

தமிழ்நாடு சட்டமன்றப் பேரவை

(பதினான்காவது சட்டமன்றப் பேரவை)

2012–2013-ஆம் ஆண்டுகளுக்கான

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வதாயிலான அறிக்கைகள்

மற்றும்

பேரவைச் செயலகம்

சென்னை-600 009.

வாய்மையே வெல்லும்
TRUTH ALONE TRIUMPHS


தமிழ்நாடு சட்டமன்றப் பேரவை
TAMIL NADU LEGISLATIVE ASSEMBLY
வாய்மையே வெல்லும்
TRUTH ALONE TRIUMPHS

TAMIL NADU LEGISLATIVE ASSEMBLY

COMMITTEE ON PUBLIC ACCOUNTS

(2011-2012)

(FOURTEENTH ASSEMBLY)

THIRTY SIXTH REPORT

(Presented to the Assembly on 7-5-2012)

Legislative Assembly Secretariat,
Chennai-600 009.

Sl.No.	Report Number	Departments	Audit Years
1.	36	Higher Education (Civil)	2005-2006
2	37	Health and Family Welfare Departme (Civil)	1999-2000 2000-2001
3	38	Health and Family Welfare Departme (Civil)	2001-2002
4	39	Environmental Forest (Civil)	1999-2000
5	40	Environmental Forest (Civil)	2000-2001
6	41	Finance (R.R)	1994-1995, 1996-1997, 1997-1998, 1998-99, 1999-2000, 2000-2001, and 2001-2002
7	42	Commercial Taxes and Registration Department (R. R) (Sales Tax)	1997-1998
8	43	Commercial Taxes and Registration Department (Sales Tax) (R.R)	1998-1999
9	44	Commercial Taxes and Registration Department (Sales Tax) (R.R)	1999-2000
10	50	Home (R.R Non Tax)	1999-2000 2000-2001
11	51	Commercial Taxes and Registration Department (Stamp Duty and Registration Fees) (R.R)	2003-2004
12	52	Housing and Urban Development Department (Civil)	2002-2003
13	53	Municipal Administration and Water Supply Department (Civil)	1997-1998
14	54	Municipal Administration and Water Supply Department (Civil)	1999-2000
15	55	Rural Development and Panchayat Raj Civil)	1997-1998
16	56	Rural Development and Panchayat Raj Civil)	1998-1999
17	57	Revenue Civil)	1997-1998
18	58	Social Welfare and Nutritious Meals Programme(Civil)	1998-1999
19	59	Animal Husbandry Dairying and Fisheries Civil)	2003-2004
20	60	Agriculture (Civil)	2001-2002, 2002-2003, 2003-2004 2004-2005

TAMIL NADU LEGISLATIVE ASSEMBLY

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(2011-2012)

(FOURTEENTH ASSEMBLY)

THIRTY SIXTH REPORT

REPORT OF THE COMMITTEE ON PUBLIC ACCOUNTS ON THE PARAGRAPHS INCLUDED IN THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA (Civil) FOR THE YEARS 2005-2006 RELATING TO HIGHER EDUCATION DEPARTMENT

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TAMIL NADU LEGISLATIVE ASSEMBLY
TRUTH ALONE TRIUMPHS

TAMIL NADU LEGISLATIVE ASSEMBLY

Composition of the Committee on Public Accounts (2011-2012)

(Constituted on 10th June 2011)

CHAIRMAN

1. Thiru S.Ramachandran

MEMBERS

2. Hon.Thiru O.Panneerselvam,
   Minister for Finance (*Ex-Officio*)
3. Thiru P.G.Narayanan,
   Chairman, Committee on Estimates (*Ex-Officio*)
4. Thiru V.Somasundaram
   Chairman, Committee on Public Undertakings (*Ex-Officio*)
5. Thiru K.P.Anbalagan

*6. Thiru M.S.M.Anandan

7. Thiru P.V.Kathiravan
8. Thiru Kadambur Raju
9. Thiru V.P.Kalairajan
10. Vacant
11. Thiru M.Gunasekaran
12. Thiru O.K.Chinnaraj
13. Dr.Kovi.Chezhian
14. Thiru R.Duraikkannu
15. Thiru K.Pandiarajan
16. Thiru K.V.Markendeyan
17. Thiru R.Ramamoorthy
18. Tmt R.Rajalakshmi
19. Thiru S.John Jacab

