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**FOURTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2019-2021)**

**EIGHTY SEVENTH REPORT**

(Presented on 21<sup>st</sup> January, 2021)



**SECRETARIAT OF THE KERALA LEGISLATURE  
THIRUVANANTHAPURAM  
2021**

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**COMMITTEE  
ON  
PUBLIC ACCOUNTS  
(2019-2021)**

**EIGHTY SEVENTH REPORT**

**On**

**Action Taken by Government on the Recommendations contained in the Sixtyfourth  
Report of the Committee on Public Accounts**

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COMMITTEE ON PUBLIC ACCOUNTS  
(2019-2021)

**Composition**

*Chairman :*

Shri V. D. Satheesan.

*Members :*

Smt. P. Aisha Potty

Shri P. K. Basheer

Shri James Mathew

Shri K. Kunhiraman

Shri Mathew T. Thomas

Shri A. Pradeepkumar

Shri Mullakkara Retnakaran

Shri Roshy Augustine

Shri Saji Cheriyan

Shri V. S. Sivakumar.

*Legislature Secretariat:*

Shri S.V. Unnikrishnan Nair, Secretary

Smt. Manju Varghese, Joint Secretary

Shri R. Venugopal, Deputy Secretary.

## INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report on their behalf present the Eighty Seventh Report on Action Taken by Government on the Recommendations contained in the Sixtyfourth Report of the committee on Public Accounts(2001-2004).

The Committee considered and finalised this Report at the meeting held on 20-1-2021.

Thiruvananthapuram,  
20th January, 2021.

V. D. SATHEESAN,  
*Chairman,*  
*Committee on Public Accounts.*

## **REPORT**

This Report deals with the Action Taken by the Government on the recommendations contained in the 64<sup>th</sup> Report of the Committee on Public Accounts (2001-2004).

The 64<sup>th</sup> Report of the Committee on Public Accounts (2001-2004) was presented to the House on 19<sup>th</sup> January, 2004. The Report contained 9 recommendations related to the regularisation of excess expenditure over Voted Grants/Charged Appropriations of various departments. The Report was forwarded to the Government on 4-2-2004 to furnish the Statements of Action Taken on the recommendations contained in the Report and the final reply was received on 18-9-2018.

The Committee examined the Action Taken statements at its meetings held on 11-6-2008, 6-5-2009, 2-6-2010, 1-8-2012 and 19-9-2018. The Committee was not satisfied with the Action Taken by the Finance Department on recommendation contained in Para No.9 and decided to pursue further. This recommendation, reply furnished thereon and further recommendation of the Committee are included in Chapter I of this Report.

The Committee decided not to pursue further action on the remaining recommendations in the light of the replies furnished by the Government. Such recommendations of the Committee and the Action Taken by Government are included in Chapter II of this Report.

### **CHAPTER I**

Recommendation in respect of which action taken by Government is not satisfactory and which require reiteration

#### **FINANCE DEPARTMENT**

##### **Recommendation**

*(Sl. No.4, Para No.9)*

1.1 The Committee urges the Administrative Departments to submit proposals for Supplementary Demand in the appropriate time and to maintain proper liaison with Finance Department in the follow up action. The Committee recommends that allocation of Funds should be made for ongoing works so that, the projects could achieve progress.

### **Action Taken**

1.2 Finance Department is taking all necessary care for providing funds for the on going projects. But the quantum of allocation is determined by the Planning Board.

### **Further Recommendation**

1.3 The Committee recommends that funds should be made available for the ongoing projects and proposals should be submitted in time for the inclusion in the Supplementary Demands for Grants.

## **CHAPTER II**

Recommendations in respect of which the Committee does not pursue further action in the light of the replies furnished by the Government

### **Recommendation**

*(Sl. No.1, Para No.3)*

2.1 While examining the notes on excess expenditure, the Committee observed that the General Education Department has to furnish notes on excess expenditure pertaining to that department incurred from the financial year 1983-84 onwards. The seemingly defiant attitude of the General Education Department cannot be viewed lightly. The administrative departments have a constitutional obligation to get the excess expenditure regularised in the least possible time. But despite repeated requests and reminders and even directives from the Committee, the General Education Department has totally failed in discharging the constitutional obligations and duties. Similar is the case with many other departments, even though the pendency in furnishing explanatory notes is not so grave as in the case of General Education Department. As this state of affairs cannot be allowed to continue indefinitely, the Committee during its meeting on June 11, 2003 decided to set a time limit upto 1<sup>st</sup> September 2003 for all departments to submit explanatory notes on reasons for excess expenditure in pending cases.



