

**MANAGEMENT OF FUNDS**

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 12<sup>th</sup> Report (17<sup>th</sup> Lok Sabha)]

**Ministry of Coal**

**PUBLIC ACCOUNTS COMMITTEE  
(2020-21)**

**THIRTY-SIXTH REPORT**

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**SEVENTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

PAC NO. 2244

# THIRTY-SIXTH REPORT

## PUBLIC ACCOUNTS COMMITTEE (2020-21)

(SEVENTEENTH LOK SABHA)

### MANAGEMENT OF FUNDS

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 12<sup>th</sup> Report (17<sup>th</sup> Lok Sabha)]

MINISTRY OF COAL



Presented to Hon'ble Speaker on 13.04.2021

Presented to Lok Sabha on:

20/7/21

Laid in Rajya Sabha on:

20/7/21

LOK SABHA SECRETARIAT  
NEW DELHI

March, 2021/Chaitra, 1943 (Saka)

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26<sup>th</sup> March, 2021.
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Accounts Committee contained in their Twelfth  
Report (Seventeenth Lok Sabha)

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE**  
**(2020-21)**

**Shri Adhir Ranjan Chowdhury - Chairperson**

**MEMBERS**

**LOK SABHA**

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Smt. Darshana Vikram Jardosh
6. Shri Bhartruhari Mahtab
7. Shri Ajay (Teni) Misra
8. Shri Jagdambika Pal
9. Shri Vishnu Dayal Ram
10. Shri Rahul Ramesh Shewale
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

**RAJYA SABHA**

16. Shri Rajeev Chandrasekhar
17. Shri Naresh Gujral
18. Shri Bhubaneswar Kalita\*
19. Shri Mallikarjun Kharge\*
20. Shri C. M. Ramesh
21. Shri Sukhendu Sekhar Ray
22. Shri Bhupender Yadav

**SECRETARIAT**

1. Shri T. G. Chandrasekhar - Joint Secretary
2. Shri M.L.K Raja - Director
3. Smt. Bharti S. Tuteja - Additional Director
4. Shri Alok Mani Tripathi - Deputy Secretary

\* Elected w.e.f. 11 February, 2021.

## INTRODUCTION

I, the Chairperson, Public Accounts Committee (2020-21), having been authorised by the Committee, do present this Thirty-sixth Report (Seventeenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twelfth Report (Seventeenth Lok Sabha) on 'Management of Funds' relating to the Ministry of Coal.

2. The Twelfth Report was presented to Lok Sabha/laid in Rajya Sabha on 18<sup>th</sup> March, 2020. Action Taken Replies of the Government to the Observations/Recommendations contained in the Report were received on 16<sup>th</sup> March, 2021. The Committee considered the draft Report on the subject and adopted the Report at their Sitting held on 26<sup>th</sup> March, 2021. Minutes of the Sitting are given at Appendix-I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in bold in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the office of the Comptroller and Auditor General of India.

5. An analysis of the Action Taken by the Government on the Observations/Recommendations contained in the Twelfth Report (Seventeenth Lok Sabha) is given at Appendix-II.

NEW DELHI;  
१६ March, 2021  
०५ Chaitra, 1943 (Saka)

Adhir Ranjan Chowdhury  
Chairperson,  
Public Accounts Committee

## REPORT

### PART - I

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their Twelfth Report (17<sup>th</sup> Lok Sabha) on "Management of Funds".

2. The Twelfth Report (17<sup>th</sup> Lok Sabha) which was presented to Lok Sabha/laid in Rajya Sabha on 18<sup>th</sup> March, 2020, contained 6 Observations and Recommendations. Action Taken Notes in respect of all the Observations and Recommendations have been received from the Ministry of Coal and are broadly categorised as follows:

(i) Observations/Recommendations which have been accepted by the Government:

Para Nos.2, 3, 4 and 6

Total: 4

Chapter - II

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

Para Nos. NIL

Total: NIL

Chapter - III

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Para Nos. 1

Total: 1

Chapter - IV

(iv) Observations/Recommendations in respect of which Government have furnished interim replies:

Para Nos. 5

Total: 1

Chapter -V

3. The detailed examination of the subject by the Committee had revealed serious lacunae in the functioning of CMPFL such as non-implementation of recommendations of the actuary which led to acute deficit in pension fund, deficit of the CMPFO, incorrect diversion of fund from Provident Fund Account to Pension Fund Account, non adherence to Ministry's guidelines for investment for Provident Fund of own employees, excess payment of pension, untraced balances of ₹ 1.71 crore for more than seven years, non review of rate of administrative charges, etc.

4. The Action Taken Notes submitted by the Ministry on the Observations/ Recommendations of the Committee contained in their Twelfth Report (Seventeenth Lok Sabha) have been reproduced in the relevant Chapters of this Report in the succeeding paragraphs. The Committee will now deal with the Action Taken by the Government on some of their Observations/Recommendations made in the original Report which either need reiteration or merit comments.

5. The Committee desire the Ministry of Coal (Ministry) to furnish Action Taken Notes in respect of Observations/ Recommendations contained in Chapter I and V within six months of the presentation of the Report to the House.

**i. Role of Nodal Ministry**  
**(Observation/ Recommendation Para No. 1)**

6. The Committee had noted that Ministry of Coal was found severely wanting in discharging its nodal administrative role which resulted in financial mis-management by CMPFO, a statutory organization under the Ministry's administrative control. Though CMPFO had been accorded with functional autonomy, the nodal administrative Ministry could not shy away from its responsibility and accountability on the grounds of autonomy given to the organization. During the Audit examination, it was found that the Ministry of Coal had not taken due care of its main responsibility of being a watchdog for CMPFO under its aegis. The Committee were aghast to note that it is only after C&AG Report No. 12 of 2017 that brought out the financial irregularities, the issues of financial impropriety by CMPFO came to the notice of the officials of Ministry of Coal.

As per mandate, a senior level officer not below the rank of Joint Secretary is the nominee of the Ministry to the Board of Trustees (BoT) but, it was astonishing to note

that even after due representation, the nodal Ministry had not properly executed their responsibility and defined role. The Ministry cannot abdicate its role of being the administrative body just by conveying that CMPFO had been delegated with necessary powers. The Committee therefore exhorted the Ministry to ensure that the activities of CMPFO were overseen with due care so as to prevent instances such as the unwarranted transfer of funds in CMPFO from PF account to Pension Fund Account in the future. The Committee were of the considered view that had the Ministry been vigilant enough in monitoring the activities of CMPFO, particularly on account of the fact that the Ministry's nominee was a part of BoT, the financial irregularities that came to the notice could have been avoided. The Committee in this regard expressed the need on the part of the Ministry of Coal to discharge the administrative and supervisory role of being a nodal Ministry at all times with due diligence and sincerity.

