

COMMITTEE
ON
PAPERS LAID ON THE TABLE
(1983-84)

(SEVENTH LOK SABHA)

NINETEENTH REPORT

(Presented on the 2nd May, 1984)



LOK SABHA SECRETARIAT
NEW DELHI

May, 1984/Vaisakha, 1906 (Saka)

Price Rs. 1.80.

C O R R I G E N D A

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NINETEENTH REPORT OF THE COMMITTEE ON PAPERS LAID ON THE TABLE (1983-84)

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PERSONNEL OF THE COMMITTEE ON PAPERS LAID
ON THE TABLE (1983-84)

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13. Swami Indervesh
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- **15. Shri R. P. Yadav

SECRETARIAT

Shri D. C. Pande—*Joint Secretary.*

Shri S. D. Kaura—*Chief Legislative Committee Officer.*

Shri R. S. Mani—*Senior Legislative Committee Officer.*

*Nominated w.e.f. 3-9-1983.

**Nominated w.e.f. 21-6-1983.

INTRODUCTION

I, the Chairman of the Committee on Papers laid on the Table, having been authorised by the Committee to present this Report on their behalf, present this their Nineteenth Report.

2. On examination of certain papers laid on the Table of Lok Sabha during the Seventh to Fourteenth Sessions (Seventh Lok Sabha), the Committee have come to certain conclusions in regard to delay in laying (i) the Annual Accounts and Audit Reports for the years 1979-80 and 1980-81 of the Indian Council of Social Science Research ; (ii) the Audited Accounts of Tea Board for the years 1979-80, 1980-81 and 1981-82 ; (iii) the Annual Reports of North Eastern Handicrafts and Handlooms Development Corporation Limited, Shillong for the years from 1977-78 to 1980-81 ; and (iv) the Annual Report and Audited Accounts of the Bharat Leather Corporation Limited, Agra. The Committee also considered a reference from the Ministries of Education and Culture and Social Welfare seeking clarification regarding laying of Annual Reports/Audit Reports of Private and Voluntary Organisations receiving financial assistance from Government and have made certain recommendations. The conclusions of the Committee are reflected in the Report.

3. On 16 July, 1983 the Committee took oral evidence of the representatives of the Ministries of Education and Culture and Social Welfare on (i) the delay in laying Annual Accounts and Audit Reports of the Indian Council of Social Science Research and (ii) laying of Annual Reports/Audit Reports of Private and Voluntary Organisations receiving financial assistance from Government. On 13 November, 1983 the Committee took oral evidence of the representatives of the Ministry of Industry regarding delay in laying Annual Reports and Audited Accounts of the Bharat Leather Corporation Limited, Agra. On 23 January, 1984, the Committee heard oral evidence of the representatives of the Ministry of Commerce on delay in laying (i) the Audited Accounts of Tea Board for the years 1979-80, 1980-81 and 1981-82 ; and (ii) the Annual Reports of North Eastern Handicrafts and Handlooms Development Corporation Limited, Shillong for the years 1977-78 to 1980-81.

4. The Committee wish to express their thanks to the representatives of

he Ministries of Education and Culture, Social Welfare, Industry and Commerce for furnishing information desired by the Committee.

5. The Committee considered and adopted this Report at their sitting held on 24 April, 1984.

6. A statement giving summary of recommendations/observations of the Committee is appended to the Report (Appendix).

NEW DELHI ;

KRISHNA SAHL,

25 April, 1984

5 Vaisakha, 1906 (Saka)

Chairman,

Committee on Papers Laid on the Table

CHAPTER I

DELAY IN LAYING THE ANNUAL ACCOUNTS AND AUDIT REPORTS FOR THE YEARS 1979-80 AND 1980-81 OF THE INDIAN COUNCIL OF SOCIAL SCIENCE RESEARCH

The Annual Statement of Accounts and Audit Report of the Indian Council of Social Science Research for the year 1979-80 were laid on the Table of Lok Sabha on 17 December, 1981, alongwith a statement explaining the reasons for delay. In terms of the recommendation of the Committee on Papers laid on the Table made in paragraph 3.5 of their First Report (Fifth Lok Sabha) these papers were required to be laid on the Table within 9 months of close of the year, *i.e.*, by 31.12.1980 and hence involved delay of one year.

1.2 In the statement, the reasons for the delay were explained as under :

“The Annual Report of the Indian Council of Social Science Research (ICSSR) for the year 1979-80 was laid on the Table of the House in May, 1981. The audited accounts together with the Audit Report thereon were not placed before the House at that time.

The Audit of the Accounts of the ICSSR for year 1979-80 was taken up by the Director of Audit, Central Revenues on August 25, 1980 and completed on October, 10, 1980. The Draft Audit Report was sent to the Council for comments/confirmation of facts on 11th March, 1981. The comments of the Council were communicated on April, 28, 1981. The English version of the Audit Report was received in the Council on 29th May, 1981. Thereafter, the translation of the Report into Hindi took some time.

The manuscripts of both English and Hindi versions were sent to the press for printing in instalments between July 8 and August 17, 1981. The printed copies of the Report were received from the press in the third week of September, 1981.”

1.3 The Annual Report of the Council for the year 1980-81 was laid on the Table of Lok Sabha on 25-3-1982 along with a statement explaining

the delay in laying the Annual Report and the reasons for not laying the Audited Accounts for year the 1980-81. The statement read as under :

“The Annual Accounts of the ICSSR were sent to the Director of Audit, Central Revenues on 25th June, 1981. The Audit was conducted during the period from August 3 to September 28, 1981. The draft Audit Report was received by the Council in December, 1981. The comments of the Council were sent to the Director of Audit on 9th January, 1982. Director of Audit, Central Revenues have in their letter dated 17th February, 1982 requested the Government to consider the explanation of the ICSSR on the specific remarks contained in the draft Audit Report to the effect that the accounts of the Council are required to be revised and to make available to them the Government's views. The matter is under examination.

The printed copies of Part I of the Report containing an account of the activities of the Council during 1980-81 were read by the end of December, 1981, but there was no time to lay them on the Table of the House, during the last session. Part I of the Report, both in English and Hindi is placed before the House now.

Part II of the report containing the Annual Statement of Accounts and Audit Report thereon will be placed on the Table separately.”

1.4 On a reference made, the Ministry of Education and Culture (Department of Education) intimated that the accounts of the Council for 1979-80 were compiled and sent to DACR, New Delhi on 30 June, 1980.

1.5 On a question whether the Audit had raised certain queries during the period from 10.10.1980 (completion of audit) to 11.3.1981 (receipt of audit report), the Ministry replied in the negative. The draft Audit Report was sent to the Council for comments/confirmation of facts on 11 March, 1981 and the comments of the Council were sent to the DACR on 27 April, 1981.

1.6 As regards the reason for taking 3 months time by the Council to send manuscript of Hindi and English version of the accounts and Audit Report to the Press for printing when the English version of the Audit Report was received on 29.5.1981, the Ministry stated that the translated version of the accounts in Hindi contained a number of errors in figures which had to be checked with the English version. This took considerable time causing the delay.

1.7 As regards laying the Annual Report and Audited Accounts of the Council separately since 1979-80, the Ministry stated as under :-

“Upto 1978-79, the Annual Report of the Council alongwith the Annual Accounts were laid together on the Table of the Sabha. The Annual Report of the Council for the year 1979-80 was prepared as usual. But the audited statement of Accounts was not available till early in May, 1981. Therefore, it was decided to lay the annual report without the audited accounts before the adjournment of the budget session of Parliament. Accordingly, the Annual Report was laid on the Table of the Lok Sabha on 7 May, 1981. The Annual statement of accounts and audit report thereon were placed subsequently, when they became available.”

1.8 The Annual Accounts and Audit Report of the Council for the year 1980-81, were laid on the Table of Lok Sabha on 24 February, 1983 alongwith a statement explaining the reasons for delay of 14 months. The reasons for delay were explained as under :

“The Annual Accounts of the ICSSR for 1980-81 were made available to the Director of Audit, Central Revenues, New Delhi on 25-6-1981 for audit. The audit was conducted during the period from 3rd August to 15th September, 1981. The Inspection Report was received in December, 1981. The comments of the Council on the Inspection Report were sent to Audit on 7-1-1982.