### **Action Taken**

2.2 General Education Department in its reply on 18-9-2018 states that the details regarding excess expenditure pertaining to that para could not be traced either in the department or the Directorate as the records dates back to 35 years. All excess expenditure pertaining to General Education Department upto 2015-16 has been regularized.

### **FINANCE DEPARTMENT**

2.3 Finance Department is taking earnest effort for the regularization of excess expenditure of previous years. All the Administrative Departments are reminded at regular interval. Meeting with secretaries are also being convened. Circular Instructions also issued for the speedy settlement of the issue vide Circular No. 27/2004/Fin dated 7-5-2004 and Circular No.13/2005/Fin dated 4-3-2005.

### **TAXES DEPARTMENT**

2.4 The department had submitted the regularization notes of excess expenditure upto the year 2000 within the stipulated time. Also department had taken initiatives to complete the regularisation process within the time limit set by the Committee in future. Delayed submission of regularisation notes is due to incompleteness of reconciliation within the time, in most occasions.

### **PORT DEPARTMENT**

2.5 There is no cases pending for regularisation as far as Port Department is concerned. Hence no regularisation cases are pending due to excess expenditure over budget.

### **ANIMAL HUSBANDRY DEPARTMENT**

2.6 Notes on excess expenditure pertaining to Animal Husbandry Department were furnished in time.

**Recommendation**

*(Sl. No.2, Para No.4)*

2.7 The Committee understands that the main reasons attributed to excess expenditure are absence of timely reconciliation of accounts by the administrative departments and action thereon, failure in mooted proposals for supplementary grant in appropriate time, spending in anticipation of additional authorisation but without budget provision etc. The Committee urges all the departments to look into the matter with utmost care and to ensure that no such irregularities occur in future. The Committee also desires that the Finance Department should monitor the functions relating to incurrence of expenditure by the various administrative Departments and maintenance of accounts on the same.

**Action Taken****FINANCE DEPARTMENT**

2.8 The reason for excess expenditure is the absence of timely reconciliation of the accounts by the departments. Finance Department is issuing strict instructions for the reconciliation of accounts in time, Vide Cir. No. 38/2003/Fin dated 2-5-2003, Cir. No. 86/2003/Fin dated 29-10-2003, Cir. No. 37/2005/Fin dated 23-6-2005 and Cir. No. 18/2006/Fin dated 4-5-2006.

**Further Recommendation**

2.9 The Committee noted that the internal audit wing was not functioning properly. The Committee recommended that disciplinary action should be taken against the officers who defy the circular instructions issued from the Finance Department.

**Action Taken**

2.10 Circular instruction has been issued to all Heads of Department vide Circular No. 4/2010/Fin. Dated 14-1-2010 with strict directions to initiate stringent disciplinary action against those officers who defy the instructions issued by the Finance Department from time to time on excess expenditure over budget

provision and timely reconciliation of accounts with Accountant General, Kerala (Circular No.4/2010/Fin. Dated 14-1-2010 enclosed). It has also directed therein that the internal Audit Wings in various Department should give emphasis on monitoring the progress of excess expenditure on voted/charged appropriation. It is further instructed that the Internal Audit Reports should also contain the details of excess expenditure, redemption of funds of a financial year.

### TAXES DEPARTMENT

2.11 The timely reconciliation is necessary to trace out the excess expenditure of each department concerned. In most occasions department issued strict directions to the controlling officers for upto date reconciliation. The reconciled figures submitted by the controlling officers shows many defects and variations. This caused inexplicable delay on issue of the reconciliation certificates, when comparing with AG's figures.

The department had given top priority to submit the proposals for supplementary Demand for Grants within the time limit and in future courses also the tempo will be restored.

### PORT DEPARTMENT

2.12 This department have proper and effective system of control in watching expenditure and no expenditure has been incurred in anticipation of additional authorisation and the entire expenditure has been limited to budget provision.

### ANIMAL HUSBANDRY DEPARTMENT

2.13 Necessary steps have been taken to avoid excess expenditure in future by ensuring timely reconciliation of accounts mooting proposals for SDG etc. at appropriate time.

The reconciliation certificates under the head of account 2403-AH for the period up to January 2008 have already been furnished to A.G. concerned and the reconciliation work of the remaining period is in progress.

**Recommendation**

*(Sl. No.3, Para No.5)*

2.14 The details of items pending regularisation which the Committee could not examine and recommend for regularisation due to non-receipt of notes from the Administrative Departments concerned are given in Appendix II. The Committee urges that the departments concerned should take immediate steps to furnish the notes, without further delay.