SECRETARIAT

Thiru A.M.P.Jamaludeen	..	Secretary
Tmt G. Gayathiri	..	Joint Secretary
Selvi S.Philomena	..	Deputy Secretary
Thiru Rm.S.Giridharan	..	Under Secretary

* Upto 11-12-2011

INTRODUCTION

1. I, Chairman, Committee on Public Accounts having been authorised by the Committee (2011-2012) to submit the Report on its behalf present this Thirty Sixth Report on the paragraphs pertaining to Higher Education Department included in the Report of the Comptroller and Auditor General of India (Civil) for the year 2005-2006.

2. The Report of the Comptroller and Auditor General of India for the year 2005-2006 was laid on the Table of the House on 14.5.2007.

3. The Committee at its meeting held on 12-10-2009 examined the Secretary to Government, Higher Education Department in connection with the important paras pertaining to that Department.

4. The Committee records its appreciation of the valuable assistance rendered by the Secretary, Legislative Assembly, Principal Accountant General (Civil Audit) and Deputy Secretary, Finance Department. The Committee is also thankful to the Secretary to Government, Higher Education Department for the co-operation extended to the Committee in its deliberations.

5. The original notes submitted by the department and the particulars, clarifications etc., made available during evidence have been taken into account by the Committee in finalising this Report.

6. The Committee approved this Report at its meeting held on 22nd November 2011.

Chennai-600 009,
22nd November 2011,
Karthigai 6,
Thiruvalluvar Aandu-2042.

S.RAMACHANDRAN,
Chairman,
Committee on Public Accounts.

TRUTH ALONE TRIUMPHS

REPORT OF THE COMMITTEE ON PUBLIC ACCOUNTS ON THE PARAGRAPHS INCLUDED IN THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA FOR THE YEAR 2005-2006 RELATING TO HIGHER EDUCATION DEPARTMENT

HIGHER EDUCATION DEPARTMENT

1. Release of ineligible grant (Para No.4.2.3)

The Committee notes that the Government of Tamil Nadu sanctions block grants every year to universities to meet committed expenditure on a net deficit basis with reference to their normal annual income and expenditure as certified by the Director of Local Fund Audit (Director).

Periyar University was established at Salem in September 1997 and the audit of accounts of the university was entrusted to Director only in May 2000 and the same was completed upto the year 2003-2004 between January 2001 and July 2005. Annual block grant payable to other universities was revised in May 1999 with reference to normal net deficit as reported by the Director in the audit report for the year 1996-97. As Periyar University was established only in September 1997, it was not covered by the above order and block grant was being sanctioned based on proposals year after year.

Government, while releasing (March 2001) grant for the year 2000-01, directed the Registrar, Periyar University to obtain and send audit certificate from the Director for further release of grants. The State Government continued to release the block grant without verifying the net deficit with reference to normal income and expenditure and thus also disregarded its instructions. The audit of the accounts of the university conducted revealed that the university had net surplus funds during 2001-05 and therefore was ineligible to received block grants.

Despite this, the State Government released Rs.3.89 crores as block grant for the years 2001-02 to 2003-04 between March 2002 and March 2004. The Government, however, stated in the release orders that no further grant would be released for the next year without audit certificates of previous years. The failure of the State Government to ascertain the net deficit before release of grant resulted in release of ineligible grant of Rs.3.89 crore to the university for the years 2001-04.

The University, while receiving ineligible grants from the Government during 2001-04 as brought out above, did not employ its surplus funds in a more gainful manner as discussed below.

Section 32 of the Periyar University Act, 1997 stipulates that there shall be a Finance Committee for reviewing the financial position of the University from time to time and it shall make recommendation to the syndicate of the University on every proposal involving investment for approval and on all matters relating to finances of the University.