The Director of Audit, Central Revenues, suggested that the forms in which the accounts of the Council had been prepared were required to be revised. The ICSSR had some difficulty in the overall revision of the forms in which accounts were to be maintained. At the instance of the Audit, Government advised the Council that its accounts should be prepared in the form suggested by Audit and that any problems anticipated in doing so should be discussed and settled with the Audit. Meanwhile the Audit was requested to consider certification of the accounts for the year 1980-81 in the original format.

The Director (Audit), Central Revenues in his letter dated 17.5.1982 requested the Council to revise the accounts after making certain corrections and re-submit them in the original form. This was done and the corrected accounts were sent.

The English version of the certified accounts and Audit Report were sent to the Council on 3.8.1982, and the Hindi version on 26.8.1982. The accounts were thereafter printed in English and Hindi.

version as Part II of the Annual Report. Printed copies of the accounts were received on 1.10.1982 but by the time the requisite statement of reasons for delay in laying the accounts on the Table of the House was prepared and translated into Hindi, the House was adjourned *sine-die*. The accounts are now placed on the Table."

1.9 The Annual Report of the Council for the year 1981-82 was laid on the Table of Lok Sabha on 24.3.1983 along with a statement explaining the delay in laying the Annual Report and the reasons for not laying the Audited Accounts and the Audit Report for the year 1981-82. The statement read as under :

- (i) The Annual Accounts of the ICSSR was sent to the Director of Audit, Central Revenue in June 1982. The Director of Audit had raised certain objections and also desired that the accounts of the Council should be prepared in a revised format. As the Council is facing some difficulties in preparing the accounts in the revised format, the matter is being pursued by the Council and the Ministry of Education with the Director of Audit.
- (ii) Printed copies of the Annual Report containing an account of the activities of the Council during 1981-82 along with its Hindi version was made available by the Council by the middle of February, 1983. The report, both in English and Hindi, is placed before the House now.
- (iii) Part II of the report containing the Annual Statement of Accounts and the Audit Report thereon will be placed on the table separately."

1.10 The Annual Accounts and Audit Report of the Council for the year 1981-82, were laid on the Table of Lok Sabha on 17 November, 1983 along with a statement explaining the reasons for delay of 10½ months.

1.11 At their sitting held on 7 January, 1983, the Committee on Papers laid on the Table considered the reasons given by the Ministry of Education and Culture in regard to delay in laying the Annual Reports and Audited Accounts and decided that the representatives of the Ministry might be called to appear before them to explain the delays.

1.12 At the sitting of the Committee held on 16 July, 1983, the

representatives of the Ministry of Education and Culture (Department of Education) appeared before the Committee to give oral evidence on the subject.

1.13 During evidence on being enquired when the Audited Accounts for the year 1981-82 would be laid, the Secretary, Ministry of Education stated that those would be laid on the Table of Lok Sabha during the Twelfth Session (Seventh Lok Sabha).

1.14 Explaining the reasons for not laying the Audited Accounts for 1981-82 in time, the Director, ICSSR, stated :

“...The delay took place in resolving the controversy between the Council and the Director of Audit about the nature of how we should present the accounts. We have come to an agreement now and the Director of Audit has suggested some form. Already the accounts for 1982-83 are in the form as the audit has suggested and if they can complete the audit, we shall be able to present the annual report and the audited accounts together to the Parliament.”

1.15 On being asked, the Education Secretary assured the Committee that in future both the Annual Reports and Audit Accounts of the Council would be laid on the Table together.

1.16 The Committee note that the Annual Report of the Indian Council of Social Science Research for the year 1979-80 was laid on the Table of Lok Sabha on 7.5.1981 i.e. after a delay of 4 months whereas the Annual Statement of Accounts and Audit Report thereon of the Council for the same year were laid on the Table on 17.12.1981 i.e. after a delay of about 12 months.

1.17 The Committee are constrained to observe that an inordinate delay was caused at the stages of auditing and printing of the annual accounts. The argument advanced that the translated version of the accounts in Hindi contained a number of errors in figures which had to be checked with the English version that took considerable time causing the delay does not appear to be justified. Had the Council and the Ministry taken due care and dealt with the matter with seriousness, there would not have been such errors causing abnormal delays.

1.18 The Annual Report of the Council for the year 1980-81 was laid on the Table on 25.3.1982, after a delay of 3 months but the Audited

Accounts and Audit Report for this year were laid on 24.2.1983 *i.e.* after a delay of about 14 months. Similarly the Annual Report of the Council for the year 1981-82 was laid on the Table on 24-3-1983 but the Annual Accounts and Audit Report for the year 1981-82 were laid on 17.11.1983 *i.e.* after a delay of about 10½ months.

1.19 The Committee are distressed to observe that despite the clear guidelines laid down by the Committee on Papers laid on the Table in their recommendation contained in para 3.5 of the First Report (Fifth Lok Sabha), the Annual Report and the Audited Accounts of the Council are being laid separately since 1979-80. It is felt that unless both the Annual Report and Audited Accounts of the Council are laid together before Parliament a complete picture about the working and activities of the Council does not emerge. The very purpose of laying these papers is defeated because the Members will not be able to assess the performance of the Council in its true perspective and express their views thereon at the time of vetting on demands for grants of the Ministry of Education and Culture. The Committee, therefore, recommend that the Annual Report, Audited Accounts and Audit Report of the Council should be laid on the table together within the period of 9 months from the close of the accounting year as already prescribed by the Committee.

CHAPTER II

DELAY IN LAYING THE AUDITED ACCOUNTS OF THE TEA BOARD FOR THE YEARS 1979-80, 1980-81 AND 1981-82.

The Committee on Papers laid on the Table have in paragraph 1.16 of their First Report (Fifth Lok Sabha), recommended as under:

“..... after the close of the accounting year every autonomous organisation should complete its accounts within a period of 3 months and make them available for auditing. Auditing of the accounts and furnishing replies to audit objections, if any, and also translation and printing of Reports should be completed within the next six months so that the Reports and Audited Accounts are laid before Parliament within nine months after the close of the accounting year unless otherwise stipulated in the relevant Act etc. under which the body has been set up. If for any reason the report and audited accounts cannot be laid within the stipulated period of nine months, the concerned Ministry should lay within 30 days of the expiry of the prescribed period or as soon as the House meets, whichever is later, a statement explaining the reasons why the report and accounts could not be laid within the stipulated period.”

2.2 Since the Audited Accounts of the Tea Board for the years 1979-80 and 1980-81 were not laid on the Table of the House within the stipulated period of 9 months, the Ministry of Commerce in pursuance of the above recommendation of the Committee, had laid on the Table of Lok Sabha on 16 July, 1982 and 8 April, 1983 two statements in respect of each year explaining reasons for not laying the said Audited Accounts of the Board. The statement read as follows;

Statement for 1979-80

“As per prevailing practice, Tea Board's accounts were audited in two spells—the first during May/June and the second during September/October each year. The actual audit of accounts was done as usual during the second spell, the first spell being confined to efficiency Cum-performance audit. Tea Board submitted the accounts relating to Plantation Finance Scheme and Replantation Subsidy Scheme for audit during the first spell and the remaining accounts were submitted in Sep-

tember, 1980. In the meantime, in July, 1979, Tea Board had received intimation that their final accounts must be submitted for audit by 30th June, 1980. Because of various difficulties such as fast expanding activities of the Board in India and abroad, with more than 22 Offices of the Board within the country and 6 offices overseas, it was not possible for the Board to suddenly change over from the existing practice of submitting annual accounts for audit by September/October. There was also no real discrepancy in accounts relating to the Replantation Finance Scheme of the Tea Board, as the clarifications given by the Board in the matter was duly accepted by audit. Since change-over from the prevailing practice of submitting annual accounts by September/October of the year to June would involve advancing the date of final preparation of all the accounts of the Board, Tea Board are taking effective steps to ensure that the various accounts are submitted for audit within the stipulated schedule in future."

Statement for 1980-81

"As per prevailing practice, Tea Board's accounts were audited in two spells. Since the prior practice of submitting the annual accounts for audit by September/October had to be suddenly changed to such submission being made by 30 June, the delay occurred, in submission of accounts for 1980-81.