**Action Taken****FINANCE DEPARTMENT**

2.15 The excess regularisation relating to Finance Department for the years upto and including 2004-05 has already been furnished to Accountant General for vetting and final copies will be furnished shortly. All the Administrative Departments were directed to furnish the notes within a month. Meeting were also convened by Principal Secretary (Finance). Chief Secretary issued directions to adhere to the time limits.

**TAXES DEPARTMENT**

2.16 There is no laxity from the part of department for submitting the notes for regularisation in time. Respecting the recommendations by the Committee the department will ensure the timely submission of notes for regularization.

**PORT DEPARTMENT**

2.17 Reconciliation of account are being done properly and completed till 2004-05 as far as Port Department is concerned Port Department has taken proper and effective measures to watch control over expenditure which led to excess expenditure.

**ANIMAL HUSBANDRY DEPARTMENT**

2.18 No pending regularization is in Animal Husbandry Department.

**Recommendation**

*(Sl. No.4, Para No.9)*

2.19 The Committee urges the Administrative Departments to submit proposals for Supplementary Demand in the appropriate time and to maintain proper liaison with Finance Department in the follow up action. The Committee recommends that allocation of Funds should be made for ongoing works so that the projects could achieve progress.

**Action Taken****TAXES DEPARTMENT**

2.20 The Departmental authorities are keenly observing on spending allotment funds for ongoing works and measures are taken to ensure to furnish the details of expenditure through proceedings/circulars issued by the Commissioner of Commercial Taxes. Instructions are given to accelerate the volume of progress.

**PORT DEPARTMENT**

2.21 Necessary proposals will be forwarded for inclusion of additional fund through Supplementary Demand for Grant, or by reappropriation if excess expenditure is anticipated.

**ANIMAL HUSBANDRY DEPARTMENT**

2.22 Prompt/timely action will be taken in the case of supplementary demand proposals and to maintain proper liaison with Finance Department in the follow up action.

2.23 The reconciliation certificates under the heads of account 2403-AH for the period up to January 2008 have already been furnished to A.G. concerned and the reconciliation work of the remaining period is in progress.

**LOCAL SELF GOVERNMENT****(RURAL DEVELOPMENT) DEPARTMENT**

2.24 Prompt action would be taken (i) to submit proposals for Supplementary Demands for Grants in the appropriate time and liaise with Finance Department for follow up action and to (ii) submit proposals for the allocation of funds as per project implementation plan.

## POWER DEPARTMENT

### **(Action Taken on Para Nos. 3, 4, 5 & 9)**

2.25 This Department has always tried to get the excess expenditure regularized in the least possible time. The few instances of excess expenditure mentioned at Appendix II of the Report occurred due to Special circumstances, which are well explained in the Notes for Regularisation. In respect of Regularisation of excess for the years 1995-96 and 1996-97, Notes for Regularisation have been forwarded to Finance Department for scrutiny and getting them vetted by Audit vide File No.448/C1/97/PD on 15-11-2003 and File No. 7307/C1/2003/PD on 27-8-2003 respectively. The Notes will be furnished to Legislature Secretariat immediately on receipt of the files back from Finance Department.

In most of the cases this Department had taken up proposals for Supplementary Demand to cover the expenditure which had to be incurred under unavoidable circumstances in excess of original grant. This Department will take timely action in future in this direction to avoid incurring expenditure beyond the limit authorized by the House. In this connection it may be noted that no instances of excess expenditure have so far occurred under the heads of accounts operated by Electrical Inspectorate Department, which is under the administrative control of this Department. Also, maximum effort is being taken by the Electrical Inspectorate Department for timely reconciliation of Departmental figures with the accounts maintained by Accountant General.

## TRANSPORT DEPARTMENT

### **(Action Taken on Para Nos. 3, 4, 5 & 9)**

2.26 The views of the Committee have been noted and the notes for regulation of excess expenditure under Grant No. XLI (1995-96) had been prepared and forwarded to Accountant General (Audit) for vetting as per Government letter No. 8430/B2/98/Tran dated 10-8-2006. As the Accountant General (Audit) has returned the notes unvetted as per letter No. Rep(PAC)/8-Excess/1995-96/76 dated 14-9-2006 demanding revised notes incorporating certain corrections, the details for such correction have been called for from the subordinate offices. On receipt of the details the notes will be furnished after getting it vetted in Audit. The notes will be furnished within 3 months.

### **Further Recommendation**

2.27 The Committee observed that the action taken statement furnished by the Department was not satisfactory and wanted that the reply should be furnished within two months after the presentation of the Report in the House.