The Finance Committee in its meeting on 21 November 2003 resolved to deposit the surplus funds in Tamil Nadu Power Finance Development Corporation (TNPFDC). During December 2003 to April 2004, the University invested surplus funds of Rs.6.44 crore in the TNPFDC for a period of three years with rates of interest ranging from 7.23 to 7.76 percent. It was observed that the University invested surplus funds of Rs.14.42 crore for a period of three years with four Nationalised banks between September 2003 and April 2004 at rates of interest ranging from 5.26 to 6 percent. It was further noticed that in these cases, the investments already made having matured, were reinvested in the same banks with the approval of syndicate of the University without ascertaining the rates of interest offered by various other financial institutions. Rs.5.69 crore out of the above 14.42 crore was deposited after November 2003 against the spirit of the recommendation of the Finance Committee in November 2003.

The failure of the University in investing surplus funds judiciously in the institution, which offered maximum benefit, resulted in loss of interest of Rs.56.83 lakh. On this being pointed out, the Registrar replied that surplus funds were kept in banks for meeting anticipated expenditure.

The reply of the Registrar is not tenable as the University already had Rs.22.92 crore in the term deposits of one year/two year maturing between May 2004 and June 2006. Further, the University had not foreclosed any deposit so far (April 2006).

Details of banks in which the surplus funds were invested by the University are as follows:

Canara Bank, Central Bank of India, State Bank of India and Union Bank of India

Deposits made in Banks	Amount (Rupees in crore)	Interest payable by Banks (Rupees in lakh)	Interest if deposited in TNPFDC (Rs. in lakhs)	Difference (Rs.in lakhs)
Between September 2003 and 15-03-2004	11.94	228.51	@ 7.76 % 277.87	49.36
After 15-3-2004	2.48	46.40	@7.23 % 53.87	7.47
			Total	56.83

1.2 The Department in its Explanatory Notes merely stated that as suggested by Finance Department, specific answers to the audit objection were called for from the Periyar University and no receipts of reply, final reply would be given.

1.3 During deposition, the Principal Secretary to Government, Higher Education Department stated that the Periyar University was newly established in 1997. At that time, the grant was not released on the basis of net deficit. As the University was newly established the grant was released whenever proposals were received from the Periyar University. This procedure was followed till 2003-04. Later on the grant was released based on the net deficit. At present, grants are released based on the recommendations of the Committee headed by Thiru.Praveen Kumar. He further stated that the grant released by the Government were deposited and the same was utilized in the subsequent year.

The Principal Secretary to Government further stated that as far as this University concerned, most of the funds were invested in nationalized Banks only. The Tamil Nadu Power Finance Development Corporation and the Infrastructural Development Corporation would give 1/2 percent to 1 percent of interest in excess as they are non-banking institutions. But, the nationalised banks render variety of services to the public. They also render service to the University by receiving exam fees and giving loans to students and teachers. He also stated that the University funds are invested presently in the instructions which offer maximum interest.

1.4 The Committee recommends that the Department should be cautious in future and should streamline the procedure in order to avoid release of ineligible grants to Universities. The Committee recommends that the Department should issue suitable instructions to Universities to invest their surplus funds judiciously to earn more return.

The Committee desires to have a detailed expenditure report of the grant of Rs.3.89 crores released during the period from 2001-02 to 2003-04.

2. General

2.1 The Committee desires that expeditious action should be taken by the Government on all the recommendations in this report. Wherever specific time limits have been indicated in the recommendations, they should be adhered to. In other cases, a final report of action taken should be sent within six months.

Chennai-600 009,
22nd November 2011,
Karthigai 6,
Thiruvalluvar Aandu-2042.

S.RAMACHANDRAN,
Chairman,
Committee on Public Accounts.

ANNEXURE

SUMMARY OF RECOMMENDATIONS

1. The Committee recommends that the Department should be cautious in future and should streamline the procedure in order to avoid release of ineligible grants to Universities. The Committee recommends that the Department should issue suitable instructions to Universities to invest their surplus funds judiciously to earn more return. The Committee desires to have a detailed expenditure report of the grant of Rs.3.89 crores released during the period from 2001-02 to 2003-04. (Paragraph No.1.4)

2. The Committee desires that expeditious action should be taken by the Government on all the recommendations in this report. Wherever specific time limits have been indicated in the recommendations, they should be adhered to. In other cases, a final report of action taken should be sent within six months. (Paragraph No.2.1)

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