Because of various difficulties such as fast expanding activities of the Board in India and abroad, with more than 22 offices of the Board within the country and 6 overseas offices, it was not possible for the Board to suddenly change over from the existing practice of submitting annual accounts for audit by September/October.

All final accounts of Board for 1980-81 excepting those of other development scheme fund account were submitted to statutory auditors on 28.7.81 other development scheme fund account were made available to audit on 12.1.82 during their second spell audit.

Tea Board have however taken effective steps to submit accounts to audit by 30th June according to prescribed time schedule."

2.3 On being asked in August, 1982 whether there was any rule that the accounts of the Board would be audited in two spells—the first during May/June and the second during September/October each year, the Ministry of Commerce informed as under:

“Section 29(2) of the Tea Act, 1953 read with Rule 35(2) of the Tea Rules lays down that the accounts of the Board shall be audited every year by the Auditors appointed by the Central Government and the audited statements of accounts with the Auditors’ Report thereon shall be submitted to the Central Government as soon as possible after the close of the year. There is no specific rule or provision that the accounts of the Board are to be audited in two spells. However, in the year 1966, the A.G., C.W.&M. New Delhi proposed that the audit of Tea Board be undertaken in two spells. A discussion on this proposal was held by A.G., C.W.&M. on 5.11.66 with the representative of the Tea Board. In pursuance of this meeting the audit of the Tea Board has since been conducted by the Statutory Auditors in two spells—the first during May/June and the second during September/October each year.”

2.4 As regards compilation, auditing of accounts and the receipt of Audit Report for the year 1979-80, the Ministry stated that the accounts of the Tea Board for that year were audited by the Statutory Auditors on the following dates:

First spell—from 14.5.80 to 25.6.80

and

Second spell—from 19.9.80 to 9.12.80

The Audit Report thereon was received on 1.12.81.

2.5 On an enquiry whether the recommendation of the Committee made in paragraph 1.16 of their First Report (Fifth Lok Sabha) was communicated to the Board, the Ministry informed that the said recommendation was communicated to the Tea Board but because of the system and practice of accounts and auditing that were being followed over a number of years, it was not feasible for the Board to changeover to the new guidelines immediately. Efforts were being made to correct that.

2.6. As regards the reasons for not following the instructions of the Statutory Auditors received in the Board in July, 1979 for submission of the final accounts for audit by 30 June, 1980, the Ministry stated :

“Instructions were received from the Statutory Auditors that the accounts of the Board should be completed by 30th June, 1980. However, the changeover from the existing pattern, whereby accounts used to be submitted in September/October, meant advancing the date of final prepara-

tion of all the accounts of the Board by at least three months. In view of the widespread activities of the Board which has a network of 22 offices, including 6 overseas offices, it was not found possible to bring about the change with immediate effect. Government was also kept informed of the difficulties of the Board in this matter. It will however be seen that the accounts of the Board were made available to Audit within the existing framework of the Auditing period being followed by the Local Audit Office."

2.7 As for laying together the Annual Report and Audited Accounts of the Board for the Particular year, the Ministry stated that the Annual Report and Audited Accounts are laid before Parliament as and when received and in case these two documents are received on separate dates the Ministry is perforce required to submit these documents in two spells.

2.8 The Audited Accounts for the year 1981-82 which ought to have been laid on the Table of the House by 31 December, 1982, were actually laid on 22 December, 1983, i.e. with the delay of about 12 months.

2.9 At their sitting held on 6 January, 1984, the Committee on Papers laid on the Table considered the reasons for delay advanced by the Ministry of Commerce in laying the Audited Accounts of the Tea Board for the years from 1979-80 to 1981-82 and decided that the representatives of the Ministry might be called to appear before them to explain the delays.

2.10. At the sitting of the Committee held on 23 January, 1984, the representatives of the Ministry of Commerce appeared before the Committee to give oral evidence on the subject.

2.11 On being asked during evidence why the documents were not laid within the prescribed period of nine months, the Additional Secretary, Ministry of Commerce indicated the following reasons therefor:—

- (i) The preparation/compilation of accounts instead of being finalised by 30 June, was delayed as the Tea Board had variety of functions such as control over the Industry, promotion through a large number of Offices in and out of the country, various types of schemes of loans and grants, getting information from foreign countries like London, Sydney, Cairo, etc. which took time.
- (ii) Commencement of audit by Government Auditors also took some time.

- (iii) There was no consolidated account but 4-5 accounts which were maintained and audited separately and it took time.
- (iv) There had been problem of translation which took almost two month. For the first time the Tea Board had a Hindi Officer in 1982.

2.12 On their attention being invited to the recommendation of the Committee on Papers laid on the Table contained in paragraph 1.16 of their First Report (Fifth Lok Sabha) wherein a period of 9 months had been prescribed for laying these documents, the witness stated that all the autonomous organisations under the Ministry of Commerce had been apprised of the recommendation and there had been no fundamental comment on that recommendation. He added that although there had been arrears in the past, the present performance had shown some improvement and for future year it was hoped that the Annual Reports and Audited Accounts would be laid on the Table of the House within the period of 9 months after the close of the accounting year, prescribed by the Committee.

2.13. On being enquired about the sanction behind the practice of having the accounts of the Board audited in two spells—the first during May/June and the second during September/October each year. The witness explained the position as under:—

“In terms of Section 29(2) of the Tea Act, 1953, read with Rule 35(2) of the Tea Rules 1954, the accounts of the Tea Board shall be audited every year by the Auditors appointed in this behalf by the Central Government and the audited statement of accounts with the Auditors Report thereon shall be submitted to the Central Government as soon as possible after the close of the year.

Accordingly the audit of the accounts of the Board used to be conducted on consent basis by the officials of the Comptroller and Auditor-General of India annually in one spell. In the year 1966, a proposal was received from A.G. C.W.&M., New Delhi to the effect that the audit of the Board's accounts would be undertaken by them in two spells. The difficulties involved in facing two spells of audit in a year were thereafter explained and the Ministry requested to convince the Statutory Audit Board, New Delhi to continue the existing practice of audit of the annual accounts of the Board in one spell. A meeting between the Officers of the Tea Board and the A.G. was arranged on 25.8.76 to sort out this procedure and a decision to conduct audit in two spells was taken in this meeting and it is continuing.”

2.14 The witness also informed the Committee that the split system of audit was initiated in 1976 and done away with 1982-83. The 1982-83 accounts for that particular reason would not be delayed.

2.15 When asked why the Annual Reports and Audited Accounts of the Board are not laid together, the witness stated that the Annual Reports had been received first in the Ministry from Tea Board and as per practice it was laid on the Table of the House as soon as it was available without waiting for the corresponding period's audited accounts which were received after about 12 months. If the Ministry had waited for the audited accounts, it had to wait for another 12 months or so for laying both the documents together on the Table of the House. He assured the Committee that in view of the changed system of auditing the accounts in one spell, the Ministry hoped that Annual Report, Audited Accounts and Audit Report thereon would be laid on the Table of the House in time, in future.

2.16. As regards laying of Annual Report and Audited Accounts of the Board for the year 1982-83, the witness stated that the accounts had been audited in the first week of October, 1983 and of the Audit Report was under finalisation and if the same was finalised in 15-20 days, the Annual Report and Audited Accounts would be laid on the Table of the House in the Budget Session of 1984.

2.17 The Committee note that the Audited Accounts of the Tea Board are not laid on the Table of the House in time together with the Annual Reports of the respective years, despite specific recommendation of the Committee on Papers laid on the Table contained in paragraph 1.16 of their First Report (Fifth Lok Sabha) in this regard.

2.18 The Committee are unhappy to find that one of the major factors that contributed towards delay in finalisation of the accounts of the Tea Board was that the Board took more than 3 months in compiling the accounts and making them available to the Statutory Auditors for auditing. The Committee are not at all convinced with the stereotyped arguments advanced by the Ministry of Commerce that the compilation of accounts was delayed because the Tea Board had a variety of functions such as control over the Industry, promotion through a large number of offices in and out of the country, various types of schemes of loans and grants, getting information from its establishments in foreign countries like London, Sydney, Cairo, etc. The Committee feel that the variety of functions of the Tea Board should not debar Parliament in getting timely information about their activities and performance. It is distressing that their recommendation on

the subject has not been followed. The Committee therefore, reiterate their aforementioned recommendation that the compilation of accounts of the Board should be completed and made available for audit positively within 3 months and the balance 6 months should be devoted for auditing of accounts, finalisation of Audit Report, translation and printing of the Annual Reports and Audited Accounts and their submission to the Ministry for laying on the Table of the House within 9 months of the close of the accounting year. The Committee trust that the Ministry of Commerce will chalk out a time bound programme in consultation with the Tea Board, to ensure strict observance, in future, of the norms prescribed by the Committee for laying the Annual Reports and Audited Accounts of the Board before Parliament.