7. The Ministry of Coal had in their Action Taken Notes stated as under:

"The Coal Mines Pension Scheme 1998 was a contributory scheme but the benefits envisaged in this scheme were highly disproportional as compared to the contribution. The actuarial valuation report recommending change in the pension scheme was not approved by the Board of Trustees. Therefore, no amendment could be made in the scheme which would have resulted in wiping out the deficit that had started emerging in the scheme since 2001 and finally evolved in such a manner that there was absolute deficit between contribution and outgo in the pension funds and there was no other option but to borrow funds from the provident fund to meet the pension obligation and ensure uninterrupted payment as mandated in the pension scheme. Since, it was a general transfer of funds from one account to another of the same organization and the funds so transferred from the provident fund was to be returned back with interest, no irregularity was construed and it was deemed decision as a general administrative decision by the then management of CMPFO. In the light of the above, the internal audit wing also does not seem to have considered the matter any major irregularity. As such this matter of transfer of funds was neither placed before BOT nor brought to the notice of the Ministry of Coal and hence MoC remained unaware of the fact.

However, after CAG audit in its Report No. 12 of 2017 pointed out that the said diversion of funds was a financial irregularity, the Ministry immediately impressed upon the members of BoT to resolve the issue and pension fund contribution was enhanced to 14% from a meagre 4.91%. This has resulted in wiping out the deficit in the pension fund and all the loans taken from provident fund has also been liquidated along with interest.



Subsequently, Commissioner, CMPFO, Dhanbad was issued instructions vide this Ministry's letter No. 20/340/4/2016-CMPF (PRIW-III), dated 15.09.2017 not to resort to any such diversion of fund. As a part of monitoring mechanism, meetings with the Commissioner, CMPFO are held regularly in the Ministry of Coal to monitor various aspects of financial performance of CMPFO."

8. The Audit has commented :

"No comments to offer. However, as per Coal Mines Provident Fund Scheme 1948, the amount standing in the PF Account should not be expensed or diverted for any purpose other than for payment of the sums standing credit to the members of the fund or their nominees or heirs or legal representatives, in accordance to the provisions of the PF Scheme.

The BoT of CMPFO had enhanced the contribution rate of pension fund to 14 per cent from 4.91 per cent vide notification dated 8 June 2018. In the audited financial accounts of CMPFO for the year 2017-18, the PF Main A/c (Schedule - 06) and Pension Main A/c (Schedule -03) mentioned that ₹ 4053.52 crore was receivable and payable respectively. However, as per the information furnished by CMPFO on 15 September 2020, it is stated that the adjustment between Pension Main A/c and PF Main A/c was settled with interest by transferring ₹ 3828.65 crore in 2018-19 in its provisional accounts, as per the decision taken in the 169th BoT meeting held on 14.03.2018.

No further comments."

9. In their final comments, the Ministry of Coal has submitted as under:-

1. "Remittance from the coal companies under PF, Pension and Administrative Charges are being deposited in separate bank accounts w.e.f. 01.04.2020. The same has been verified by the Audit.
2. As per annual account of the year 2017-18 amount payable to PF main account was ₹ 4053.52 crore. The total amount repaid is as under:-
  - i. Amount payable as per Annual Accounts 2017-18:- ₹ 4053.52 crore.
  - ii. Less: Amount paid in the form of securities transfer ₹ 3282.65 crore.
  - iii. Balance adjusted in the form of lesser withdrawal out of enhanced contribution ₹ 224.87 crore."

10. Observing that even after due representation, the nodal Ministry had not properly executed its responsibility and defined role, the Committee had opined that had the Ministry been vigilant enough in monitoring the activities of CMPFO, particularly on account of the fact that the Ministry's nominee is a part of BoT, the unwarranted transfer of funds in CMPFO from PF account to Pension Fund

Account could have been avoided. The Committee had, therefore, expressed the need on the part of the Ministry of Coal to discharge the administrative and supervisory role of being a nodal Ministry at all times with due diligence and sincerity. The Committee note from the reply of the Ministry that since it was a general transfer of funds from one account to another of the same organization and the funds so transferred to the pension fund from the provident fund was to be returned back with interest, no irregularity was construed and it was deemed as a general administrative decision by the then management of CMPFO and, therefore, the internal audit wing also did not seem to have considered the matter as any major irregularity. As such this matter of transfer of funds was neither placed before BOT nor brought to the notice of the Ministry of Coal and hence the Ministry remained unaware of the fact. In this regard, the Committee note from the observation of the Audit that as per Coal Mines Provident Fund Scheme 1948, the amount standing in the PF Account should not be expensed or diverted for any purpose other than for payment of the sums standing credit to the members of the fund or their nominees or heirs or legal representatives, in accordance to the provisions of the PF Scheme. The Committee are aghast to note that the gross violation of the provisions of the Coal Mines Provident Fund Scheme 1948 has been simply written off as a general transfer of funds by the Ministry. Further, the Committee are of the considered view that all the deviations, particularly, those from the legal provisions, should have been brought out by the internal audit and placed before the management/ BOT for appropriate action thereon. The Committee, therefore, desire that internal audit wing may be instructed, in clear terms, to be vigilant and not to ignore violations of the rules/ regulations etc and reiterate that the Ministry should discharge the administrative and supervisory role of being a nodal Ministry at all times with due diligence and sincerity by calling for periodical reports and robust monitoring to avoid such instances in future.

II. **Stringent Internal Audit**  
(Observation/ Recommendation Para No. 2)

11. The Committee had noted that the internal audit of CMPFO did not detect and point out the deficit recurring in the Pension Fund account. The system of internal audit was a *prima facie* imperative wing within an organization tasked with providing unbiased feedback, independent reviews of systems regarding business operations and processes of CMPFO. The Committee were dismayed to note that even internal audit could not visualize/ see and caution about the mismanagement of funds at CMPFO. They were astonished to further notice that even the internal audit could not bring to light the failure even following the occurrence. The Committee strongly deprecated the apparent lackadaisical attitude of the internal audit mechanism of the CMPFO and recommended that a system of regular and intermittent reporting by the internal audit must invariably be put in place and ensured that its recommendations are duly adopted and followed so as to avoid instances of financial mishandling in the future. The Committee were of the firm view that the unwarranted diversion of funds and the initial untraced balance of ₹ 1.71 crore were an evidence of weak internal control, checks and also failure on the part of internal financial advisory system.

