

COMMITTEE
ON
PAPERS LAID ON THE TABLE
(1976-77)

(FIFTH LOK SABHA)

FOURTH REPORT

(Presented on the 2nd November, 1976)



LOK SABHA SECRETARIAT
NEW DELHI

November, 1976/Kartika, 1898 (Saka)

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FOURTH REPORT OF COMMITTEE ON PAPERS LAID
ON THE TABLE

(Presented on 2.11.1976)

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
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34	Appen- dix-III	heading to column No.6	% Equity	Equity
35	Appen- dix-III	column No.3 S.No.12	7-2-58	7-2-68

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
38	Appen- dix-V	column No.5 S.No.2	1 meeting	4 meetings
38	Appen- dix-V	column No.5 S.No.3	Two meetings	Two Directors attended in 2 meetings.
40	Appen- dix-VI	heading to column No.6	Tentative ate for finalisation of accounts by the statutory Auditor	Tentative date for finalisation of accounts by the statutory Auditor
48	-	6	facted	faced
48	2.37	2-3	Industires	Industries
51	-	1	Industry	Industries
54	Sl. No. 30	1	2.50	2.51

CONTENTS

100-1111111111

	Page
COMPOSITION OF THE COMMITTEE	(iii)
INTRODUCTION	(v)
CHAPTER I—Delay in laying Tariff Commission Report	1
CHAPTER II—Delay in laying the Annual Reports and Audited Accounts of the Agro-Industries Corporations under the Companies Act, 1956	11

APPENDICES

I. Statement showing monthwise ex-works price of BON ACID recommended by Tariff Commission which actually prevailed	31
II. Annual Reports of State Agro-Industries Corporations laid on the Table of Lok Sabha during 1974, 1975 and up to 2-9-1976 under Section 619A of the Companies Act, 1956	32
III. Statement showing names of State Agro-Industries Corporations, dates of their incorporation, authorised capital, percentage of Central equity participation and the equity acquired by the Central Government up to 31-3-1976	34
IV. Copy of D.O. letter No. F. 5 (6)/76-MY(M), dated 27-8-1976 from the Minister of Agriculture and Irrigation to the Chief Ministers of Assam, Andhra Pradesh, Bihar, Punjab, Orissa, Jammu and Kashmir, Kerala and West Bengal	36
V. Statement Showing the attendance of Central Directors in the Board Meetings of the Agro-Industries Corporations for the year 1971—73	38
VI. Table showing the period of Accounting year of the State Agro-Industries Corporation and Time-bound Programme for Audit of Accounts, etc.	40
VII. Summary of Recommendations/Observations contained in the Report	41

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COMPOSITION OF THE COMMITTEE ON PAPERS LAID ON
THE TABLE

(1976-77)

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SECRETARIAT

Shri P. K. Patnaik—*Additional Secretary.*

Shri Y. Sahai—*Chief Legislative Committee Officer.*

INTRODUCTION

1. I, the Chairman of the Committee on Papers Laid on the Table of the House, having been authorised by the Committee to present the Report on their behalf, present the Fourth Report.

2. As a result of examination of some papers laid on the Table of Lok Sabha during the Fourteenth and Fifteenth Sessions, the Committee have come to certain conclusions in regard to inordinate delay in laying of (i) Tariff Commission Reports; and (ii) Annual Reports and audited accounts of Agro-Industries Corporations set up in various States.

3. The Committee heard the views of the representative of the Ministry of Law, Justice and Company Affairs on the interpretation of Section 16 of the Tariff Commission Act, 1951 on the 10th May, 1976. The Committee also took oral evidence of the representatives of the Ministry of Commerce and the Ministry of Chemicals and Fertilizers regarding delay in processing and laying the Tariff Commission Report on the price structure of BON (BETA OXY NAPHTHOIC) Acid on the 10th May, 1976. On the 21st July, 1976, the Committee took evidence of the representatives of the Ministry of Agriculture and Irrigation in regard to the factors which were leading to delays in laying before Parliament the Reports of Agro-Industries Corporations set up in various States.