2.19. The Committee note that the second factor that led the Tea Board to lay the Audited Accounts with delay was that the auditing of the accounts were undertaken in two spells—the first during May/June and the second during September/October each year. The Committee are satisfied with the statement made during the evidence that the split system of audit had been done away with for 1982-83 and as such, the laying of Audited Accounts would not be delayed hereinafter.

CHAPTER III

DELAY IN LAYING ANNUAL REPORTS OF NORTH EASTERN HANDICRAFTS AND HANDLOOMS DEVELOP- MENT CORPORATION LIMITED, SHILLONG FOR THE YEARS FROM 1977-78 TO 1980-81

The Annual Reports of the North Eastern Handicrafts and Handlooms Development Corporation Limited, Shillong for the years 1977-78, 1978-79 and 1979-80 were laid on the Table of Lok Sabha on 8 October, 1982 along with 'Review' and a statement of reasons for delay in laying these Reports.

3.2 The statement of reasons for delay reads as follows :

"The Northern Eastern Handicrafts and Handlooms Development Corporation, Shillong is under the administrative control of the Office of the Development Commissioner (Handicrafts). From time to time the Handicrafts Board had been reminding the said Corporation for submission of their Annual Reports/Review of the progress of the years 1977-78—1979-80 to be laid down on the Table of the House. These Reports could not be laid in time on the Table of the House due to late submission and finalisation of the accounts of these years by the Corporation. However, the Corporation has been advised for timely submission of the Reports in future. The delay caused in laying the Reports of previous years is regretted."

3.3 The Ministry of Commerce, on being asked, furnished the following information :

	1977-78	1978-79	1979-80
1	2	3	4
(i) the dates on which accounts of the Corporation for 1977-78 to 1979-80 were compiled.	April, 1979	May, 1979	July, 1980
(ii) the date on which the Company Law Board was approached to audit the accounts.	3-3-1978	30-6-1979	26-8-1980

	1	2	3	4
(iii) the date on which the statutory auditors were appointed.	November, 1978	29 November, 1979	30 August, 1980	
(iv) the date on which the statutory Auditors commended the audit.	8-6-1979	10-3-1980	31-10-1981	
(v) the date on which the accounts were submitted for comments of C & A.G.	21-6-1979	16-4-1980	November, 1981	
(vi) the date on which comments of C & A.G. were received.	10-10-1979	3-7-1980	21-11-1981	
(vii) the date on which the Audited Accounts were adopted by General body of Corporation.	6-3-1981	6-3-1981	21-11-1981	
(viii) the date on which Annual Reports together with Audited Accounts were sent for printing.	April, 1981	April, 1981	November, 1981	
(ix) The date on which printed copies of the Reports and Accounts were received and made available to the Ministry for laying on the Table.	June, 1981	June, 1981	December, 1981	

3.4 The Annual Report of the Corporation for the year 1980-81 was laid on the Table of Lok Sabha on 29 July, 1983 alongwith 'Review' and a statement of reasons for delay. The statement of reasons for delay reads as follows :

“(a) Delay in compilation of accounts

Delay occurred in receiving the compiled accounts from the field officers in the head office. There has been some delay in receipt of the bank reconciliation statements also. However, accounts for the year were compiled in November, 1981.

- (b) *Delay in approaching the Company Law Board for appointment of statutory auditors*

Due to delay in compilation of accounts and finalisation of previous year's accounts, the company Law Board was approached for appointment of statutory auditors only in December, 1981.

- (c) *Delay in appointment of statutory auditors by the Company Law Board*

The Company Law Board appointed statutory auditors in April, 1982.

- (d) *Delay in receipt of Statutory Audit Report*

The report was received only on 21st December, 1982.

- (e) *Delay in receipt of Comptroller and Auditor General's Report*

The Director, Commercial Audit, Calcutta was requested for comments on the accounts for the year 1980-81 on 27th December, 1982 but the comments were received only on 11th February, 1983.

- (f) *Delay in holding Board Meeting and Annual General Meeting*

There has also been some delay in approving the accounts in the Board Meeting and Annual General Meeting as the meeting could not be convened on time due to abnormal situation prevailing in Assam during the period."

3.5 At their sitting held on 7 January, 1984, the Committee on Papers laid on the Table considered the reasons furnished by the Ministry of Commerce with regard to delay in laying the Annual Reports of North Eastern Handicrafts and Handlooms Development Corporation Limited, Shillong for the years 1977-78 to 1980-81 and decided that the representatives of the Ministry might be called to appear before the Committee to explain the delays.

3.6 At the sitting of the Committee held on 23 January, 1984, the representatives of the Ministry of Commerce appeared before the Committee to give oral evidence on the subject.

3.7 On being pointed out that the Annual Reports and the Audited Accounts for the years 1977-78, 1978-79 and 1979-80 involve delay of

45 months, 33 months and 21 months, respectively and the delay occurred at every stage, the Additional Secretary and Development Commissioner (Handicrafts) stated that the Corporation was set up in 1977. The first three years were the period when the accounts and other matters were being organised and in the beginning the Corporation really took a lot of time in compiling its accounts. Even the staff were not familiar with accounts. Delays were caused in the initial stages. Accounts staff had since been organised and the organisation set up.

3.8 Asked when the accounts for the year 1981-82 would be laid on the Table of the House, the witness stated that these would be laid on the Table by 31 March, 1984. The accounts of the year 1982-83 were delayed at the level of audit because the Auditors went on making suggestions for the improvement in the Organisation but the Corporation could not be profitted by those suggestions. Moreover, new show rooms of the Corporation were opened in Bombay, Calcutta and Bangalore from where the accounts were to be obtained which took a lot of time because the Corporation did not have accounts staff at those places. For the accounts for 1982-83, the witness assured the Committee that those would be tried to be laid on the Table of the House in the Budget Session of 1984, thus clearing the entire backlog. In case it is not laid in the Budget Session, it would be laid in the Winter Session of 1984.

3.9 On being enquired how did the Corporation took seven months and 8 months in holding the annual general meeting for adoption of the Reports for 1977-78 and 1978-79 respectively after receipt of C & AG's comments, the witness stated that the Corporation was set up by the Ministry of Home Affairs and was transferred to the Ministry of Commerce. There was difficulty in convening the share holders meetings. That was how the delay took place at that time. After 1980, the Corporation was established and was on the path to improvement.

3.10 The Annual Report of the Corporation for the year 1981-82 was laid on the Table of Lok Sabha on 24 February, 1984 along with 'Review' and delay statement. The delay statement read as under :

“(a) Delay in finalisation of Accounts

The finalisation of the Accounts for the previous year (1980-81) was unduly delayed as the Statutory Auditor submitted the Audited Report in respect of the Annual Accounts for 1980-81 of the Corporation on

21st December, 1982. The submission of the accounts of the Corporation for the year 1981-82, therefore, got delayed to that extent.

(b) Delay in respect of Comptroller & Auditor General's Report

The Director Commercial Audit, Calcutta was requested for comments on the accounts for the year 1981-82 on 25th June, 1983, but the comments were received on 2.11.1983.

(c) Other formalities to be completed

It took another two months approximately to print the Annual Report after following the various formalities like 'approval in the Annual General Meeting etc."

3.11 The Committee note with concern that the Annual Reports of the North Eastern Handicrafts and Handlooms Development Corporation Limited, Shillong for the years 1977-78, 1978-79, 1979-80 and 1980-81 were laid on the Table of the House with the delay of 45 months, 33 months, 21 months and 19 months respectively.