12. The Ministry of Coal had in their Action Taken Notes stated as under:

"The pension scheme of the Coal Mines Provident Fund Organisation came into existence in 1998 and pension scheme, as a defined benefit scheme, but later on it was found that on long term it was not commensurate with the defined contribution. In the initial years, disbursement was less than the contribution. Hence, the payment of pension was made through Single Account (Account— I) and surplus, if any, determined after year end classification was sent for investment. This practice was continued even when disbursement became more than the contribution in Coal Mines Pension Scheme. The excess withdrawal from Account— I under Coal Mines Pension Scheme resulted in loan over Provident Fund (PF) scheme, which was determined at the time of compilation of Annual Accounts for the respective year and laid down before the Parliament. Sudden stoppage of pension payment would have resulted in greater personal hardship to the pensioners, which in turn could have led to disputes. Coal Mines Provident Fund Organisation used the fund available in the Provident Fund as a temporary measure for committed pension liabilities. It is submitted that the accounts of CMPFO is audited every year by CAG in addition to internal audit. To meet the increasing gap, the contribution was revised to 14 percent (7 percent each by employer and employee) from the erstwhile 4.91 percent with effect from 1.10.2017 vide GSR No. 540 (E) dated 08.06.2018. Strengthening of Audit is

continuous process and system is changed and streamlined to cater to the requirement of the process and future challenges. To detect and to stop over/ under withdrawal and the diversion of funds from one head to another, as per the recommendation of the Committee, coal companies have been directed to remit the three components of contribution viz. Provident Fund, Administrative Charges and Pension in separate accounts. This practice has been implemented w.e.f. 01.04.2020."

13. The Audit has commented:

"As verified in Audit, CMPFO has opened three separate bank accounts in the SBI and instructed coal companies to remit their contribution of PF, Pension and Administrative charges in specific bank accounts. This has been implemented from 01.04.2020.

Further, with regard to the remarks in the action taken that accounts of CMPFO is audited every year by CAG in addition to internal audit, it is stated that the issue of untraced balance, diversion of fund were raised and brought to the notice of the Management during the Audit of Accounts / Compliance Audit of CMPFO since 2012-13."

14. In their final comments, the Ministry of Coal has stated as under:-

"Remittance from the coal companies under PF, Pension and Administrative Charges are being deposited in separate bank account w.e.f. 01.04.2020. The same has been verified by the Audit."

15. The Committee while noting that the internal audit of CMPFO did not detect and point out the deficit recurring in the Pension Fund account, had recommended that a system of regular and intermittent reporting by the internal audit must invariably be put in place and ensure that its recommendations are duly adopted and followed so as to avoid instances of financial mishandling in the future. The Committee had further opined that the unwarranted diversion of funds and the initial untraced balance of ₹ 1.71 crore are indicative of weak internal control, checks and also failure on the part of internal financial advisory system. The Committee note from the reply of the Ministry that to detect and to stop over/ under withdrawal and the diversion of funds from one head to another, as per their recommendation, coal companies have been directed to remit the three components of contribution viz. Provident Fund, Administrative Charges and Pension in separate accounts. This practice has been implemented w.e.f. 01.04.2020 only after the Committee recommended the same. The Committee,

while noting from the reply of the Ministry that strengthening of Audit is a continuous process and system is changed and streamlined to cater to the requirement of the process and future challenges, desire to be apprised of the specific steps taken by the CMPFO/ Ministry to strengthen/ streamline/ change the internal audit mechanism to cater to the requirement of the process and future challenges. Moreover, the Committee observe that C&AG audit was bringing the issues including untraced balance and diversion of funds to the notice of the CMPFO since the year 2012-13, which was not followed up by either CMPFO or the Ministry and no concrete measures seem to have been taken either by CMPFO or the Ministry to ensure that such instances do not recur. The Committee feel that the entire internal accounting and Audit system of the CMPFO needs a revamp and CMPFO in coordination with Ministry and officials of CAG should undertake a brainstorming session for measures to strengthen internal checks and balances to overcome weak internal control, and failure on the part of internal financial advisory system to identify and address such issues. The Committee also desire to be apprised of the updated status of the reconciliation of untraced balance of ₹ 1.71 Cr.

III. Restructuring of Coal Mines Pension Scheme  
(Observation/ Recommendation Para No. 4)

16. The Committee were constrained to note from the written submission of the Ministry that the pension scheme, which was formulated by Shri Bhudev Chatarjee, Actuary and came into existence in 1998, appeared to be faulty, as the actuarial deficit was reported just after 5 years of its implementation. The defined benefit had not been commensurate with defined contribution which resulted in actuarial deficit within 5 years of its launch. Initially, the return on investment of Pension Funds, as per Government guidelines at the time of implementation of CMPS, 1998 was above 12% and there was a surplus in Coal Mines Family Pension Scheme. The amount of monthly pension payable to an employee was manageable with the earnings on investment. To bridge the deficit and make the scheme sustainable, reports of actuaries and the recommendations of the committee of Group of Officers were discussed in at least thirteen (13) BoT meetings between 2005-2015, but the recommendations were not

accepted ostensibly due to resistance from central trade union representatives in the BoT. Furthermore, with subsequent pay revisions and no changes in pension Scheme, erosion in the Corpus of Pension Fund started. During the course of examination, the Committee had noticed that, as a corrective remedial measure, the rate of Contribution had been revised vide GSR No. 540 (E) dated 08.06.2018 to 14 percent (7 percent employee + 7 percent employer) with effect from 01.10.2017 to take care of the deficit between accrual and disbursal in the Pension Fund.

The Committee were of the considered opinion that the Ministry, in consultation with the management of CMPFO, should have made a detailed and diligent analysis of the optimum quantum of funds required for sustainable pension, taking into account the number of pensioners, number of active workers, ratio of active workers to dependents in order to arrive at the feasibility of the present structure of pension scheme in terms of contributions earmarked and payments there-from. The Committee strongly expressed the need for undertaking a review exercise of the existing Pension scheme. It was imperative to revamp the scheme so as to enable in payments being commensurate with the contributions received. The Ministry in this regard was needed to guide CMPFO in strengthening the fund through appropriate measures/ amendments. Levying a welfare cess ₹ 10 per tonne, though voluntary as told by the Ministry, would not help in resolving the issues in the long-run. The Committee were of the firm view that fixation of any random percentage of contribution was no means to maintain the health and spirit of CMPFO; rather it should be based on a well-structured and detailed actuarial analysis. Since the Coal Mines Provident Fund Organization had a broader horizon to cater to in terms of pension, family pension and insurance, the Committee strongly urged the Ministry to initiate the process of restructuring the Coal Mines Pension Scheme without further delay, inter-alia, taking into account the recommendation of the Actuary appointed on 20.12.2019.

