

PUBLIC ACCOUNTS COMMITTEE

The Committee on Public Accounts is constituted by Parliament each year for examination of accounts showing the appropriation of sums granted by Parliament for expenditure of Government of India, the annual Finance Accounts of Government of India, and such other Accounts laid before Parliament as the Committee may deem fit such as accounts of autonomous and semi-autonomous bodies (except those of Public Undertakings and Government Companies which come under the purview of the Committee on Public Undertakings).

Constitution of the Committee

The Committee consists of not more than 22 members comprising 15 members elected by Lok Sabha every year from amongst its members according to the principle of proportional representation by means of single transferable vote and not more than 7 members of Rajya Sabha elected by that House in like manner are associated with the Committee. The Chairman is appointed by the Speaker from amongst its members of Lok Sabha. The Speaker, for the first time, appointed a member of the Opposition as the Chairman of the Committee for 1967-68. This practice has been continued since then. A Minister is not eligible to be elected as a member of the Committee. If a member after his election to the Committee is appointed a Minister, he ceases to be a member of the Committee from the date of such appointment.

Change in set-up

From its inception in the year 1921 till early 1950, the Finance-member was appointed as the Chairman of the Committee and its Secretarial functions were looked after by the Finance Department (later Ministry of Finance). With the coming into force of the Constitution of India on 26th January, 1950, the Committee became a Parliamentary Committee under the control of Speaker. Its Secretarial functions were transferred to the Parliament Secretariat (now Lok Sabha Secretariat).

Functions of the Committee

The Examination of the Appropriation Accounts relating to the Railways, Defence Services, P&T Department and other Civil Ministries of the Government of India and Reports of the Comptroller and Auditor-General of India thereon as also the Reports of the Comptroller and Auditor-General on Revenue Receipts mainly form the basis of the deliberation of the Committee. In scrutinising the Appropriation Accounts and the Reports of the Comptroller and Auditor-General thereon, it is the duty of the Committee to satisfy itself:

- (a) that the money shown in the accounts as having been disbursed were legally available for and, applicable to

the service or purpose to which they have been applied or charged;

- (b) that the expenditure conforms to the authority which governs it; and

- (c) that every re-appropriation has been made in accordance with the provisions made in this behalf under rules framed by competent authority.

One of the duties of the Committee is to ascertain that money granted by Parliament has been spent by Government within the scope of the demand. It considers the justification for spending more or less than the amount originally sanctioned. If any money has been spent on a service in excess of the amount granted by the House for the purpose, the Committee examines with reference to the facts of each case, the circumstances leading to such an excess and makes such recommendations as it may deem fit.

The functions of the Committee extend however, "beyond, the formality of expenditure to its wisdom, faithfulness and economy". The Committee thus examines cases involving losses, nugatory expenditure and financial irregularities.

While scrutinising the Reports of the Comptroller and Auditor-General on Revenue Receipts, the Committee examines various aspects of Government's tax administration. The Committee, thus examines cases involving under-assessments, tax-evasion, non-levy of duties, misclassifications etc., identifies the loopholes in the taxation laws and procedures and makes recommendations in order to check leakage of revenue.

Working of the Committee

The representatives of the Ministries appear before the Committee when examining the Accounts and Audit Reports relating to their Ministries. The Committee proceeds by way of interrogation of witnesses. The Comptroller and Auditor General is the "friend, philosopher and guide" of the Committee. He attends the sittings of the Committee and assists it in its deliberations.

The Committee may appoint one or more Sub-Committees/ Sub Groups to examine any particular matter. At the beginning of its term, the Committee appoints a few Working Groups/Sub Committees to facilitate the examination of the various Accounts and Audit Reports and Sub-Committee to consider the action taken by the Government on the recommendations made by the Committee in its earlier Reports. If it appears to the Committee that it is necessary for the purpose of its examination that an on-the-spot study should be made, the Committee may, either in its entirety or by dividing itself into Study Groups decide to undertake tours to make an on-the-spot study of any project or establishment. All discussions held during tour by the Committee/Study Groups, with the representatives of the establishment, Ministries/Departments, non-official organisations, Labour Unions etc. are treated as confidential

and no one having access to the discussion, directly or indirectly is to communicate to the Press or any unauthorised person, any information about matters taken up during the discussions.