3.12 The Committee find that the delay had occurred at every stage of the accounting procedure *i.e.*, appointment of Statutory Auditors, commencement of actual audit after appointment of Statutory Auditors, furnishing of comments by C. & A.G. holding of the Annual General Meeting after receipt of the comments of C. & A.G. and laying the Annual Reports on the Table of the House after receipt thereof from the Corporation. The Committee do not appreciate the reasons given by the Ministry of Commerce that the first three years of the Corporation were the period when the accounts and other matters were being organised and the staff of the Corporation were not familiar with the accounts work. The Committee cannot help expressing their dissatisfaction over the complacent state of affairs prevailing in the Corporation. The Committee are constrained to observe that neither the Ministry nor the Corporation had made any concerted and serious efforts to see that the Organisation was streamlined with earnest and its Annual Reports and Audited Accounts finalised promptly and laid on the Table of the House without any delay. After going through the facts placed before the Committee, the Committee have come to the conclusion that the Ministry of Commerce did not attach importance to the recommendations of the Committee on Papers laid on the Table contained in paragraph 4.16 of their Second

Report (Fifth Lok Sabha) wherein it is clearly mentioned that the Reports of the Government Companies should be laid within 9 months of the close of the accounting year. The Committee need hardly emphasise that the very purpose of laying these documents is defeated if these are not laid on the Table of the House in time. The Committee, therefore, recommend that with a view to checking such recurring and alarming delays, the entire procedure of finalisation of Annual Reports and Accounts should be organised and planned in such a manner that there is no bottleneck at any stage right from the stage of compilation of accounts to its laying before the House and in order to achieve that goal, the Ministry of Commerce should draw up proper time schedules for finalisation of Reports and Accounts at different levels and watch their adherence.

CHAPTER IV

LAYING BEFORE PARLIAMENT ANNUAL REPORTS/AUDIT REPORTS OF PRIVATE AND VOLUNTARY ORGANISA- TIONS RECEIVING FINANCIAL ASSISTANCE FROM GOVERNMENT

In paragraph 1.12 and 1.14 of their Second Report (Sixth Lok Sabha), the Committee on Papers laid on the Table have recommended that:

“1.12.....all Statutory/Autonomous organisations, Public Undertakings, Corporations, Joint ventures, Societies etc., which are financed out of funds drawn from the Consolidated Fund of India, after being voted by the Parliament, in the form of shares, subsidies, grants-in-aid, etc. either wholly or partly should lay their Annual Reports/Audit Reports (both English and Hindi versions) before both Houses of Parliament irrespective of the fact whether the Statutes, Rules or Regulations of such organisations provide therefor or not and whether they are registered under the Companies Act, 1956 or not.

1.14.....Government might consider the feasibility of amending, where necessary, the relevant Statutes/Rules/Regulations of such organisations, to make it obligatory on the part of the administrative Ministry concerned to lay the Annual Reports/Audit Reports of such organisations under their administrative control before Parliament within nine months of the close of the accounting year so that Parliament is apprised of their activities.”

4.2 There are certain private and voluntary organisations under the Ministry of Education and Culture, which receive financial assistance out of funds voted by Parliament but over which the Ministry does not exercise any administrative control. Explaining their difficulty in laying the Annual/Audit Reports of those organisations before Parliament the Ministry stated as follows:

“Besides the autonomous organisations, mostly set up by the Government and registered as Society, which are financed substantially or fully by the Government, there are certain voluntary organisations which

receive financial assistance from this Ministry either on the basis of net deficit in the maintenance expenditure or for meeting a part of their expenditure on an *ad hoc* basis or for implementing of specific programmes. In such cases, it may not be feasible for the Ministry to get the rules of such organisations amended so as to make provisions as suggested in para 1.14 of the Report, unless the organisations concerned voluntarily agreed to do so."

4.3 The Ministry, therefore, sought clarifications on the following points:

- (i) Whether the above recommendations of the Committee should be applicable only to organisations under the administrative control of the Ministry *i.e.* organisations established and financed by the Government; and
- (ii) Whether these would also apply to private and voluntary organisations over whom the Ministry does not strictly exercise any administrative control though they are in receipt of financial assistance, provided from funds voted by Parliament.

4.4 At their sitting held on 11 January, 1979, the Committee on Papers laid on the Table considered the matter and directed that:

"... ..the Ministry of Education, Social Welfare and Culture might be asked to furnish a list of such Private and Voluntary organisations, and clarify whether representatives of Government are there in these organisations, the nature of Government control over them alongwith the quantum of *ad hoc* or regular grants given to each of them during the last two years for their information before a decision could be taken in the matter."

4.5 On being asked the Ministry of Education and Social Welfare furnished the requisite information in respect of private and voluntary organisations receiving grants-in-aid from the Department of Education and the Department of Culture. According to that information the number of voluntary organisations which received grants-in-aid from the Department of Education and the Department of Culture during 1976-77 and 1977-78 were 1144 and 460, respectively.

4.6 Similarly, the Ministry of Social Welfare also sanctions grants-in-aid to voluntary organisations working in the fields of women/children/handi-

capped/social welfare. In January, 1981, that Ministry requested for confirmation of their presumption that the Annual Reports and Audit Reports of only those organisations which were fully funded by the grants sanctioned by the Ministry were to be laid on the Table and not of the voluntary organisations which received some amount of grants for implementation of the scheme/programmes of the Ministry. In this connection, the Ministry of Social Welfare stated, *inter alia* as under:

“This Ministry is sanctioning grants-in-aid to voluntary organisations working in the fields of women/children/handicapped/social welfare. During the year 1978-79, this Ministry sanctioned grants-in-aid to 536 voluntary organisations providing welfare services to the children. The amount of grant ranged from Rs 2 thousand to Rs. 30 lakhs. This Ministry do not have any administrative control on the working of these voluntary organisations. These voluntary organisations might also be getting financial assistance from other Ministries/department in respect of programmes/scheme being implemented by those Ministries. It was not feasible that the annual reports and audit reports of all the 536 voluntary organisations sanctioned grants-in-aid by this Ministry during 1978-79 should have been laid on the Table of both the Houses of Parliament.

The Ministry of Social Welfare have under their administrative control, the following three organisations which are entirely funded by the grants sanctioned by this Ministry:—

- (i) Central Social Welfare Board, registered as Company under Companies Act, 1956.
- (ii) National Institute of Public Cooperation and Child Development Registered as Autonomous Body under Societies Registration Act, 1860.
- (iii) Institute for Physically Handicapped, registered under Societies Registration Act, 1860.

It is presumed that this Ministry have to lay on the Table of both Houses of Parliament, the Annual Report and Audit Report of the above mentioned three organisations only and not voluntary agencies which received some amount of grants for implementation of the Schemes/programmes of this Ministry.”

4.7 In March, 1981, the Ministry of Social Welfare were requested to indicate the number of organisations among 536 Voluntary Organisations which got grants upto Rs. 1 lakh, from 1 lakh to 5 lakhs and beyond Rs. 5 lakhs during the year 1978-79 and 1979-80. The Ministry indicated the following position :

	1978-79	1979-80
No. of Organisations getting grants upto Rs. 1 lakh.	618	485
Grants from Rs. 1 lakh to Rs. 5 lakhs.	101	61
Grants beyond Rs. 5 lakhs.	20	11

4.8 As regards the nature of the Government control over them, the Ministry of Social Welfare stated that the grantee organisations are required to furnish the audited accounts and utilisation certificates duly signed by the Chartered Accountants. They also furnish budget estimates and Annual Reports where available etc. However, the Ministry of Social Welfare has no control over the grantee organisations in all the cases. In most of the cases the organisations receive small amount of grants from the Ministry and it is, therefore, not necessary to have any control over them. As for the norms laid down for sanctioning grants to them, the Ministry stated that the terms and conditions of grants were regulated by the provisions contained in the respective schemes/programmes run by the Ministry and these vary from scheme to scheme.

4.9 The Ministry of Social Welfare expressed the following difficulties envisaged in laying their Annual Reports/Audited Accounts/Audit Reports of the Voluntary Organisations before the Parliament :

“The grants given under the various schemes in most of the cases form only a small part of the total budget of the organisations. The Voluntary Organisations also get financial assistance from various Ministries/Departments and other Government Agencies in respect of the schemes being operated by them. It is, therefore, not feasible that the Annual Reports/audit reports of all the voluntary organisations in receipt of grants by this Ministry may be laid before the Parliament.