4. The Committee wish to express their thanks to the Ministries of Law, Justice and Company Affairs, Commerce, Chemicals and Fertilizers and Agriculture and Irrigation for furnishing information desired by the Committee.

5. The Committee considered and adopted the Report at their sittings held on the 29th September and 18th October, 1976.

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

ERA SEZHIYAN,

Chairman,

*Committee on Papers laid
on the Table.*

NEW DELHI;

October 18, 1976.

Asvina 26, 1898 (Saka).

CHAPTER I

DELAY IN LAYING TARIFF COMMISSION REPORT

Two Reports viz. (i) Tariff Commission Report (1974) on the Price Structure of BON (BETA OXY NAPHTHOIC) ACID and (ii) Tariff Commission Report (1975) on the Fixation of Fair Selling Price of Antimony Metal were laid on the Table of Lok Sabha on the 20th January and 22nd January, 1976 respectively under sub-section (2) of section 16 of the Tariff Commission Act, 1951. Similarly a statement explaining the reasons for not laying before Parliament the Report of the Tariff Commission on the Price Structure of Industrial Alcohol was laid on the Table of Lok Sabha on the 20th January, 1976 under proviso to sub-section (2) of Section 16 of the said Act.

1.2. Section 16 of the Tariff Commission Act, 1951 reads as under:

“16. *Action on Commission's report:* (1) Upon receipt of a report made to it by the Commission, the Central Government may take such action as it considers fit in respect of any of the matters dealt with in the report.

(2) A copy of every final report made to the Central Government, together with a report of action taken thereon by the Central Government under sub-section (1), shall be laid on the Table of Parliament within three months of the submission of the report to the Central Government if Parliament is then sitting, or, if Parliament is not then sitting within seven days of its reassembly.

Provided that when the report cannot be so laid, statement explaining the reasons thereof shall be laid on the Table of Parliament.”

1.3. In the statement, giving reasons for the delay, laid along with the Report on BON ACID, it had *inter alia* been stated:—

“The Tariff Commission's report (1974) on the Price Structure of BON ACID was submitted on 24-8-1974 and was received in the Ministry of Petroleum and Chemicals on 29-4-1975.

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Normally, the practice is to lay the Report of the Tariff Commission on the Table of the Houses together with the Government decision on the recommendations contained in the Report within three months of its receipt. There has been delay in laying the Report of the Tariff Commission on the Price Structure of BON ACID. As stated above, the Report was received in the Ministry of Petroleum and Chemicals on 29-4-1975 and it was felt that it would be more appropriate to lay the Report on the Table of the House after taking Government decision thereon, which took considerable time as it was to be considered in consultation with various concerned Ministries/Departments from April to December, 1975. The Report and the Government decision thereon are accordingly now being laid."

1.4. In the statement, giving reasons for the delay by the Ministry of Steel & Mines, laid along with the Report on the Fixation of Fair Selling Price of ANTIMONY METAL, it had been stated:—

"The Tariff Commission's Report on the Fair Selling Price of ANTIMONY was submitted by the Commission on the 8th August, 1975 and in accordance with the sub-section (2) of section 16 of the Tariff Commission Act, 1951 (50 of 1951) this Report together with a report of action taken thereon should have been laid on the Table of Lok Sabha on or before the 12th January, 1976. This, however, could not be done within the specified period as the examination of the Report involved certain general financial and other considerations requiring consultation with other Ministries."

This examination in consultation with the concerned Ministries took some time and has since been completed. Hence the Government orders on the Report could be issued only to-day, the 22nd January, 1976".

1.5. In the statement, explaining reasons for not laying the Report of the Tariff Commission on the Price Structure of Industrial Alcohol within the prescribed period by the then Ministry of Petroleum and Chemicals, laid on the Table of Lok Sabha on the 20th January, 1976, it had *inter alia* been stated:

"The Report will be laid on the Table of the House as soon as it is examined in full and decisions about all the recommendations taken".