Reports presented by the Committee

Since the Committee became a Parliamentary Committee under the control of the Speaker from 26th January, 1950, it has presented 1310 Reports till 5 February, 2004 (*i.e.* till the dissolution of the 13th Lok Sabha).

Government take action on the recommendations of the Committee and submit action taken notes to the Committee. The Committee then present an Action Taken Report after considering the views of the Government. The Government further submit an "Action Taken Statement" on the action taken by the Government on the "Action Taken Report" of the Committee. The Action Taken Statement is generally laid before the House without any further examination by the Committee. Normally, almost all the recommendations of the Committee are implemented by the Government.

Composition of Public Accounts Committee (2003-2004)

(at the time of dissolution of 13th Lok Sabha)

Sardar Buta Singh — <i>Chairman</i>		
LOK SABHA		
2.	Shri Haribhai Chaudhary	
3.	Shri Priya Ranjan Dasmunsi	
4.	Shri M.O.H. Farook	
5.	Dr. Madan Prasad Jaiswal	
6.	Shri Raghunath Jha	
7.	Shri Bhartruhari Mahtab	
8.	Dr. K. Malaisamy	
9.	Dr. M.V.V.S. Murthi	
10.	Shri Rupchand Pal	
11.	Shri Mohan Rawale	
12.	Dr. Nitish Sengupta	
13.	Shri Raghuraj Singh Shakya	
14.	Shri Brij Bhushan Sharan Singh	
15.	Shri Kirit Somaiya	
RAJYA SABHA		
16.	Shri Santosh Bagrodia	
17.	Shri Prasanta Chatterjee	
18.	Shri K. Rahman Khan	
19.	Shri Bachani Lekhraj	
20.	Dr. Alladi P. Rajkumar	
21.	Shri S. Viduthalai Virumbi	
22.	Prof. Ram Gopal Yadav	

List of Chairmen of the Public Accounts Committee of Parliament since Inception (1921—2004)

<i>Sl.No.</i>	<i>Name</i>	<i>Year</i>
1.	Mr. W.M. Hailey	1921
2.	Sir Basil P. Blackett	1922
3.	Sir Basil P. Blackett	1923
4.	Sir Basil P. Blackett	1924

5.	Sir Basil P. Blackett	1925
6.	Sir Basil P. Blackett	1926
7.	Sir Basil P. Blackett	1927
8.	Sir Bhupendra Nath Mitra	1928
9.	Sir George Schuster	1929
10.	Sir George Schuster	1930
11.	Sir George Schuster	1931
12.	Sir Alan Parsons	1932
13.	Mr. A.H. Lloyd	1933
14.	Sir James Grigg	1934
15.	Sir James Grigg	1935
16.	Sir James Grigg	1936
17.	Mr. J.C. Nixon	1937
18.	Sir James Grigg	1938
19.	Sir Jeremy Raisman	1939
20.	Sir Jeremy Raisman	1940
21.	Sir Jeremy Raisman	1941
22.	Mr. C.E. Jones	1942
23.	Sir Jeremy Raisman	1943
24.	Sir Cyril Jones	1944
25.	Sir Archibald Rowlands	1945
26.	Sir Eric Coates	1946

27.	Mr. Liaquat Ali Khan	1947
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28.	Shri R.K. Shanmukham Chetty	1948
29.	Dr. John Matthai	1949

30.	Shri B. Das	1950-51
31.	Shri B. Das	1951-52
32.	Shri B. Das	1952-53
33.	Shri B. Das	1953-54
34.	Shri B. Das	1954-55
35.	Shri V.B. Gandhi	1955-56
36.	Shri V.B. Gandhi	1956-57
37.	Shri T.N. Singh	1957-58
38.	Shri T.N. Singh	1958-59

39.	Dr. P. Subbarayan	1959-60
40.	Shri Upendranath Barman	1960-61
41.	Shri C.R. Pattabhi Raman	1961-62
42.	Shri Mahavir Tyagi	1962-63
43.	Shri Mahavir Tyagi	1963-64