### **Action Taken**

2.28 The views of the committee have been noted. The notes explaining reasons for excess expenditure over voted grants under Grant No. XLI(Transport) Capital & Revenue, for the year 1995-96 duly vetted by the Audit, has been furnished to the Legislature Secretariat vide Government letter No. 8430/B2/98/Tran dated 25-2-2009 and as requested from the Legislature Secretariat 35 more copies of the notes were furnished to Legislature Secretariat vide Government letter No.6996/B2/09/Tran dated 25-7-2009.

Directions are also issued to all Heads of Department for timely reconciliation of accounts.

The notes explaining reasons for excess expenditure under Grant No.XLI (Transport) Capital & Revenue, for the year 1995-96 duly vetted by the Audit, has been furnished to the Legislature secretariat vide Government letter No. 8430/B2/98/Tran dated 25-2-2009.

Directions are also issued to all Heads of Department for timely submission of proposal for Supplementary demands.

## **LABOUR & REHABILITATION DEPARTMENT**

### **(Action Taken on Para Nos. 3, 4 & 9)**

2.29 Directions have been given to the sections of Labour & Rehabilitation Department to follow strictly the general recommendations contained in Para 3, 4 & 9 of the PAC (2001-2004) 64<sup>th</sup> Report in future.

## **GENERAL ADMINISTRATION (TOURISM) DEPARTMENT**

### **(Action Taken on Para Nos. 3, 4, 5 & 9)**

2.30 Earnest efforts are being taken to submit the explanatory notes on reasons for excess expenditure in pending cases in respect of General Administration (Tourism) Department. Observation of the Committee in the matter is noted for future.

### **Observations of the committee**

2.31 Though the replies furnished by the General Administration(Tourism) and Labour and Rehabilitation Departments are not satisfactory, the Committee does not want to pursue the matter in the wake of its decision that if the Action Taken Statements on the excess expenditure over voted Grants/charged Appropriation furnished by the Finance Department are satisfactory further action need not be taken on SOATS on same recommendations from respective Administrative Departments. The Committee warn the departments not to furnish such replies.

### **FINANCE DEPARTMENT**

#### **Recommendation**

*(Sl. No.5, Para No.11)*

2.32 The Committee recommends that the Government should give due priority for disbursing the allotment to Kerala State Electricity Board for its modernisation. The Committee also desires that the Finance Department should take necessary action to allot the amount sanctioned for the modernisation of the Kerala State Electricity Board in cash instead of making book adjustments.

#### **Action Taken**

2.33 Consequent to the reforms initiated by Government of India in Power Sector, Government of Kerala has taken many steps to tone up the functioning of the Kerala State Electricity Board. Loan worth Rs.1553 crore (including interest) due to the Government were converted in to equity and grant and liabilities of the KSEB to the CPSUs worth Rs.1158 crore were taken over by the Government. All these measures were taken up to enable the KSEB to stand on its own and to function efficiently on prudent lines. Due to the change in policies of the Government and due to financial constraints, Government is no longer funding PSUs as a matter of routine. Accordingly, Government is not providing any Budgetary support to KSEB for its modernisation lately. As such the question of providing funds in cash for modernisation of KSEB does not arise now. However, funds are being provided under APDRP under the head of account



6801-190-91-Loan to KSEB under APDRP (plan) and h/a 2801-80-101-97 Assistance to KSEB under APDRP (plan) and the same are being released in cash without subjecting to any adjustments. It may also be pointed out that the Government has released to KSEB Rs.556 crore in 2003-04 and Rs.200 crore in 2002-03, towards revenue deficit of KSEB. Government will abide by the recommendations of the Committee in future if funds are provided for modernisation of KSEB.

## TOURISM DEPARTMENT

### **Recommendation**

*(Sl. No.6, Para No.13)*

2.34 The Committee understood that the excess expenditure was incurred anticipating provisions in the Supplementary Demands. But no amount was provided which resulted in excess over Voted Grant. The Committee views with serious concern the incurring of expenditure in the aforesaid manner. The Committee urges the department to curb the tendency of spending without provisions.

### **Action Taken**

2.35 As per the recommendation of the Committee, necessary direction has been given to all concerned vide Circular No.14043/TB3/04/GAD dated 8-9-2004.

## TAXES DEPARTMENT

### **Recommendation**

*(Sl. No.7, Para No.16)*

2.36 The Committee observed that the department, in the notes furnished earlier, contended that no excess was incurred during the years 1994-95 and 1995-96. The department gave very same explanations for the above excess expenditure. From the notes it appears that there is no effective system of reconciliation in the department. The Committee expresses dissatisfaction over the reply furnished by the department, without caring to the advice of the Accountant General (A&E) in this regard and without getting the figures reconciled. The Committee urges the department to take necessary measures for the timely reconciliation of accounts.

