrear amount in respect of Madura Sugars Ltd., has been noted as Rs.39.01 Lakh. Hence, the total aggregated amount is arrived at Rs. 1222.67 Lakh

Reply from the Department - Contd.,
(6)

instead of Rs. 1214.36 Lakh which was pointed out in the inspection notes. Out of Rs. 1222.67 Lakh only Rs.1190.44 Lakh have been fully recovered from the respective mills and the remaining amount Rs. 32.23 Lakh in respect of Madura Sugars Ltd., had been written off by the Government vide G.O.(Ms)No. 110 Agriculture (K2) Department Dated: 20.4.2017.(Copy of G.O enclosed). Hence this reply may kindly be accepted and the paragraph may kindly be treated as settled.

Sl No	Name of Sugar mill	Amount pending as on 31.05.1999	Amount collected
1	AMBUR	3.26	3.26
2	MADURANTAKAM	75.29	75.29
3	AMARAVATHI	16.23	16.23
4	SALEM	57.67	57.67
5	KALLAKURUCHI-1	37.02	37.02
6	NATIONAL	34.47	34.47
7	DHARMAPURI	2.29	2.29
8	VELLORE	3.33	3.33

9	TIRUPATTUR	52.25	52.25
10	CHENGALRAYAN	99.84	99.84
11	TIRUTTANI	3.75	3.75
12	N.P.K.R.R	56.66	56.66
13	M.R.K	65.13	65.13
14	SUBRAMANIYA SIVA	71.78	71.78
15	ARIGNAR ANNA	35.86	35.86
16	PERAMBALUR	79.55	79.55
17	E.I.D PARRY,NELLIKUPPAM	6.43	6.43
18	EID PETTAIVAITHALAI	50.03	50.03
19	EID PAARY,PUGALUR	5.00	5.00
20	MAC AGRO (S.I ,SUGARS)	77.42	77.42
21	AMBIKA (PENNADAM)	7.57	7.57
22	SAKTHI -I (SAKTHI NAGAR)	117.8	117.8
23	KOTHARI	3.02	3.02
24	THIRU AROORAN-I, KOLLUMANGUDI	0.53	0.53
25	PONNI	5.25	5.25
26	BANNARIAMMAN	4.07	4.07

Reply from the Department - Contd.,
(6)

27	SAKTHI (SIVAGANGAI)	33.76	33.76
28	DHARANI-1	84.01	84.01
29	RAJSHREE	77.44	77.44
30	THIRU AROORAN-II	13.83	13.83
31	PONDICHERRY	9.9	9.9
	Total	1190.44	1190.44

Madura Sugars 32.23 Lakh - write off by the Government
Grand Total-1222.67 Lakh.

The above reply may kindly be accepted and the Audit paragraph may kindly be treated as settled.

(Reply received from the Industries Department vide its U.O.Note No.11487/Bud.2/2010, dated 21.10.2019).

Committee's Observations/ Recommendations

(5)
 The Committee desires that the department should take effective and speedy action for early settlement of pending Audit objections. Committee desires to have a further report on the action taken and the progress of collection.

Serial No.	Recommendation No.	Paragraph No.	Subject
(1)	(2)	(3)	(4)
2	5	3.4	Out standing Inspection Reports and Audit observation.

Comments of the Committee

Reply from the Department

(6)
 An amount of Rs.35.45 Crore is involved in 180 paragraphs. Out of 180 paragraphs, 175 paragraphs have already been settled. Final reports for 2 paragraphs involving an amount of Rs.3,28,570/- (Nagapattinam District Rs.1,43,200/-, Dindigul District Rs.1,85,370/-) have been sent to Accountant General for dropping. The concerned District officers have been instructed to take necessary action to collect the balance amount in 3 paragraphs involving an amount of Rs.1,87,679/- (Tiruchirappalli District - Rs.42,714/-, Namakkal District Rs.1,44,965/-, Nagapattinam District - No money value). Necessary instructions have been issued to collect the balance amount and enforcing Revenue Recovery Act, 1864. Hence, the Public Accounts Committee may be requested to drop the Audit Paragraph.

(Replies received from the Industries Department vide its U.O.Note Nos.11487/Bud.2/2010, dated 30.04.2019 and 21.10.2019).