17. The Ministry of Coal had in their Action Taken Notes stated as under:

"It has been the endeavour of the Ministry and incumbent upon the Coal Mines Provident Fund Organisation (CMPFO) to protect the interest of the members and its pensioners. The actuarial evaluation report, which is based on the detailed analysis and taking into account various critical aspects as has been

highlighted by the Committee, like defined contribution for defined benefit, number of pensioners, number of active workers, their dependents and all other critical aspects as per the scheme to make the funds sustainable was placed at least thirteen times during the period from 2005 to 2015 before the BOT. However, due to the resistance by the Central Trade Union representatives, who are also members of the BOT, the recommendation of the actuary could not be implemented. In a major breakthrough, the contribution was revised to 14 per cent from the erstwhile 4.91 per cent with effect from 1.10.2017 vide GSR No. 540 (E) dated 08.06.2018. As a result of which, Pension Fund had a surplus of ₹ 308.41 crore in 2018-2019. The Ministry is in concurrence with the Committee that these short term ad-hoc measures will not solve the issue and the interest of the pensioners and active members in the long run. For the sustainability of fund, Ministry is working on multipronged strategy viz. capping of maximum pension, extension of period for arriving average salary for fixation of pension and appointment of actuary to suggest further measure for sustainability of fund. To help arrive at a reasoned scientific figure of contribution, M/s K. A. Pandit, an Actuary, has been appointed to make detailed recommendation so that the contributions are commensurate with the benefit and the fund remains sustainable. Due to COVID 19 pandemic, there is some delay in submission of the report by the Actuary. On receipt of the report, recommendation of the Actuary will be placed before the BOT for its approval."

18. The Audit has commented:

"During verification, it has been observed that the BoT of CMPFO had revised the rate of contribution to 14 per cent from the erstwhile 4.91 per cent with effect from 1.10.2017 vide GSR No. 540 (E) dated 08.06.2018 to resolve the issue of deficit in the Pension Fund Account.

The Ministry/ Management stated that as a result of revision of pension contribution, Pension Fund had a surplus of ₹308.41 crore in 2018-19.

However, as per the information furnished by CMPFO to Audit on 15-09-2020, it is mentioned that the Pension Fund is having a surplus of ₹ 241.83 crore as per the draft provisional Annual Accounts of CMPFO for the year 2018-19.

The Actuary, M/s. K.A. Pandit is yet to submit his report.."

19. In their final comments, the Ministry of Coal has stated as under:-

"The figure provided to the audit was on the basis of annual accounts, hence the same may be considered as final. The Actuary has submitted Draft Valuation Results for pension valuation as at 31.03.2019 which is preliminary report."

**20. Noting that the 'defined benefit' under the Pension Scheme had not been commensurate with the contribution which resulted in actuarial deficit within 5 years of its launch, the Committee had opined that the Ministry, in consultation**

with the management of CMPFO, should have made a detailed and diligent analysis of the optimum quantum of funds required for sustainable pension, taking into account the number of pensioners, number of active workers, ratio of active workers to dependents in order to arrive at the feasibility of the present structure of pension scheme in terms of contributions earmarked and payments there-from. For the sustainability of fund, Ministry is reportedly working on a multipronged strategy viz. capping of maximum pension, extension of period for arriving at the average salary for fixation of pension and appointment of actuary to suggest further measures for sustainability of fund. The Committee observe that the Actuary appointed by CMPFO has since submitted a provisional report and desire that the same may be studied and its recommendation considered and implemented in a time bound manner and they may be apprised of the action taken thereon. The Committee also desire that the Actuary may be asked to submit his final Report at the earliest.

Further, as per the reply of the Ministry, the Pension Fund had a surplus of ₹ 308.41 crore in 2018-2019, whereas the Audit has pointed out that as per the information furnished by CMPFO to Audit on 15-09-2020, Pension Fund had a surplus of ₹ 241.83 crore as per the draft provisional Annual Accounts of CMPFO for the year 2018-19. The Committee are disappointed to note that the Ministry has apparently not been forthcoming with the exact amount raised after the enhancement of the Contribution to 14%, which reflects adversely on the functioning of CMPFO and the supervisory role of the Ministry. The Committee, while deploring the casual way in which the Ministry has chosen to reply to the Committee, desire that appropriate measures be taken to reconcile the figures and ensure that such lapses in furnishing information to the Committee do not recur, and the Committee may be apprised of the action taken in this regard. The Committee further desire that before submitting information to them, the same may be checked thoroughly and got approved by the highest administrative authority in the Ministry so as to ensure that the information furnished is correct and authentic.

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## CHAPTER II

### OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### OBSERVATION AND RECOMMENDATION

##### Stringent Internal Audit

The Committee note that the internal audit of CMPFO did not detect and point out the deficit recurring in the Pension Fund account. The system of internal audit is a prima facie imperative wing within an organization tasked with providing unbiased feedback, independent reviews of systems regarding business operations and processes of CMPFO. The Committee are dismayed to note that even internal audit could not early visualize/ see and caution about the mismanagement of funds at CMPFO. They are astonished to further notice that even the internal audit could not bring to light the failure even following the occurrence. The Committee strongly depreciate the apparent lackadaisical attitude of the internal audit mechanism of the CMPFO and recommend that a system of regular and intermittent reporting by the internal audit must invariably be put in place and ensure that its recommendations are duly adopted and followed so as to avoid instances of financial mishandling in the future. The Committee are of the firm view that the unwarranted diversion of funds and the initial untraced balance of Rs. 1.71 crore are an evidence of weak internal control, checks and also failure on the part of internal financial advisory system..