### **Action Taken**

2.37 The reconciliation of expenditure of Taxes Department (Registration) has been done upto 2005-06. Necessary arrangements has been made for the timely reconciliation of accounts in future course of time.

By accepting the recommendations of the Committee the department has taken effective measures for the timely reconciliation and is working hard to furnish reconciliation certificate to AG and Governments by the end of each financial year.

### **Action Taken**

## **FINANCE DEPARTMENT**

2.38 The Demands for Excess Grants for regularising the excess expenditure over voted Grant/Charged Appropriations for the years 1990-1991, 91-92, 92-93, 94-95, 95-96, 98-99 and 1999-2000 as recommended in the 64<sup>th</sup> Report of the Public Accounts Committee were considered and passed by the Legislative Assembly on 1<sup>st</sup> March, 2005. The connected Appropriation Acts(Appropriation Acts Nos. 2,3,4,5,6,7 & 8 of 2005) have been published in the Kerala Gazette Extraordinary dated 26-3-2005 (vide Gazette Notification Nos. 625 to 631 dated 26-3-2005).

## **FOREST & WILD LIFE DEPARTMENT**

2.39 Necessary directions were issued by Principal Chief Conservator of Forest as per circular No. 10/2007 dated 3-5-2007 to all Chief conservator of Forest to limit the incurring of expenditure within the budget provision year after year. Excess expenditure over the voted grants would have been avoided in future. It is reported by the Principal Chief Conservator of Forests that steps have also been taken to avoid delay in regularizing the excess, in case of any excess expenditure over voted grants occurs in future. A copy of the circular issued by the Principal Chief Conservator of Forest to the officers concerned is enclosed herewith for reference.

## TAXES DEPARTMENT

2.40 The department had already submitted the notes for regularization referred in this para.

## FINANCE DEPARTMENT

### **Recommendation**

*(Sl. No.9, Para No.18)*

2.41 The Committee urges the Finance Department to examine the feasibility of introducing in our State also the system being followed in the regularisation of Excess Expenditure, by the Central Administrative departments and approved by the Public Accounts Committee of Parliament as well as the Parliament itself to streamline the procedure involved in the process of regularisation for avoiding undue delay in future, in consultation with the Accountant General.

### **Action Taken**

2.42 The procedures followed for the regularisation of excess expenditure over voted grants/charged appropriations disclosed in the Appropriation Accounts in the Administrative Departments of Central and all other States is uniform since this is based on the provisions enshrined under Article 115 (1) (b) and 205 (1) (b) of the Constitution of India. However, the relevant extract of the procedure followed for regularization of excess expenditure by Central Administrative Departments/Public Accounts Committee (Loksabha) is given below:

“9. Extract of the report of PAC (Lok Sabha) Procedures for Regularisation of Excess Expenditure, any expenditure incurred by the Union Government in excess of the authorized grants/appropriations in a financial year requires regularisation by Parliament in terms of Article 115(1)(b) of the Constitution which stipulated that if any money had been spent on any service during a financial year in excess of the amount granted for that service and for that year, the President should cause to be presented to the House of People a demand for such excess.

10. According to the procedure laid down for the regularisation of excess in expenditure, the Ministries and Departments of Government of India are required to furnish to the Public Accounts Committee explanatory notes containing the reasons for or circumstances leading to the excesses under each excess registering grant or appropriation by 31<sup>st</sup> May or immediately after the presentation of the relevant Appropriation Accounts, whichever may be later. Thereafter, the Public Accounts Committee proceed to examine, in the light of explanatory notes/evidences furnished by the Ministries, the circumstances leading to such excesses and present a report thereon to Parliament recommending regularisation of the excesses subject to such observations/recommendations as they may choose to make. Pursuant to the Report of the Committee, Government initiate necessary action to have the excesses regularised by Parliament, under Article 115 (1) (b) of the Constitution, either in the same Session in which the Committee present their Report or in the following Session.”

Thiruvananthapuram,  
20<sup>th</sup> January, 2021.

V. D. SATHEESAN,  
*Chairman,*  
*Committee on Public Accounts.*

**Appendix**

## Summary of Main Conclusion/Recommendation

Sl. No.	Para No.	Department concerned	Conclusion / Recommendation
1	1.3	Finance	The Committee recommends that funds should be made available for the ongoing projects and proposals should be submitted in time for the inclusion in the Supplementary Demands for Grants.