

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2016-2019)**

TWENTY FIRST REPORT
(Presented on 22nd March 2018)



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2018**

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On

**Action Taken by Government on the Recommendations
contained in the 20th Report of the Committee on
Public Accounts (2011-2014)**

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INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Twenty First Report on Action Taken by Government on the recommendations contained in the 20th Report of the Committee on Public Accounts (2011-2014).

The Committee considered and finalised this Report at the meeting held on 19th March 2018.

Thiruvananthapuram,
19th March, 2018.

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

REPORT

This Report deals with the Action Taken by Government on the recommendations contained in the Twentieth Report of the Committee on Public Accounts (2011-2014).

The Twentieth Report of the Committee on Public Accounts (2011-2014) was presented to the house on 13th December, 2012. This report contained five recommendations relating to Taxes, General Education and Information Technology Departments. Government were addressed on 19th December 2012 to furnish the Statements of Action Taken on recommendations contained in the Report and the final reply was received on 3rd May 2016.

The Committee examined the Statements of Action Taken in its meetings held on 15-12-2016 and decided not to pursue further action on the recommendations in the light of the replies furnished by the Government. Such recommendations and Government replies are incorporated in this Report.

TAXES DEPARTMENT

Recommendation

(Sl.No.1, Para No.9)

The Committee is disappointed to note that the department had not properly utilised the amount of ₹ 19.57 crore earmarked for the computerisation of the Commercial Taxes Department over a period of ten years. The Committee came to the conclusion that the sole reason for the failure in implementation of computerisation was not the introduction of KVAT Act because out of the ten years in question, the Department was following the KGST Act for nine years. Hence the department could not escape from the responsibility for the failure in implementation of the scheme simply by blaming the new legislation on taxation.

Action Taken

The project for computerisation of KGST Act was started before 1998 with the assistance of M/s Keltron. The development of software KCTS, was entrusted to M/s Keltron. The implementation which was phased with listed offices in Thiruvananthapuram District was included in the pilot implementation phase.

The system was designed with a client-server architecture with distributed computing. Each district head quarters is designed to host a district server and data transfer to head quarters with push-pull data updation. The hardware for the pilot implementation of the project were installed during 1998. As per the network design all district head quarters are connected to the Commissionerate through BSNL leased lines and the circle offices were connected to the district servers through dial-up connections which was the feasible connectivity solution during the period. M/s Keltron completed the development of software during 2002. In order to implement the project, it was necessary to capture the basic registration particulars of all dealers registered under the KGST Act. Accordingly the details were captured in prescribed forms from all KGST assessment circles and the data entry of the same in KCTS system was entrusted to M/s Keltron in 2003.

The hardware including computers, printers and networking equipments were procured and installed during 2003, leased lines were established to all district head quarters and A class Check Posts. M/s Keltron could complete the data entry work only by 2004. Finally when the project was piloted in Thiruvananthapuram district, it was found that the dial-up connectivity is very slow and the connection is not reliable. It was difficult to roll out of the project to all districts with the unreliable dial-up connection to all circle offices. At this juncture, during 2005, KVAT was introduced in the state. Administration of KVAT required a robust online system and the KCTS system was found to be not suitable for KVAT administration. While the KVATIS system was implemented, the infrastructure procured for the implementation of KCTS had been fully utilized for implementing KVATIS.

Recommendation

(Sl.No.2, Para No.10)

Even though the Committee expressed its satisfaction over the current performance of Commercial Taxes Department, it could find to justification for the failure on the part of the department in keeping hardware and software costing ₹ 5.10 crore, idle for 2 to 3 years and warranty period was only for 3 years. The Committee also observed that the delay in materialising the Computerised Information System had resulted in admitting the input tax credit claims for two years without any cross verification. The Committee urges the department to inform measures taken to retrieve the deficit amount if any, found during cross checking of data.

Action Taken

Consequent to the introduction of VAT, the department has initiated steps for development of KVATIS software for the administration of VAT. The hardware procured for KVATIS has been utilized for the development of software and data entry of returns manually received at circle offices by engaging data entry operators till the roll out of KVATIS. Due to the high volume of returns, the department could gather return data of considerably less number of returns. Hence cross verification of the input tax credit claims for two years through electronic systems was limited during the initial period. Meanwhile, the software development has been completed during 2007 and project rolled out to all circles and major check posts. Consequent to the implementation of the project, the department is equipped with electronic cross verification of input claims and is exercising strict financial discipline.

GENERAL EDUCATION DEPARTMENT

Recommendation

(Sl.No.3, Para No.20)

The Committee is perturbed to note that the department had diverted ₹ 6.74 crore from Kerala State Open Schools Funds towards SCERT's plan funds, violating the norms of re-appropriation of Funds and without obtaining the required sanction from the Government. The Committee view seriously the action of the department and suggests that strict instructions be issued to ensure that such lapses does not occur in future.