[Part II, Para 2 of the 12<sup>th</sup> Report of Public Accounts Committee (17<sup>th</sup> Lok Sabha)]

##### Action Taken by the Ministry

The pension scheme of the Coal Mines Provident Fund Organisation came into existence in 1998 and pension scheme, as a defined benefit scheme, but later on it was found that on long term it was not commensurate with the defined contribution. In the initial years, disbursement was less than the contribution. Hence, the payment of pension was made through Single Account (Account— I) and surplus, if any, determined after year end classification was sent for investment. This practice was continued even when disbursement became more than the contribution in Coal Mines Pension Scheme. The excess withdrawal from Account— I under Coal Mines Pension Scheme resulted in loan over Provident Fund (PF) scheme, which was determined at the time of compilation of Annual Accounts for the respective year and laid down before the Parliament. Sudden stoppage of pension payment would have resulted in greater personal hardship to the pensioners, which in turn could have led to disputes. Coal Mines Provident Fund Organisation used the fund available in the Provident Fund as a temporary measure for committed pension liabilities. It is submitted that the accounts of



CMPFO is audited every year by CAG in addition to internal audit. To meet the increasing gap, the contribution was revised to 14 percent (7 percent each by employer and employee) from the erstwhile 4.91 percent with effect from 1.10.2017 vide GSR No. 540 (E) dated 08.06.2018. Strengthening of Audit is continuous process and system is changed and streamlined to cater to the requirement of the process and future challenges. To detect and to stop over/ under withdrawal and the diversion of funds from one head to another, as per the recommendation of the Committee, coal companies have been directed to remit the three components of contribution viz. Provident Fund, Administrative Charge and Pension in separate accounts. This practice has been implemented w.e.f. 01.04.2020.

#### **Vetting Comments of the Audit**

As verified in Audit, CMPFO has opened three separate bank accounts in the SBI and instructed coal companies to remit their contribution of PF, Pension and Administrative charges in specific bank accounts. This has been implemented from 01.04.2020.

Further, with regard to the remarks in the action taken that accounts of CMPFO is audited every year by CAG in addition to internal audit, it is stated that the Issue of untraced balance, diversion of fund were raised and brought to the notice of the Management during the Audit of Accounts / Compliance Audit of CMPFO since 2012-13.

#### **Final Action Taken by the Ministry**

Remittance from the coal companies under PF, Pension and Administrative Charges are being deposited in separate bank account w.e.f. 01.04.2020. The same has been verified by the Audit.

### **OBSERVATION AND RECOMMENDATION**

#### **Element of Transparency- Single Instrument**

The Committee note from the reply of the Ministry that contribution under both the schemes viz. Provident Fund and Pension Fund, are remitted through a single instrument supported by PS-5. As per Ministry of Coal's submission, since contributions under both the schemes are received through a single instrument, the same is also credited in a single account (Account No. I) maintained by CMPFO. From this, it is obvious that as contributions are not bifurcated from the beginning, the transparency in maintenance of both accounts- Provident Fund and Pension Fund could not be realized by reconciling the contribution made separately in these accounts by the employees. Resultantly, diversion of funds continued unabated. The Committee strongly feel that there is a need for ensuring breakup of contributions into two separate Heads so that the funds are

channelized in separate accounts thereby ensuring transparency. The Committee, therefore, recommend that there is a need to relook into the accounting systems and practices of CMPFO, whereby separate accounts are maintained for Provident Fund and Pension Fund. This would, to a large extent, contribute in avoiding any future mis-management and enable foolproof and transparent financial operations and activities in CMPFO.

[Part II, Para 3 of the 12<sup>th</sup> Report of Public Accounts Committee (17<sup>th</sup> Lok Sabha)]

#### **Action Taken by the Ministry**

The Coal Mines Provident Fund Organisation (CMPFO) receives contributions from different coal companies. To stop the diversion of funds and to bring in the element of transparency in the management of funds, as per the recommendation of the Committee, all the coal companies have been directed to remit their contribution in three different accounts meant for Provident Fund, Pension Fund and Administration Charges. With effect from 1 April, 2020 contributions are received to CMPFO in the above mentioned three different accounts.

#### **Vetting Comments of the Audit**

As verified in Audit, CMPFO has opened three separate bank accounts in the SBI and instructed coal companies to remit their contribution of PF, Pension and Administrative charges in specific bank accounts. This has been implemented from 01.04.2020.

#### **Final Action Taken by the Ministry**

Remittance from the coal companies under PF, Pension and Administrative Charges are being deposited in separate bank account w.e.f. 01.04.2020. The same has been verified by the Audit.

### **OBSERVATION AND RECOMMENDATION**

#### **Restructuring of Coal Mines Pension Scheme.**

The Committee are constrained to note from the written submission of the Ministry that the pension scheme, which was formulated by Shri Bhudev Chatarjee, Actuary and came into existence in 1998, appears to be faulty, as the actuarial deficit was reported just after 5 years of its implementation. The defined benefit has not been commensurate with defined contribution which resulted in actuarial deficit within 5 years of its launch. Initially, the return on investment of Pension Funds, as per Government guidelines at the time of implementation of CMPS, 1998 was above 12% and there was a surplus in Coal Mines Family Pension Scheme. The amount of monthly pension payable to an employee was manageable with the earnings on investment. To bridge the deficit and make the

scheme sustainable, reports of actuaries and the recommendations of the committee of Group of Officers were discussed in at least thirteen (13) BoT meetings between 2005-2015, but the recommendations were not accepted ostensible due to resistance from central trade union representatives in the BoT. Furthermore, with subsequent pay revisions and no changes in pension Scheme, erosion in the Corpus of Pension Fund started. During the course of examination, the Committee have noticed that, as a corrective remedial measure, the rate of Contribution has been revised vide GSR No. 540 (E) dated 08.06.2018 to 14 percent (7 percent employee + 7 percent employer) with effect from 01.10.2017 to take care of the deficit between accrual and disbursal in the Pension Fund.

The Committee are of the considered opinion that the Ministry, in consultation with the management of CMPFO, should have made a detailed and diligent analysis of the optimum quantum of funds required for sustainable pension, taking into account the number of pensioners, number of active workers, ratio of active workers to dependents in order to arrive at the feasibility of the present structure of pension scheme in terms of contributions earmarked and payments there-from. The Committee strongly express the need for undertaking a review exercise of the existing Pension scheme. It is imperative to revamp the scheme so as to enable in payments being commensurate with the contributions received. The Ministry in this regard is needed to guide CMPFO in strengthening the fund through appropriate measures/ amendments. Levying a welfare cess Rs. 10 per tone, though voluntary as told by the Ministry, would not help in resolving the issues in the long-run. The Committee are of the firm view that fixation of any random percentage of contribution is no means to maintain the health and spirit of CMPFO; rather it should be based on a well-structured and detailed actuarial analysis. Since the Coal Mines Provident Fund Organization has a broader horizon to cater to in terms of pension, family pension and insurance, the Committee strongly urge the Ministry to initiate the process of restructuring the Coal Mines Pension Scheme without further delay, inter-alia, taking into account the recommendation of the Actuary appointed on 20.12.2019..