44.	Shri R.R. Morarka	1964-65
45.	Shri R.R. Morarka	1965-66
46.	Shri R.R. Morarka	1966-67
47.	Shri M.R. Masani	1967-68

48.	Shri M.R. Masani	1968-69
49.	Shri Atal Bihari Vajpayee	1969-70
50.	Shri Atal Bihari Vajpayee	1970-71
51.	Shri Era Sezhiyan	1971-72
52.	Shri Era Sezhiyan	1972-73
53.	Shri Jyotirmoy Basu	1973-74
54.	Shri Jyotirmoy Basu	1974-75
55.	Shri H.N. Mukherjee	1975-76
56.	Shri H.N. Mukherjee	1976-77
57.	Shri C.M. Stephen	1977-78
58.	Shri P.V. Narasimha Rao	1978-79
59.	Shri T.A. Pai	1979-80

	Shri R. Venkataraman	(upto 30.7.79)
		(<i>w.e.f.</i> 2.8.79)

60.	Shri Chandrajit Yadav	1980-81
61.	Shri Satish Agarwal	1981-82
62.	Shri Satish Agarwal	1982-83
63.	Shri Sunil Maitra	1983-84
64.	Shri Sunil Maitra	1984
65.	Shri E. Ayyapu Reddy	1985-86
66.	Shri E. Ayyapu Reddy	1986-87
67.	Shri Amal Datta	1987-88
68.	Shri Amal Datta	1988-89
69.	Shri P. Kolaivai	1989

70.	Shri Sontosh Mohan Dev	1990-91
71.	Shri Atal Bihari Vajpayee	1991-92
72.	Shri Atal Bihari Vajpayee	1992-93
73.	Shri Bhagwan Shankar Rawat	1993-94
74.	Shri Bhagwan Shankar Rawat	1994-95
75.	Shri Ram Naik	1995-96
76.	Dr. Murli Manohar Joshi	1996-97
77.	Dr. Murli Manohar Joshi	1997-98
78.	Shri Manoranjan Bhakta	1998-99
79.	Shri Narayan Datt Tiwari	1999-2000
80.	Shri Narayan Datt Tiwari	2000-2001
81.	Shri Narayan Datt Tiwari	2001-2002

		(upto 1.3.2002)
	Shri N. Janardhana Reddy	2001-2002
		(<i>w.e.f.</i> 15.3.2002
		to 30.4.2002)

82.	Sardar Buta Singh	2002-2003
83.	Sardar Buta Singh	2003-2004
		(upto 6.2.2004)

		(upto 1.3.2002)
		(upto 1.3.2002)

		(upto 1.3.2002)
		(upto 1.3.2002)

		(upto 1.3.2002)
		(upto 1.3.2002)

Note: Till 1966-67 Chairmen, PAC were appointed from members of the ruling Party.

Audit Paragraphs/Subjects Selected by Public Accounts Committee (2003-2004) for Detailed Examination during the Year 2003-2004