Moreover, there is no provision at present for laying the statement of accounts of voluntary organisations before the Parliament. The

audited accounts of a particular organisation can be laid before the Parliament if such a provision exists in the Act under which such an organisation is set up and that too only if there is a provision in the bye-laws. Without prejudice to the provisions contained in the Comptroller and Auditor General (DPC Services) Act, 1971 the accounts of such organisations are audited by the private Accountants and such accounts audited by private Accountants need not be placed before the Parliament."

4.10. At their sitting held on 7 January, 1983, the Committee on Papers laid on the Table considered the question of laying before Parliament Annual Reports, Audited Accounts and Audit Reports of the Private and Voluntary Organisations receiving financial assistance from Government and decided that the representatives of the Ministries of Education and Social Welfare might be called to appear before them to give their views in the matter.

4.11 At the sitting of the Committee held on 16 July, 1983, the representatives of the Ministries of Education and Culture and the Social Welfare appeared before the Committee to give oral evidence on the subject.

4.12 During evidence, the Committee first invited suggestions from the representatives of the Ministry of Education and Culture as to the limit of grant given to an organisation which could be fixed for making the organisation accountable to Parliament. The Education Secretary stated that there were rules and conditions under which grants were given to organisations. There were small organisations (whose number was quite large) receiving grants below Rs. 1 lakh and it would be very difficult and voluminous task to have Annual Reports and Audited Accounts from all such organisations. With regard to those getting less than Rs. 5 lakhs, it was mentioned in the Financial Rules that the Ministry concerned should get a performance-cum-achievement report of the organisation to whom grants was given. The Ministry exercised sufficient check, *i.e.*, after the first 25% of the grant was released, the next instalment would not be released till the utilisation certificate in respect of the first instalment was made available. The witness made a submission that the Organisation receiving only partial support of Rs. 5 lakhs or below, might be exempted from laying their Annual Reports and Accounts on the Table of the House. The witness further stated that even in the case of organisations getting Rs. 5 lakhs and above the test audit was not possible. The full audit of those organisations getting Rs. 5 lakhs and above could be started in consultation with C & AG. and for

those getting below Rs. 5 lakhs it could be checked by C & A.G. whether the money was properly spent or not.

4.13 Thereafter, the Committee enquired about the opinion of the representatives of the Ministry of Social Welfare in the matter regarding laying of Annual Reports and Audited Accounts of Private and Voluntary Organisations on the Table of the House. The Secretary, Ministry of Social Welfare informed the Committee that there were about 700 to 800 voluntary organisations receiving financial assistance from that Ministry. At the time of giving grants to such organisations, the following points were taken into consideration :

- (i) whether the State Government was satisfied with their functioning ;
- (ii) whether the organisation had its constitution and Managing Committee etc. ;
- (iii) whether the financial position of the organisation was sound ; and
- (iv) whether the utilisation certificate to the effect that the first instalment of recurring grant was utilised for the purpose for which it had been given was furnished.

4.14 So far as the question of laying of the Annual Reports and Audited Accounts of the Private and Voluntary Organisations was concerned, the witness submitted that since these organisations were not well run or well organised they took long time in preparing their accounts and it would be very difficult for them to send their reports and accounts in time. It was a very difficult task for the Ministry also to collect Annual Reports and Accounts from each of the 700 to 800 organisations, for laying on the Table. He was, however, of the opinion that a list of such organisations receiving grant between Rs. 1 lakh to 5 lakhs could be annexed to the Annual Report of the Ministry of Social Welfare, indicating the amount of grant given by Govt. for information of Members of Parliament. As regards the organisations receiving grant of Rs. 5 lakhs and above, their accounts were audited by the Chartered Accountants. Although the C & A.G. had every right to examine their accounts yet the practicability of accounts being audited by C & A.G. would have to be examined. The witness was of the view that in order to have the Annual Reports and Accounts of such organisations laid on the Table, it should be seen that the organisations had an administrative set up so as to ensure that the accounts were made available in time for laying on the Table of the House.

He further stated that the Central Social Welfare Board whose Annual Report and Audited Accounts were laid on the Table of the House, give financial assistance to the State Social Welfare Boards and it was the Central Social Welfare Board that certified that the grants were properly utilised.

4.15 The Committee note that the Ministries of Education and Culture and Social Welfare are giving grants-in-aid to a large number of private and voluntary organisations every year but their annual reports and accounts are not being laid on the Table of the House. The Committee also note that in 1979-80 the Ministry of Social Welfare disbursed grants ranging from Rs. 1 lakhs to 5 lakhs to 61 organisations and beyond Rs. 5 lakhs to 11 organisations. The Committee are not convinced by the explanations of the Ministries of Education and Social Welfare that since Government have no administrative control over the private and voluntary organisations to whom financial assistance is being given by those Ministries, the laying of Annual Reports and audited accounts of those organisations may not be insisted upon.

4.16 The Committee feel that Rs. 5 lakh is quite a substantial amount for making the organisation accountable to the Parliament. The Committee, therefore, recommend that the Annual Reports and accounts of private and voluntary organisations receiving recurring grant-in-aid to the tune of Rs. 5 lakhs and above should be laid on the Table of the House. In the case of private and voluntary organisations receiving grant-in-aid of Rs. 1 lakh and below Rs. 5 lakh, all the Ministries and Departments of Government of India should include in their own Annual Reports a statement showing the quantum of funds provided to each of those organisations and the purpose for which they were utilised for the information of the Members of Parliament.

CHAPTER V

DELAY IN LAYING THE ANNUAL REPORT AND AUDITED ACCOUNTS OF THE BHARAT LEATHER CORPORATION LIMITED, AGRA

5.1 The Annual Report and audited accounts for the year 1980-81 of the Bharat Leather Corporation Limited, Agra were laid on the Table of Lok Sabha on 21 July, 1982, alongwith a statement explaining the reasons for delay and 'Review' under Section 619A of the Companies Act, 1956. In terms of the recommendation of the Committee made in paragraph 4.16 of their Second Report (Fifth Lok Sabha), these papers were required to be laid on the Table within 9 months of the close of the accounting year, i.e., by 31 December, 1981. Thus, the period of delay involved in the instant case comes to about 7 months.

5.2 In the delay statement laid on the Table, the Ministry of Industry (Department of Industrial Development) have explained the delay as under :

“The Annual Report of the Bharat Leather Corporation Limited, Agra, for the year 1980-81 could not be laid on the Table of the House within nine months from the close of the financial year, due to the following reasons :

- (i) There was considerable increase in the activities of the Company as compared to the earlier year. The process of recruitment of staff to match the increased activities took quite some time which resulted in delay in finalisation of accounts.
- (ii) In view of the expansion of the activities of the Corporations the operations took place ahead of the procedures that could be established thereby causing delay in accounting for the transactions.
- (iii) The accounts for the year could therefore be approved by the shareholders only on 29.12.81.
- (iv) Thereafter, it took some time to get the Annual Reports translated into Hindi and obtain printed copies of the Report.”

5.3 On a reference made in September, 1982, the Ministry of Industry (Department of Industrial Development) informed that :

"Compilation of accounts could be done in the month of June, 1981, only, due to shortage of manpower. The audit started in July, 1981. In order to satisfy the objections raised by the statutory auditors regarding stock tally, the reconciliation work had to be re-done, which could be completed by end of September, 1981 only. The accounts were audited by the Auditors in the middle of October, 1981. On completion of the audit work, the accounts were placed before the Board of Directors in their meeting held on 26.10.1981. The Government Auditors completed their audit by 10.12.1981. After adoption of the accounts in the Annual General Meeting held on 29.12.1981 and approval therefor by the shareholders, the same were got translated in Hindi which could be completed by 7th February, 1982. The printed copies of the accounts were submitted to the Ministry on 31.3.1982. The detailed reasons for the delayed submission of the Annual Report were however furnished by the Corporation only on 26.4.1982. The necessary review by Government along with the delay statement was got prepared by 4.5.1982. As the Lok Sabha had adjourned by 30.4.1982, the Report could not be laid on the Table of the House during the Eighth Session held from 18.2.1982 to 30.4.1982. The report was, however, laid on the Table of Rajya Sabha on 6.5.1982. After adoption of the accounts by the General Body on 29.12.1981, Hindi translation work could be completed by 7th February, 1982, and on receipt of the Hindi version, tender for printing the Annual Report of the Company was invited on 12.2.1982, and the Report got printed on 30.3.1982."