[Part II, Para 4 of the 12<sup>th</sup> Report of Public Accounts Committee (17<sup>th</sup> Lok Sabha)]

#### Action Taken by the Ministry

It has been the endeavour of the Ministry and incumbent upon the Coal Mines Provident Fund Organisation (CMPFO) to protect the interest of the members and its pensioners. The actuarial evaluation report, which is based on the detailed analysis and taking into account various critical aspects as has been highlighted by the Committee, like defined contribution for defined benefit, number of pensioners, number of active workers, their dependents and all other critical aspects as per the scheme to make the funds sustainable was placed at least thirteen times during the period from 2005 to 2015 before the BOT. However, due to the resistance by the Central Trade Union representatives, who are also members of the BOT, the recommendation of the actuary could not be implemented. In a major breakthrough, the contribution was revised to 14 per cent from the erstwhile 4.91 per cent with effect from 1.10.2017 vide GSR No. 540

(E) dated 08.06.2018. As a result of which, Pension Fund had a surplus of Rs. 308.41 crore in 2018-2019. The Ministry is in concurrence with the Committee that these short term ad-hoc measures will not solve the issue and the interest of the pensioners and active members in the long run. For the sustainability of fund, Ministry is working on multipronged strategy viz. capping of maximum pension, extension of period for arriving average salary for fixation of pension and appointment of actuary to suggest further measure for sustainability of fund. To help arrive at a reasoned scientific figure of contribution, M/s K. A. Pandit, an Actuary, has been appointed to make detailed recommendation so that the contributions are commensurate with the benefit and the fund remains sustainable. Due to COVID 19 pandemic, there is some delay in submission of the report by the Actuary. On receipt of the report, recommendation of the Actuary will be placed before the BOT for its approval.

#### **Vetting Comments of the Audit**

During verification, it has been observed that the BoT of CMPFO had revised the rate of contribution to 14 per cent from the erstwhile 4.91 per cent with effect from 1.10.2017 vide GSR No. 540 (E) dated 08.06.2018 to resolve the issue of deficit in the Pension Fund Account.

The Ministry/ Management stated that as a result of revision of pension contribution, Pension Fund had a surplus of Rs.308.41 crore in 2018-19.

However, as per the information furnished by CMPFO to Audit on 15-09-2020, it is mentioned that the Pension Fund is having a surplus of Rs. 241.83 crore as per the draft provisional Annual Accounts of CMPFO for the year 2018-19.

The Actuary, M/s. K.A. Pandit is yet to submit his report.

#### **Final Action Taken by the Ministry**

The figure provided to the audit was on the basis of annual accounts, hence the same may be considered as final.

### **OBSERVATION AND RECOMMENDATION**

#### **Regular Appointment of Actuary**

The Committee note that as per the Coal Mines Pension Scheme (CMPS), the Board of Trustees (BoT) at CMPFO is required to appoint an Actuary every three years to review and value the Pension Fund, rates of contribution payable under the scheme and the scale of benefits admissible. However, the Committee are disappointed to note that since the introduction of CMPS in 1998, the actuarial valuation of Pension fund has been done only four times in the years 2001, 2005, 2012 & 2013 with no fruitful implementation of its recommendations ever. The

CMPS is a contributory Pension Fund wherein issues like periodic review of rates of contribution payable and valuation of Pension Fund and other issues are imperative to run the Fund effectively & efficiently. In the absence of an actuarial valuation, the very essence of a Pension Fund stands defeated and the interests of beneficiaries remain unaddressed too. The Committee note with concern that in order to bridge the deficit between defined benefit and defined contribution, and to make the pension scheme more sustainable, reports of the Actuaries and Group of Officers in past were placed before the BoT at least thirteen (13) times but the recommendations of these advisory bodies were never accepted by the BoT. For instance, the draft actuarial report that had recommended enhancement of the rate of contribution to 19.46 percent of salary from existing contribution rate of 4.91 percent, did not see light of the day in terms of implementation, there by usurping the avenues of balancing off the net deficit of Rs.19,698.58 crore as on 31 March, 2013.

The Committee strongly recommend not only appointment of Actuary but also desire that actuarial valuation should be done as mandated in CPMS (once in three years) so that future concerns are well taken care of and mounting deficit can be corrected and set off at the initial juncture itself. The Committee also recommend that the activities of CMPFO should be regularly watched by the nodal Ministry, as Secretary, Ministry of Coal is the Chairman of BoT and other officers like JS and FA are the Members of the Board of Trustees (BoT).

[Part II, Para 6 of the 12<sup>th</sup> Report of Public Accounts Committee (17<sup>th</sup> Lok Sabha)]

#### Action Taken by the Ministry

It has been the endeavour of the Ministry and incumbent upon the Coal Mines Provident Fund Organisation (CMPFO) to protect the interest of the members and its pensioners. The actuarial evaluation report, which is based on the detailed analysis and taking into account various critical aspects as has been highlighted by the Committee, like defined contribution for defined benefit, number of pensioners, number of active workers, their dependents and all other critical aspects as per the scheme to make the funds sustainable was placed at least thirteen times during the period from 2005 to 2015 before the BOT. However, due to the resistance by the Central Trade Union representatives, who are also members of the BOT, the recommendation of the actuary could not be implemented. In a major breakthrough, the contribution was revised to 14 per cent from the erstwhile 4.91 per cent with effect from 1.10.2017 vide GSR No. 540 (E) dated 08.06.2018. As a result of which, Pension Fund had a surplus of Rs. 308.41 crore in 2018-2019. The Ministry is in concurrence with the Committee that these short term ad-hoc measures will not solve the issue and the interest of the pensioners and active members in the long run. For the sustainability of fund, Ministry is working on multipronged strategy viz. capping of maximum pension, extension of period for arriving average salary for fixation of pension and appointment of actuary to suggest further

measure for sustainability of fund. To help arrive at a reasoned scientific figure of contribution, M/s K. A. Pandit, an Actuary, has been appointed to make detailed recommendation so that the contributions are commensurate with the benefit and the fund remains sustainable. Due to COVID 19 pandemic, there is some delay in submission of the report by the Actuary. On receipt of the report, recommendation of the Actuary will be placed before the BOT for its approval.

#### **Vetting Comments of the Audit**

During verification, it has been observed that the BoT of CMPFO had revised the rate of contribution to 14 per cent from the erstwhile 4.91 per cent with effect from 1.10.2017 vide GSR No. 540 (E) dated 08.06.2018 to resolve the issue of deficit in the Pension Fund Account.

The Ministry/ Management stated that as a result of revision of pension contribution, Pension Fund had a surplus of Rs.308.41 crore in 2018-19.