SL. No.	Report No.	Paragraph No.	Subject	Ministry/ Department
1	2	3	4	5
19.	6 of 2003	9	Accumulation of stocks of Grenades	Ministry of Defence
20.	6 of 2003	30	Defective manufacture of shells	Ministry of Defence
21.	7 of 2003	8	Mismatch in procurement of bombs and components	Ministry of Defence
22.	7 of 2003	18	Avoidable additional expenditure on refit of a Naval Ship	Ministry of Defence
23.	8 of 2003	3.1	Injudicious sanction/execution of an unremunerative project	Ministry of Railways
24.	8 of 2003	3.2	Unproductive expenditure on restoration of uneconomic Narrow Gauge (NG) lines	Ministry of Railways
25.	8 of 2003	3.3	Unproductive expenditure due to defective planning	Ministry of Railways
26.	8 of 2003	4.1.1	Premature stabling of WAG-6 Locomotives	Ministry of Railways
27.	8 of 2003	4.2.1	Wasteful expenditure on manufacture of BOXNHA wagons	Ministry of Railways
28.	8 of 2003	4.2.3	Blocking up of capital due to injudicious award of contracts	Ministry of Railways
29.	8 of 2003	4.4.2	Extra expenditure on procurement of Spheroidal Graphite Cast Iron (SGCI) inserts	Ministry of Railways
30.	9 of 2003	Chapter I	Rehabilitation/Rebuilding/ Strengthening of Railway Bridges	Ministry of Railways
31.	9 of 2003	Chapter 4	Gauge conversion of Mysore-Hassan section	Ministry of Railways
32.	10 of 2003	Chapter 2	Non disposal/delay in disposal of seized confiscated and detained goods	Ministry of Finance (Department of Revenue)
33.	10 of 2003	Chapter 3	End use exemption notification issued U/S 25 (1) of Customs Act, 1962	Ministry of Finance (Department of Revenue)
34.	10 of 2003	4.1	Short levy due to incorrect classification of beddings, mattresses etc.	Ministry of Finance (Department of Revenue)
35.	11 of 2003	6.2	Loss of revenue due to in-ordinate delay in amendment in Tariff	Ministry of Finance (Department of Revenue)
36.	11 of 2003	6.3	Incorrect grant of refund of NCCD in North Eastern States	Ministry of Finance (Department of Revenue)
37.	11 of 2003	Chapter 2	Review on Valuation of excisable goods under section 4 A (Maximum Retail Price)	Ministry of Finance (Department of Revenue)
38.	11 of 2003	Chapter 3	Review on Handling of Appeal Cases in the Central Excise Department	Ministry of Finance (Department of Revenue)
39.	12 of 2003	3.12.4	Incorrect allowance of deduction in respect of payment made outside India for acquiring knowhow S. No. 1 of Table No. 3.9—M/s Asianet Communications (Pvt.) Ltd. Tamil Nadu-I Chennai	Ministry of Finance (Department of Revenue)
40.	12 of 2003	3.20.4	Incorrect allowance of deduction in respect of export profits-S. No. 1 of Table No. 3.22—M/s Hindustan Lever Ltd. Mumbai City III	Ministry of Finance (Department of Revenue)
1.	1 of 2003	7.1	Excess disbursements over grants/appropriations	Various Ministries/Departments
2.	1 of 2003	Chapter 8	Review of selected grants (Grant Nos. 22, 65 and 85)	Ministry of External Affairs, Ministry of Rural Development and Ministry of Social Justice and Empowerment
3.	2 of 2003	3.1	Functioning of Mail Motor Service	Ministry of Communications and Information Technology (Department of Posts)
4.	2 of 2003	4.6	Irregularities in hiring of Embassy residence and avoidable expenditure on rent	Ministry of External Affairs
5.	2 of 2003	7.1	National Crime-Criminal Information System	Ministry of Home Affairs
6.	2 of 2003	12.2	Infructuous expenditure on erection of Ready Mixed Concrete Batching Plant	Ministry of Urban Development and Poverty Alleviation
7.	2 of 2003	12.3	Idle investment on vacant shops and accumulation of arrears of license fee	Ministry of Urban Development and Poverty Alleviation
8.	3 of 2003	Chapter I	National Scheme of Liberation and Rehabilitation of Scavengers and their Dependents	Ministry of Social Justice and Empowerment
9.	3 of 2003	Chapter II	Swarnjayanti Gram Swarozgar Yojana	Ministry of Rural Development
10.	4 of 2003	2.1	All India Council for Technical Education	Ministry of Human Resource Development (Department of Secondary and Higher Education)
11.	4 of 2003	5.1	Unfruitful expenditure	Ministry of Information and Broadcasting (Prasar Bharati)
12.	4 of 2003	5.3	Incorrect interpretation of commercial rates	Ministry of Information and Broadcasting (Prasar Bharati)
13.	4 of 2003	5.4	Undue benefit to a producer	Ministry of Information and Broadcasting (Prasar Bharati)
14.	4 of 2003	5.7	Non Collection of Fee and interest for the telecasting of the Tamil Serial 'Janani'	Ministry of Information and Broadcasting (Prasar Bharati)
15.	4 of 2003	5.8	Misplaced concession	Ministry of Information and Broadcasting (Prasar Bharati)
16.	4 of 2003	6	Irregularities in disposal of seized assets	Ministry of Labour (Employees Provident Fund Organisation)
17.	5 of 2003	2.1	Technology transfer in Council of Scientific and Industrial Research	Ministry of Science and Technology (Department of Scientific and Industrial Research)
18.	6 of 2003	2	Exploitation of Defence Lands	Ministry of Defence