5.4 The Annual Reports and Audited Accounts of the Corporation for the years 1981-82 and 1982-83 were laid on the Table on 3 August and 22 December, 1983, respectively.

5.5 At their sitting held on 7 September, 1983, the Committee on Papers laid on the Table considered the reasons given by the Ministry and decided that the representatives of the Ministry might be called to appear before them to explain the delays.

5.6 At the sitting of the Committee held on 30 November, 1983, the representatives of the Ministry of Industry (Department of Industrial Development) appeared before the Committee to give oral evidence on the subject.

5.7 On being enquired whether the time schedule was followed by Bharat Leather Corporation for compilation, finalisation and auditing of accounts of the Corporation, the witness stated that the Corporation was constituted on 31.3.1976 and during that initial period, the Corporation was in the formative stage and the persons engaged in its working were new and inexperienced and were not familiar with the relevant provisions in that regard, but still they were trying to adhere to the time schedule. He further explained that in the case of 1980-81 the delay of 7 months occurred partly due to the fact that there was considerable increase in the activities of the Corporation as compared to the earlier years which took some time in compilation of accounts and partly at the level of Audit, which also took some time.

5.8 When asked about the factors contributing to the loss of Rs. 44.81 lakhs incurred by the Corporation for the year 1981-82, the witness stated that the losses incurred were mainly because of the fact that there was considerable expansion of the activities of the Corporation. The operations of the Corporation regarding procurement of footwear, Leather goods, leather garments and furniture was started in 1979. Those were entirely different and there was no other organisation covering all such articles made out of leather. The area in which procurement was started in 1979-80 was new and needed to be explored. The designs of such articles could not be finalised till 1980. The procurement required assessment of costing the type of leather required. That was the initial stage and staff was to be trained, put to work and outlets were tried to be found out for selling the finished goods. In addition to their Emporium the Corporation tried to find out the bulk supply outlets to some of the factories and public sector Undertakings. Naturally, the turnover did not go up so quickly which in 1979-80 was 2.7 lakhs went upto 44.81 lakhs and then to 110 lakhs. As regards remedial measures the witness stated as under :

“The Corporation should not make any losses. There cannot be two opinions. Our Minister is also very keen about it and action has been taken in this respect. We want that the Public Sector Undertakings should remain viable and they do not run into losses. Even Yesterday morning the Minister called various officers and said that he was very anxious about it. Incidentally, the problem of Bharat Leather Corporation is slightly different in as much as apart from the Commercial activities, it has to carryout the extension activities. Our view is that the extension activities, losses and expenditure on expansion,

activities should be offset by the profit which they make on commercial transactions. It is not that it should be entirely a commercial organisation exploiting the poor artisans. But from the expansion which they can afford to do, they should be able to make sufficient profit so as to offset the losses which had been incurred on payment of good wages, its own payment about other work and for the items which are produced."

5.9 Asked to state why it was not possible to lay the Annual Report and Audited Accounts for the year 1980-81 on the Table of Lok Sabha in the Budget Session held from 18 February to 30 April, 1982, the witness stated that the Annual Report was considered by the Annual General Body of the Corporation at their meeting held on 20 December, 1981. After the accounts were adopted, the Annual Report was translated in Hindi version and sent to the Ministry on 31.3.1982 for laying on the Table of the House. The explanation for delay was submitted by the Corporation to the Ministry on 28.4.1982 and thereafter there were some difficulties also because the Ministry was to lay these papers on the Table of Lok Sabha which was to close on the 6 May, 1983 but it was adjourned on 30 April, 1983. These papers could be laid on the Table of Rajya Sabha on 5 May, 1983 but on the Table of Lok Sabha it could be laid only in the next Session, in July, 1983. In this way 3-4 months delay occurred in laying the papers on the Table of Lok Sabha which somehow or the other was beyond their control. The witnesses assured the Committee that in future the documents would be laid on the Table in time.

5.10 On being asked whether the Ministry took steps to lay on the Table a statement explaining the reasons for not laying the Annual Report and Audited Accounts within 30 days from the expiry of the period of nine months and if the House was not in Session within 7 days of re-assembly of the House, the witness replied in the negative and assured the Committee that necessary instructions would be issued in this regard to comply with the recommendations of the Committee.

5.11 It was pointed out that the Corporation had adopted a very unusual procedure for translation in Hindi and this was responsible for delay to a considerable extent. The witness while agreeing with the views of the Committee gave an assurance to adhere to the recommendation of the Committee to take steps to see that the translation and printing in Hindi does not take unduly long time and the unusual procedure so far adopted is replaced by another procedure which would be time saving.

5.12 On being pointed out that the Auditors had observed that they were every year finding discrepancies in stocks maintained by the Emporium of the Corporation located in Delhi and that from the details they found that there were excesses in certain items and shortages in other items which gave an impression that there was lack of internal control of the Corporation and the Ministry, the witnesses stated as under :

“When we started the Emporium in the beginning, it was difficult for the staff to control because there were lot of Claims. Because of that all this accounting could not be maintained properly.

On further probe the witness stated :

“We have taken action in appointing an Enquiry Officer to fix the responsibility for that.”

5.13 The witnesses agreed to adhere to the suggestion made by the Committee that both the Corporation and the Ministry should take steps to streamline the organisation in an organised and systematic manner not only to achieve the objective of efficiency in quality and production but also to manufacture goods catering to foreign markets and show greater excellence in its performance.

5.14 The Committee note that the Annual Reports and Audited Accounts of the Bharat Leather Corporation for the years 1980-81 and 1981-82 were laid on the Table of Lok Sabha on 21 July, 1982 and 3 August, 1983 respectively *i.e.*, with the delay of about 7 months in each case.

5.15 The Committee are distressed to note that their recommendation contained in paragraph 4.16 of their Second Report (Fifth Lok Sabha) was not followed in letter and spirit and the laying of the documents on the Table of the House continued to be delayed. The reasons given that there was considerable increase in the activities of the Company as compared to the earlier years and the process of recruitment of staff to match the increased activities took quite sometime which resulted in delay in finalisation of accounts, do not seem to be justified as the urgency in making copies of the Annual Report for 1980-81 available for laying before the House was brought to the notice of the Corporation by the Ministry on 20.3.1982 *i.e.*, after about 3 months of the expiry of the prescribed period of 9 months laid down by the Committee. Annual Report was got printed on 30 March, 1982 and the printed copies of the accounts for this year were submitted to the

Ministry on 31 March, 1982. Thereafter the Corporation took about a month in furnishing the detailed reasons for delay. Had the Ministry moved in the matter with due expedition, the Reports and accounts for 1980-81 could have been laid during the Session of Lok Sabha held from 18 February to 30 April, 1982.

5.16 The Committee trust that in future the Ministry would move early in the matter to ensure timely submission of the Annual Reports, Audited Accounts and Audit Report thereon of the Bharat Leather Corporation on the Table of the House within the prescribed period of 9 months.

NEW DELHI :

24 April, 1984

4 Vaisakha, 1906 (Saka)

KRISHXASAH

Chairman,

Committee on Papers Laid on the Table

APPENDIX

SUMMARY OF RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE REPORT

Sl. No.	Reference to Para No.	Summary of Recommendations/Observations
1	2	3
1	1.16	The Committee note that the Annual Report of the Indian Council of Social Science Research for the year 1979-80 was laid on the Table of Lok Sabha on 7.5.1981 <i>i.e.</i> after a delay of 4 months whereas the Annual Statement of Accounts and Audit Report thereon of the Council for the same year were laid on the Table on 17.12.1981 <i>i.e.</i> after a delay of about 12 months.
2	1.17	The Committee are constrained to observe that an inordinate delay was caused at the stages of auditing and printing of the annual accounts. The argument advanced that the translated version of the accounts in Hindi contained a number of errors in figures which had to be checked with the English version that took considerable time causing the delay does not appear to be justified. Had the Council and the Ministry taken due care and dealt with the matter with seriousness, there would not have been such errors causing abnormal delays.
3	1.18	The Annual Report of the Council for the year 1980-81 was laid on the Table on 25.3.1982, after a delay of 3 months but the Audited Accounts and Audit Report for this year were laid on 24.2.1983 <i>i.e.</i> after a delay of about 14 months. Similarly the Annual Report of the Council for the year 1981-82 was laid on the Table on 24.3.1983 but the Annual Accounts and Audit Report for the year 1981-82 were laid on 17.11.1983 <i>i.e.</i> after a delay of about 10½ months.