Action Taken

SCERT has already taken action to refund the amount to Kerala State Open School by paying ₹ 50 lakh per year towards settlement of loan taken from Kerala State Open School based on the decision taken by the Governing body. Out of the loan amount ₹ 13,18,57,715 a sum of ₹ 6,14,43,944 has been refunded to Kerala State Open School. SCERT is not in a position to repay the whole amount at a stretch. This is due to the fact that SCERT is not receiving non-plan fund and hence most of non-plan expenditure except Salary, Water charge, Telephone charge, Electricity charge, Medical reimbursement and TA are being met from Miscellaneous fund of SCERT, which contain only a limited amount. The fund available under Miscellaneous account is not sufficient to repay the entire loan amount availed from Kerala State Open School.

SCERT will repay the loan in installments. No fund from KSOS is being diverted since then. Strict instructions have been given to the concerned authorities to ensure that such lapse does not occur in future.

Recommendation

(Sl.No.4, Para No.21)

Regarding the transfer of funds worth ₹ 2 crore into the personal accounts of Director, SCERT, the Committee views it as a clear case of corruption and financial misappropriation and opined that the action of the Director as well as the sanction accorded by the Government for transferring the fund into a single account instead of joint account was illegal. The Committee recommends to take stringent action against those responsible.

Action Taken

It was a mistake by the former Director Dr. E. Valsalakumar while filling the application form. The mistake was that he wrote his name instead of writing as "Director SCERT" in the column of the name of Account Holder in the Application form. Soon on realizing the mistake the account opened in the Canara Bank was closed and the whole amount was transferred to SBT Account on Joint Account of Finance Officer and Director. Moreover all the accounts in, SCERT and KSOS are now being operated jointly by Finance Officer and Director. As this issue was due to oversight and will not be repeated.

INFORMATION TECHNOLOGY DEPARTMENT

Recommendation

(Sl.No.5, Para No.29)

The Committee recommends that the Government should provide supportive measures to non-sustainable e-kendras so that the benefits of e-governance reach the rural populace especially in district like Iddukki and Wayanad. The Committee urges the department to examine fund requirements for e-literacy and initiate action to re-allocate the unutilised funds immediately. The Committee directs the department to decide the details of information that can be made available for dissemination to the public and issue specific directions to all departments/other

public institutions involved in providing such information to e-kendras. The Committee also emphasises the need for providing adequate publicity about the service that are available in the e-kendras and also urges the IT department to take necessary steps to extend services of e-payment facilities for all types of payments relating to all departments.

The Committee remarks that an effective mechanism should be derived to Co-ordinate all stakeholder departments to extend support to Akshaya for the smooth functioning of e-kendras.

Action Taken

1. Supportive Measures to non-sustainable e-kendras:—

The e-District Project which aims to deliver the services to citizens electronically in a faster and efficient manner, is providing business opportunities to Akshaya Centres. Introduction of more government and other services in the coming days will lead to the self sustainability of all Akshaya Centres.

2. Fund requirement for e-literacy and action to reallocate the unutilized funds:—

Akshaya has launched e-literacy in the year 2002 when the computer education was accessible only to the affluent society with the mission to bridge this digital divide. Akshaya has trained over 32.8 lakhs people. In the present scenario, ample numbers of institutions are there to impart computer literacy program and all the educational institutions are providing computer training at the school level itself. Hence there is not much need for conducting e-literacy training now. As per G.O.(Rt.) No.2392/2010/LSGD, dated 21-7-2010, Govt. have issued orders to utilize the balance fund available under e-literacy for EMS Bhavana Padhathi.

3. Information Dissemination of Various Departments through Akshaya Centres:—

The e-district piloted in the year 2010 and launched the services of Revenue Departement. It has now been rolled out to entire state. The services of e-district are front ended through Akshaya Centres. The services of other departments will also be integrated with e-district in the next phase.

4. Adequate Publicity:—

As and when a service launched Akshaya as well as the stake holding agencies issue press releases in the newspaper. The District level Akshaya Offices also conduct awareness program through organizing block level meeting and the Local Self Government Institutions also play a very important role in creating awareness. Akshaya State Office has organized Road shows and Street Plays as part of campaigning.

5. Services of e-payment facilities for all types of payments:—

FREES software been rolled out to all Akshaya Centers across the state. This has enabled citizens to make bill payments of any district at any Akshaya Centre of any district. Presently BSNL land line, mobile phone bills, MVD fees, e-challan of police department, Calicut University and MG University fees are brought under this platform. Some other organizations like KSEB, Kerala University are expected to be included under this shortly.

6. Deriving Effective Mechanism to co-ordinate all departments to extend support to Akshaya Centres:—

District level e-governance society under the chairmanship of District Collector with the representatives of various departments has been formed in order to monitor and supervise the e-governance activities. This will provide an effective mechanism for the functioning of Akshaya Centres.

Thiruvananthapuram,
19th March, 2018.

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

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