However, as per the information furnished by CMPFO to Audit on 15-09-2020, it is mentioned that the Pension Fund is having a surplus of Rs. 241.83 crore as per the draft provisional Annual Accounts of CMPFO for the year 2018-19.

The Actuary, M/s. K.A. Pandit is yet to submit his report.

#### **Final Action Taken by the Ministry**

The Actuary has submitted Draft Valuation Results for pension valuation as at 31.03.2019 which is preliminary report.



CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT  
DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE  
GOVERNMENT

-Nil-

## CHAPTER IV

### OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

#### OBSERVATION AND RECOMMENDATION

##### Role of Nodal Ministry

The Committee note that Ministry of Coal has been apparently found severely wanting in discharging its nodal administrative role which resulted in financial mis-management by CMPFO, a statutory organization under Ministry's administrative control. Though CMPFO has been accorded with functional autonomy, the nodal administrative Ministry cannot shy away from its responsibility and accountability on the grounds of autonomy given to the organization. During the Audit examination, it is found that the Ministry of Coal has not taken due care of its main responsibility of being a watchdog for CMPFO under its aegis. The Committee are aghast to note that it is only after C&AG Report No. 12 of 2017 that brought out the financial irregularities, the issues of financial impropriety by CMPFO came to the notice of the officials of Ministry of Coal.

As per mandate, a senior level officer not below the rank of Joint Secretary is the nominee of the Ministry to the Board of Trustees (BoT) but, it is astonishing to note that even after due representation, the nodal Ministry has not properly executed their responsibility and defined role. The Ministry cannot abdicate its role of being the administrative body just by conveying that CMPFO has been delegated with necessary powers. The Committee therefore exhort the Ministry to ensure that the activities of CMPFO are overseen with due care so as to prevent instances such as the unwarranted transfer of funds in CMPFO from PF account to Pension Fund Account in the future. The Committee are of the considered view that had the Ministry been vigilant enough in monitoring the activities of CMPFO, particularly on account of the fact that the Ministry's nominee is a part of BoT, the financial irregularities that came to the notice could have been avoided. The Committee in this regard express the need on the part of the Ministry of Coal to discharge the administrative and supervisory role of being a nodal Ministry at all times with due diligence and sincerity.

[Part II, Para 1 of the 12<sup>th</sup> Report of Public Accounts Committee (17<sup>th</sup> Lok Sabha)]

##### Action Taken by the Ministry

The Coal Mines Pension Scheme 1998 was a contributory scheme but the benefits envisaged in this scheme were highly disproportional as compared to the contribution. The actuarial valuation report recommending change in the pension scheme was not

approved by the Board of Trustees. Therefore, no amendment could be made in the scheme which would have resulted in wiping out the deficit that had started emerging in the scheme since 2001 and finally evolved in such a manner that there was absolute deficit between contribution and outgo in the pension funds and there was no other option but to borrow funds from the provident fund to meet the pension obligation and ensure uninterrupted payment as mandated in the pension scheme. Since, it was a general transfer of funds from one account to another of the same organization and the funds so transferred from the provident fund was to be returned back with interest, no irregularity was construed and it was deemed decision as a general administrative decision by the then management of CMPFO. In the light of the above, the internal audit wing also does not seem to have considered the matter any major irregularity. As such this matter of transfer of funds was neither placed before BOT nor brought to the notice of the Ministry of Coal and hence MoC remained unaware of the fact.

2. However, after CAG audit in its Report No. 12 of 2017 pointed out that the said diversion of funds was a financial irregularity, the Ministry immediately impressed upon the members of BoT to resolve the issue and pension fund contribution was enhanced to 14% from a meagre 4.91%. This has resulted in wiping out the deficit in the pension fund and all the loans taken from provident fund has also been liquidated along with interest.

3. Subsequently, Commissioner, CMPFO, Dhanbad was issued instructions vide this Ministry's letter No. 20/340/4/2016-CMPF (PRIW-III), dated 15.09.2017 not to resort to any such diversion of fund. As a part of monitoring mechanism, meetings with the Commissioner, CMPFO are held regularly in the Ministry of Coal to monitor various aspects of financial performance of CMPFO.

#### **Vetting Comments of the Audit**

1. No comments to offer. However, as per Coal Mines Provident Fund Scheme 1948, the amount standing in the PF Account should not be expensed or diverted for any purpose other than for payment of the sums standing credit to the members of the fund or their nominees or heirs or legal representatives, in accordance to the provisions of the PF Scheme.

2. The BoT of CMPFO had enhanced the contribution rate of pension fund to 14 per cent from 4.91 per cent vide notification dated 8 June 2018. In the audited financial accounts of CMPFO for the year 2017-18, the PF Main A/c (Schedule -06) and Pension Main A/c (Schedule -03) mentioned that Rs. 4053.52 crore was receivable and payable respectively. However, as per the information furnished by CMPFO on 15 September 2020, it is stated that the adjustment between Pension Main A/c and PF Main A/c was settled with interest by transferring Rs. 3828.65 crore in 2018-19 in its provisional accounts, as per the decision taken in the 169th BoT meeting held on 14.03.2018.

3. No further comments.

### Final Action Taken by the Ministry

1. Remittance from the coal companies under PF, Pension and Administrative Charges are being deposited in separate bank accounts w.e.f. 01.04.2020. The same has been verified by the Audit.
2. As per annual account of the year 2017-18 amount payable to PF main account was ₹ 4053.52 crore. The total amount repaid is as under:-
  - i. Amount payable as per Annual Accounts 2017-18:- ₹ 4053.52 crore.
  - ii. Less: Amount paid in the form of securities transfer ₹ 3282.65 crore.
  - iii. Balance adjusted in the form of lesser withdrawal out of enhanced contribution ₹ 224.87 crore.