1	2	3
<hr/>		
4	1-19	<p>The Committee are distressed to observe that despite the clear guidelines laid down by the Committee on Papers laid on the Table in their recommendation contained in para 3.5 of the First Report (Fifth Lok Sabha), the Annual Report and the Audited Accounts of the Council are being laid separately since 1979-80. It is felt that unless both the Annual Report and Audited Accounts of the Council are laid together before Parliament a complete picture about the working and activities of the Council does not emerge. The very purpose of laying these papers is defeated because the Members will not be able to assess the performance of the Council in its true perspective and express their views thereon at the time of voting on demands for grants of the Ministry of Education and Culture. The Committee, therefore, recommend that the Annual Report, Audited Accounts and Audit Report of the Council should be laid on the Table together within the period of 9 months from the close of the accounting year as already prescribed by the Committee.</p>
5	2-17	<p>The Committee note that the Audited Accounts of the Tea Board are not laid on the Table of the House in time together with the Annual Reports of the respective years, despite specific recommendation of the Committee on Papers laid on the Table contained in paragraph 1-16 of their First Report (Fifth Lok Sabha) in this regard.</p>
6	2-18	<p>The Committee are unhappy to find that one of the major factors that contributed towards delay in finalisation of the accounts of the Tea Board was that the Board took more than 3 months in compiling the accounts and making them available to the Statutory Auditors for auditing. The Committee are not at all convinced with the stereotyped arguments advanced by the Ministry of Commerce that the compilation of accounts was delayed because the Tea Board had a variety of functions such as control over the Industry, promotion through a large number of offices in and out of the country, various types of schemes of loans and grants, getting information from its establishments in foreign countries like</p>

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London, Sydney, Cairo, etc. The Committee feel that the variety of functions of the Tea Board should not debar Parliament in getting timely information about their activities and performance. It is distressing that their recommendation on the subject has not been followed. The Committee therefore, reiterate the ir aforementioned recommendation that the compilation of accounts of the Board should be completed and made available for audit positively within 3 months and the balance 6 months should be devoted for auditing of accounts, finalisation of Audit Report, translation and printing of the Annual Reports and Audited Accounts and their submission to the Minisrty for laying on the Table of the House within 9 months of the close of the accounting year. The Committee true that the Ministry of Commerce will chalk out a time bostd programme in consultation with the Tea Bôard, tounnsure strict observance, in future, of the norms prescribed by the Committee for laying the Annual Reports and Audited Accounts of the Board before Parliament.

7 2.19

The Committee note that the second factor that led the Tea Board to lay the Audited Accounts with delay was that the auditing of the accounts were undertaken in two spells- the first during May/June and the second during September/October each year. The Committee are satisfied with the statement made during the evidence that the split system of audit had been done away with for 1982-83 and as such, the laying of Audited Accounts would not be delayed hereinafter.

8 3.11

The Committee note with concern that the Anual Reports of the North Eastern Handicrafts and Handlooms Development Corporation Limited, Shillong for the years 1977-78, 1978-79, 1979-80 and 1980-81 were laid on the Table of the House with the delay of 45 months, 33 months, 21 months and 19 months respectively.

9 3.12

The Committee find that the delay had occurred at every stage of the accounting procedure *i.e.*, appointment of Statutory Auditors, commencement of actual audit after

appointment of Statutory Auditors, furnishing of comments by C. & A.G., holding of the Annual General Meeting after receipt of the comments of C. & A.G. and laying the Annual Reports on the Table of the House after receipt thereof from the Corporation. The Committee do not appreciate the reasons given by the Ministry of Commerce that the first three years of the Corporation were the period when the accounts and other matters were being organised and the staff of the Corporation were not familiar with the accounts work. The Committee cannot help expressing their dissatisfaction over the complacent state of affairs prevailing in the Corporation. The Committee are constrained to observe that neither the Ministry nor the Corporation had made any concerted and serious efforts to see that the Organisation was streamlined with earnest and its Annual Reports and Audited Accounts finalised promptly and laid on the Table of the House without any delay. After going through the facts placed before the Committee, the Committee have come to the conclusion that the Ministry of Commerce did not attach importance to the recommendations of the Committee on Papers laid on the Table contained in paragraph 4.16 of their Second Report (Fifth Lok Sabha) wherein it is clearly mentioned that the Reports of the Government Companies should be laid within 9 months of the close of the accounting year. The Committee need hardly emphasise that the very purpose of laying these documents is defeated if these are not laid on the Table of the House in time. The Committee, therefore recommend that with a view to checking such recurring and alarming delays, the entire procedure of finalisation of Annual Reports and Accounts should be organised and planned in such a manner that there is no bottleneck at any stage right from the stage of compilation of accounts to its laying before the House and in order to achieve that goal, the Ministry of Commerce should draw up a proper time schedule for finalisation of Reports and Accounts at different levels and watch their adherence.

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		<p>and Culture and Social Welfare are giving grants-in-aid to a large number of private and voluntary organisations every year but their annual reports and accounts are not being laid on the Table of the House. The Committee also note that in 1979-80 the Ministry of Social Welfare disbursed grants ranging from Rs. 1 lakhs to 5 lakhs to 61 organisations and beyond Rs. 5 lakhs to 11 organisations. The Committee are not convinced by the explanations of the Ministries of Education and Social Welfare that since Government have no administrative control over the private and voluntary organisations to whom financial assistance is being given by those Ministries, the laying of Annual Reports and audited accounts of those organisations may not be insisted upon.</p>
11	4.16	<p>The Committee feel that Rs. 5 lakh is quite a substantial amount for making the organisation accountable to the Parliament. The Committee, therefore, recommend that the Annual Reports and accounts of private and voluntary organisations receiving recurring grant-in-aid to the tune of Rs. 5 lakh and above should be laid on the Table of the House. In the case of private and voluntary organisations receiving grant-in-aid of Rs. 1 lakh and below Rs. 5 lakhs all the Ministries and Departments of Government of India should include in their own Annual Reports a statement showing the quantum of funds provided to each of those organisations and the purpose for which they were utilised for the information of the Members of Parliament.</p>
12	5.14	<p>The Committee note that the Annual Reports and Audited Accounts of the Bharat Leather Corporation for the years 1980-81 and 1981-82 were laid on the Table of Lok Sabha on 21 July, 1982 and 3 August, 1983 respectively <i>i.e.</i>, with the delay of about 7 months in each case.</p>
13	5.15	<p>The Committee are distressed to note that their recommendation contained in paragraph 4.16 of their Second Report (Fifth Lok Sabha) was not followed in letter and spirit and the laying of the documents on the Table of</p>

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the House continued to be delayed. The reasons given that there was considerable increase in the activities of the Company as compared to the earlier years and the process of recruitment of staff to match the increased activities took quite sometime which resulted in delay in finalisation of accounts, do not seem to be justified as the urgency in making copies of the Annual Report for 1980-81 available for laying before the House was brought to the notice of the Corporation by the Ministry on 20.3.1982 *i. e.*, after about 3 months of the expiry of the prescribed period of 9 months laid down by the Committee. Annual Report was got printed on 30 March, 1982 and the printed copies of the accounts for this year were submitted to the Ministry on 31 March, 1982. Thereafter the Corporation took about a month in furnishing the detailed reasons for delay. Had the Ministry moved in the matter with due expedition, the Reports and accounts for 1980-81 could have been laid during the Session of Lok Sabha held from 18 February to 30 April, 1982.

14. 5:16

The Committee trust that in future the Ministry would move early in the matter to ensure timely submission of the Annual Reports, Audited Accounts and Audit Report thereon of the Bharat Leather Corporation on the Table of the House within the prescribed period of 9 months.

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Published under Rule 382 of the Rules of Procedure and Conduct
of Business in Lok Sabha (Sixth Edition) and printed by
M/s. Sunlight Printers, 2265, Dr. Sen Marg, Delhi-6 Ph. : 233363