1	2	3	4	5
41.	12 of 2003	3.15	Incorrect allowance of liability—S.No. 1 of Table No. 3.13—M/s M.S. Shoes East Ltd. Central II Delhi	Ministry of Finance (Department of Revenue)
42.	12 of 2003	3.20.2	Incorrect grant of exemption to industrial undertaking established in free trade zones—S.No. 1 of Table No. 3.20—M/s IMR Global Ltd. Mumbai City-VI	Ministry of Finance (Department of Revenue)
43.	12 of 2003	3.13.2	Other provisions — S. No. 2 of Table No. 3.11 — M/s Engineers India Ltd. Delhi IV	Ministry of Finance (Department of Revenue)
44.	12 of 2003	3.17	Income not assessed — S. No. 1 of Table No. 3.14 — M/s Cotton Corporation of India Ltd. Mumbai City I	Ministry of Finance (Department of Revenue)
45.	12 of 2003	3.13.1	Provisions for bad debts in respect of Banking companies/other than Banking companies — S.No. 2 of Table No. 3.10 — M/s Indian Bank, Tamil Nadu I Chennai	Ministry of Finance (Department of Revenue)
46.	12 of 2003	3.5	Status of replies received from Ministry of Finance — S. No. 1 of Table No. 3.1 — M/s Punjab State Electricity Board, Patiala	Ministry of Finance (Department of Revenue)
47.	12 of 2003	3.18	Incorrect computation, carry forward and set off of losses—S. No. 1 of Table No. 3.15 — M/s West Bengal State Electricity Board, Kolkata	Ministry of Finance (Department of Revenue)
48.	13 of 2003	Chapter I	Effectiveness of Liquidation of outstanding arrears of demand of Rs. 50 Lakh and above as on 1 April 2001	Ministry of Finance (Department of Revenue)
49.	13 of 2003	Chapter 3	Assessment of companies in select sectors Pharmaceuticals & Paints and Varnish Sector (1) M/s Ranbaxy Laboratories Ltd. Delhi V charge Sl. No. 2 of Table A.1 of Annexure A of Para No. 3.6.1 (2) M/s Dr. Reddy's Laboratories Ltd. Hyderabad I charge Sl. No. 1 of Table A.3 of Annexure A of Para No. 3.6.1 (3) M/s Pfizer Ltd. and M/s Asian Paints, Mumbai City VIII and II charge Sl. No. 1 of Table A.8 of Annexure A of Para No. 3.6.1 and Sl. No. 1 of Table C.2 of Annexure C of Para No. 3.10.1 Food Processing Sector (1) M/s Nestle India Ltd. Delhi V charge Sl. No. 3 of Table B.1 of Annexure B of Para No. 3.8.1 (2) M/s Himalayan International Ltd. Delhi IV charge Sl. No. 1 of Table B.7 of Annexure B of Para No. 3.8.1 Cigarettes Sector (1) M/s ITC Ltd. West Bengal III Kolkata charge Sl. No. 3 & 4 of Table D.1 of Annexure D of Para No. 3.12.1	Ministry of Finance (Department of Revenue)
50.	13 of 2003	Chapter 2	Implementation of selected judgements of Supreme Court (1) M/s VLS Finance Ltd. Central II Delhi charge Para No. 2.9.7 (a) Page 44 of AR (2) M/s R.K. Marble Ltd. Ajmer charge Para No. 2.9.16 Sl. No. 1 of Table No. 13 Page 58 of AR (3) M/s Kitply Industries Ltd. Dibrugarh charge Para No. 2.9.12 Sl. No. 1 of Table No. 10 Page 52 of AR	Ministry of Finance (Department of Revenue)

The Public Accounts Committee (2003-2004) have also decided to Continue Examination of the Following subjects/ Paragraphs which were selected by the Predecessor Committee