(7)
 As the recommendation relates to outstanding audit paragraphs included in Audit Report 1993-94, and the current position is updated periodically in the subsequent Audit Reports, the recommendation may be treated as settled.

APPENDIX - II

**STATEMENT SHOWING THE OBSERVATIONS / RECOMMENDATIONS WHICH THE COMMITTEE HAS DESIRED TO PURSUE
INDUSTRIES DEPARTMENT**

Serial No.	Recommendations Nos.	Paragraphs Nos.	Subject	Committee's Observations/ Recommendations
(1) 1	(2) 2, 3 and 4	(3) 2.5, 2.6 and 2.7	(4) Internal Audit (Paragraph No. 1.10 of Audit Report)	(5) 2.5. The Committee expresses its concern over the huge arrears and desires to know in how many cases Revenue Recovery Act had been resorted to and desires to have the details of amount covered.

2.6. The committee desires that speedy action be taken to vacate the stay granted and that effective action should be taken to collect the amount.

2.7. The Committee recommends that the Government may examine the proposal for constitution of a separate Tribunal exclusively for enforcing speedy collection of such arrears due to various departments of Government.

Reply from the Department
(6)

As per 31.03.1994, out of the balance amount of Rs.3.66 crore, an amount of Rs.0.55 Crore has been collected and there is a balance of Rs.3.11 Crore. Out of this amount, Rs.1.97 crore relates to Local Cess and Local Cess Surcharge which is not collectable at present, in view of the decision of the Honorable Supreme Court of India in the case of State

Comments of the Committee
(7)

Committee is constrained to note that the Department has not taken the recommendations of the Committee seriously to collect the arrears of revenue.

Reply from the Department
(6)

of Bihar Versus Tvl. TISCO dated 31-07-2001. Therefore, the collectable amount is reduced to Rs.1,13,48,383/- in which an amount of Rs.6,99,691/- has been collected. The balance amount is Rs.1,06,48,692/-.

In the collectable balance amount of Rs.1,06,48,692/- an amount of Rs.11,17,952/- is covered under Revenue Recovery Act. The District officers concerned have been instructed to take necessary action to collect the entire balance amount as per the procedures in force including Revenue Recovery Act.

There are 571 cases involved under Revenue Recovery Act to the sum of Rs.55,14,23,565/- as on 31.03.2019.

As recommended by the Public Accounts Committee, in respect of Constitution of separate Tribunal to adjudicate in cases of dispute on the levy of dead rent, royalty / seigniorage fee, lease amount etc., it is informed that there are provisions in the Tamil Nadu Revenue Recovery Act, 1864, for effective recovery. If any dispute arises on the charges levied, it can be resolved through appeal provisions in Tamil Nadu Minor Minerals Concession Rules, 1959 and amended MCR 2016 by the Government of India, Ministry of Mines in respect of Major Minerals. Hence, there is no need for separate tribunal.

Hence, this paragraph may be dropped.

(Replies received from the Industries Department vide its U.O.Note No.11487/Bud.2/2010, dated 30.04.2019 and 21.10.2019).

Comments of the Committee - Contd.,

(7)

Department collected only six percent of collectable amount of Rs.1,13,48,383/- in the last two decades and only 10 percent of the balance amount of Rs.1,06,48,692/- was covered under Revenue Recovery Act. The reason for non-recovery of arrears which was not covered under Revenue Recovery Act may be furnished.

The reason furnished by the Department for non-constitution of separate Tribunal is also not justifiable.

The Committee desires to insist its earlier recommendation.

Serial No.	Recommendation No.	Paragraph No.	Subject	Committee's Observations/ Recommendations
(1)	(2)	(3)	(4)	(5)
2	6	4.1	General	The Committee desires that expeditious action should be taken by Government on all the recommendations in this Report. Wherever specific time limits have been indicated in the recommendation, they should be adhered to. In other cases, a final report of action taken should be sent within one month.

Reply from the Department
(6)

The instructions of the Committee will be followed strictly.
(Reply received from the Industries Department vide its U.O.Note No.11487/Bud.2/2010, dated 30.04.2019 and 21.10.2019).

Comments of the Committee
(7)

The Committee notes with displeasure that the Department had taken 19 years to furnish the reply. The Committee desires that the final report of action taken to the recommendations contained in this Report should be sent within one month.