## CHAPTER V

### OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH THE GOVERNMENT HAVE FURNISHED INTERIM REPLIES

#### OBSERVATION AND RECOMMENDATION

##### Regular Scrutiny of Bank Account

During Audit scrutiny, it was found that there existed an untraced balance shortage of Rs. 1.71 crore in 2008 which remained undetected till 2016. The Committee note that, out of Rs.1.7 crore, only Rs. 0.29 crore had been traced owing to unavailability of bank statements. The Committee notice in this regard that there has been no proper maintenance of bank records and statements. Had bank statements been asked for and reconciled on regular basis, say, monthly or quarterly, instances of such untraced balances would not have cropped up. The Committee are dismayed to note that even pension was paid in excess to the tune of Rs.18.11 crore to the pensioners under Godavarikhani Region as per the data supplied by CMPFO to the bankers (IDBI, in this case). As per Ministry's written submission, only a balance amount of Rs. 1.82 crore (out of Rs. 18.11 crore) is likely to be recovered within the next two years. The Committee are of the firm view that the act of improper maintenance and non-reconciliation of bank statements led to such excess payments and the act of replacing the banker (IDBI) with 14 nationalized banks has not really served a meaningful purpose. Measures towards maintenance of proper bank records and vigilant bank scrutiny mechanism would not have waited for Audit's Report to highlight such issues; rather they should have been prompt enough to avoid or to rectify such financial irregularities on time. The Committee recommend that the Ministry ensure that an effective system of bank records and reconciliation impromptu be initiated at CMPFO and the Committee be apprised of the status of untraced balances and recovery of pension within 6 months of the presentation of this Report.

[Part II, Para 5 of the 12<sup>th</sup> Report of Public Accounts Committee (17<sup>th</sup> Lok Sabha)]

##### Action Taken by the Ministry

With regard to the untraced balance of Rs. 1.71 crore in the bank accounts being maintained at the headquarters office it is submitted that from 29 lakhs, thirty-four lacs fifty-five thousand five hundred one rupees has been reconciled till date. Thus Rs.5.55 lakhs approx. has been reconciled in the past six months. The untraced balance as has been rightly pointed, is due to non-reconciliation of the records with the bank statements. To reconcile the entire amount banks have been asked to provide the old statements for the period from 01.04.1990 to 31.03.2002 in respect of CMPF A/c No. III & V and the period from 01.04.2003 to 31.03.2009 in respect of CMPF A/c No. VI so that it can be reconciled with the records available at the Headquarters. Bank Statements have not been received due to COVID 19 pandemic. Once the statements

are received from the banks the entire amount will be reconciled with the available records. As far as recovery of excess paid pension of Rs. 18.11 crore is concerned from the IDBI Bank, an FIR has been lodged against IDBI, Mumbai and the matter is under investigation now.

#### Vetting Comments of the Audit

As per the information furnished (22-09-2020) by CMPFO during verification, it has been observed that out of Rs.1.71 crore of untraced balance, Rs.0.34 crore has been traced out so far. Further, reconciliation is under progress.

In respect of recovery of excess paid pension of Rs.18.11 crore, it has been observed from the records of CMPFO that Regional Office, Godavarikhani vide letter dated 17-01-2020 requested local police station to lodge an FIR against IDBI Bank, Mumbai for negligence of duties.

#### Final Action Taken by the Ministry

In A/C No. V out of deficit of ₹ 0.73 crore, ₹ 2144452.00 has been traced out. In which bank commission was paid and new TDR was issued by the bank themselves, which is to be debited in Cash Book. Reconciliation of Ac No. III is done from 3/2003 to 3/2006 and a sum of ₹ 783993.00 has been traced out in which bank commission and different charges were debited by the bank and some cheques were also cleared, which is to be debited in cash book. Reconciliation of AC No. III a sum of ₹ 527056.00 has been traced out in the month of July, 2020 as a Demand Draft was issued of the above mentioned amount in favour of ISSA (International social security Association) and this amount was debited by the bank on 13/09/2006 but not debited in cash book. Hence a total of ₹ 13,11049/- has been traced out in CMPF AC No. III out 95 lakhs. The deficit of ₹ 2.73 lakh is in CMPF A/C No. VI and No findings has been traced out till date. Hence Total findings in CMPF AC III and CMPF AC V is ₹ 34,55,501/- out of ₹ 1.71 crore. Further bank reconciliation work of AC No. III is in progress.

NEW DELHI;  
26 March, 2021  
05 Chaitra, 1943 (Saka)

Adhir Ranjan Chowdhury  
Chairperson,  
Public Accounts Committee

**MINUTES OF THE TWELFTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2020-21) HELD ON 26<sup>TH</sup> MARCH, 2021.**

The Public Accounts Committee (2020-21) sat on Friday, the 26<sup>th</sup> March, 2021 from 1100 hrs to 1135 hrs in Committee Room No. 'C', Parliament House Annexe, New Delhi.

**PRESENT**

Shri Adhir Ranjan Chowdhury -Chairperson

**Members**

**LOK SABHA**

2. Shri Subhash Chandra Baheria
3. Shri Sudheer Gupta
4. Shri Bhartruhari Mahtab
5. Shri Ajay (Teni) Misra
6. Shri Rahul Ramesh Shewale
7. Shri Rajiv Ranjan Singh alias Lalan Singh

**RAJYA SABHA**

8. Shri Naresh Gujral

**LOK SABHA SECRETARIAT**

- |                           |   |                     |
|---------------------------|---|---------------------|
| 1. Shri T.G.Chandrasekhar | - | Joint Secretary     |
| 2. Shri M.L.K. Raja       | - | Director            |
| 3. Shri S.R.Mishra        | - | Director            |
| 4. Smt. Bharti S.Tuteja   | - | Additional Director |

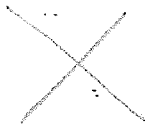
**PART-I**

XXXX XXXX XXXX XXXX

OFFICERS OF THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

1. Ms. Kavita Prasad - Director General
2. Shri S. V. Singh - Principal Director

2. The Hon'ble Chairperson welcomed the Officers of C&AG of India to the sitting of the Committee. Thereafter, he invited suggestions of the Members on the following Draft Reports:-



- ii. Draft Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twelfth Report (Seventeenth Lok Sabha) on "Management of Funds".

3. After some deliberations, the Committee adopted the



Draft Report on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twelfth Report (Seventeenth Lok Sabha) on "Management of Funds" with minor modifications.

4. The Members authorised the Chairperson to finalise the Reports in the light of factual verification done by the Audit and desired that since the House had adjourned *sine-die* and the term of the Committee will end on 30<sup>th</sup> April, 2021, the Reports may be presented to the Hon'ble Speaker.

*The Committee then adjourned..*

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APPENDIX-II  
(Vide Paragraph 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE  
OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE  
CONTAINED IN THEIR TWELFTH REPORT (SEVENTEENTH LOK SABHA)

(i)	Total number of Observations/Recommendations	06
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 2, 3, 4 and 6	Total : 04 Percentage: 66.67%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government:  Para Nos. - NIL	Total : 00 Percentage: 00
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:  Para Nos. - 1	Total : 01 Percentage: 16.67%
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies:  Para Nos. - 5	Total : 01 Percentage: 16.66%