Sl. No.	Report No.	Paragraph No.	Subject	Ministry/Department
1	2	3	4	5
1.	7 of 1999	23	Development of Multi-Barrel Rocket Launcher System (PINAKA)	Ministry of Defence
2.	8 of 2001	6	Upgradation of MIG Bis aircraft	Ministry of Defence
3.	11 of 2001	3.2	Lacunae in Central Excise duty exemption scheme for North Eastern States	Ministry of Finance (Department of Revenue)
4.	2 of 2002	2	Working of Government Medical Stores Depot, Kolkata	Ministry of Health and Family Welfare-
5.	2 of 2002	4	Integrated Wastelands Development Programme	Ministry of Agriculture
6.	2 of 2002	11.1, 11.2 and 11.3	(i) Recovery at the Instance of Audit, (ii) Extra expenditure due to delay in construction and; (iii) Procurement of defective Mini Jammer	Ministry of Home Affairs
7.	2 of 2002	18.8	Failure to construct earthquake resistant demonstration houses in Uttaranchal	Ministry of Rural Development
8.	3 of 2002	Chapter I	National Disease Control Programme	Ministry of Health
9.	3 of 2002	Chapter IV	Accelerated Urban Water Supply Programme	Ministry of Urban and Rural Development
10.	4 of 2002	1.2	Navodaya Vidyalaya Samiti	Ministry of Human Resource Development (Department of Secondary and Higher Education)
11.	4 of 2002	1.3	University Grants Commission	Ministry of Human Resource Development (Department of Secondary and Higher Education)
12.	4 of 2002	2.2	Dredging Operations at Kolkata Port Trust	Ministry of Shipping
13.	4 of 2002	3.1	Undercharging of monitoring fee	Ministry of Shipping
14.	4 of 2002	6.10	Recurring losses in running the (Delhi) University Press	Ministry of Human Resource Development
15.	5 of 2002	Chapter 2.1	Indian Agricultural Research Institute	Ministry of Agriculture
16.	5 of 2002	Chapter 2.2	National Dairy Research Institute	Ministry of Agriculture
17.	5 of 2002	Chapter 13	Wasteful expenditure on social welfare project for fishermen	Department of Ocean Development
18.	6 of 2002	52	Speed Post Services	Ministry of Communication and Information Technology (Department of Posts)
19.	7 of 2002	42	Working of Grey Iron Foundry, Jabalpur	Ministry of Defence

1	2	3	4	5
20.	8 of 2002	2	Acquisition of Special Purpose Helicopter	Ministry of Defence
21.	8 of 2002	16	Procurement of a missile	Ministry of Defence
22.	8 of 2002	22	Delay in development and production of indigenous mines	Ministry of Defence
23.	8A of 2002	Entire Report	Audit Report (Defence Services—Air Force & Navy) for the year ended March 2002 (No. 8A of 2002)	Ministry of Defence
24.	9 of 2002	4.3.1	Procurement of pre-stressed concrete sleepers	Ministry of Railways
25.	9 of 2002	4.3.2	Extra expenditure on procurement of wooden sleeper turnouts/concrete sleeper turnouts	Ministry of Railways
26.	9 of 2002	4.3.4	Extra expenditure due to incorrect assessment of requirement of Cast Manganese Steel (CMS) Crossings	Ministry of Railways
27.	9 of 2002	4.3.5	Loss due to defects in design of bogie of High Speed BOXN wagons	Ministry of Railways
28.	9A of 2002	Chapter 2	Passenger Amenities on Indian Railways	Ministry of Railways
29.	10 of 2002	Chapter 2	Indian Customs Electronic Data Interchange System	Ministry of Finance (Department of Revenue)
30.	11 of 2002	Chapter 2	Review of the Scheme for levy of Central excise duty on the basis of capacity of production on processed fabrics	Ministry of Finance (Department of Revenue)
31.	11 of 2002	3.1	Absence of appropriate provision in the Rules enabled assessee to get unintended benefit	Ministry of Finance (Department of Revenue)
32.	11 of 2002	3.2	Ambiguous notification led to non levy of additional duties	Ministry of Finance (Department of Revenue)
33.	11 of 2002	Chapter 12	Service Tax	Ministry of Finance (Department of Revenue)
34.	12 of 2002	Chapter 3	Corporation Tax: Para No. 3.19(b) (SL. No. 1), Para No. 3.25 (Sl. No. 1), Para No. 3.27 (Sl. No. 1) and Para No. 3.31 (c) (Sl. No. 1)	Ministry of Finance (Department of Revenue)
35.	12A of 2002	Chapter 1 to 3	Reviews on Audit of Assessments in select sectors (i) Co-operative Societies (ii) Private Banking Companies and Non Banking Financial Companies (iii) Private Hospitals and Nursing Homes	Ministry of Finance (Department of Revenue)

PUBLIC ACCOUNTS COMMITTEE



LOK SABHA SECRETARIAT
NEW DELHI
APRIL, 2004

LARRDIS/No. 11/PPR/27/04