1.6. The Committee noted that apart from the delay in laying the above Reports of Tariff Commission on the Table of Lok Sabha,

even the statement, explaining the reasons for not laying the Reports within the period prescribed under sub-section (2) of Section 16 of the Tariff Commission Act, 1951, was not being laid as required under proviso to sub-section (2) of Section 16 of the said Act. The Committee felt that the said provisions of the Act were not being correctly interpreted by the various Ministries.

1.7. In order to know the exact interpretation of the proviso to sub-section (2) of Section 16 of the Tariff Commission Act, 1951, the Committee addressed the Ministry of Law, Justice and Company Affairs on the subject on the 25th February, 1976. The Ministry sent their opinion on the 24th April, 1976 after being reminded on the 9th and 25th March, 1976. The Ministry *inter alia* stated:

"The question whether a provision in a statute is mandatory or directory has to be determined on the basis of certain well recognised tests. Where no express provision is made in the statute that a failure to give effect to the direction will render the transaction null and void, courts would be inclined to hold that the provision is directory and not mandatory. Here, the statute does not contain any express provision that the report shall be disregarded or shall be treated as non-est if the direction contained in sub-section (2) of Section 16 of the Tariff Commission Act, 1951 is not carried out. Secondly, where the provision is procedural, courts would hold it to be directory. Thirdly, provisions as to time are not considered to have compulsory force unless there is a possibility of justice suffering from too rigid an application of the time limit. No such question arises here.

.....it follows logically that it is not mandatory that the statement explaining the reasons for not laying the report on the Table of the House should be laid within three months of the submission of the Report to the Central Government.

To have further clarification on the above point the Committee invited the Ministry of Law, Justice and Company Affairs for oral evidence. Inviting attention of the representative of the Ministry to a number of Reports which have to be laid before Parliament in pursuance of the constitutional provisions, *viz.* Report of the Comptroller and Auditor General under Article 151; Report of the Finance Commission under Article 281; Report of the Commissioner for Scheduled Castes and Scheduled Tribes under Article 338; Report of the Backward Classes Commission under Article 340. Report

of the Commission for Linguistic Minorities under Article 350B and the Reports of the U.P.S.C. under Article 323, the Committee asked if it was not mandatory to lay those Reports before Parliament. The witness stated "when there is no provision in the statute that the effect of failure to do so will be such and such, it will be considered as directory". In regard to those cases where the period within which the Reports should be laid before Parliament was stipulated, the witness stated: "Even if it is a directory provision, it does not mean that it need not be complied with, that is not the intention". When specifically asked if the provisions of Section 16(2) of the Tariff Commission Act, 1951, were mandatory or directory, the witness stated "...Where the main provision and proviso say that the report and the explanatory statement has to be laid within three months, it would be a directory provision". About the effect of such a provision, the witness stated, "Notwithstanding that the time has expired, I am entitled to place it before the House". Giving his interpretation of words "within three months" occurring in sub-section (2) of Section 16 of the Act, the witness stated, "The proviso does not compel me within three months. If I am not in a position, after three months I have to give reasons".

1.8. Later in a written Note dated the 1st June, 1976 the Ministry of Law, Justice & Company Affairs, elucidating the position whether the time-limit prescribed in sub-section (2) of Section 16 of the Tariff Commission Act, 1951 would also be applicable to the proviso to the said sub-section (2), stated:

"In the written opinion recorded by this Ministry, before I was examined by the Committee, we had advised that the proviso to sub-section (2) of Section 16 aforesaid was also directory which means that the statement explaining the reasons need not be laid on the Table of the House strictly within three months or seven days as the case may be. During my examination I stated that in our opinion it was never intended to convey that the report or the statement as the case may be need not be laid on the Table at all. We have stated that it need not be in the time specified but could be laid on the Table of the House within a reasonable time.

The question, apart from the legal position stated above, whether the statement explaining the reasons should be laid before the expiry of three months or seven days as the

case may be appears debatable. The language of the proviso is not absolutely clear on the point. It is possible to conceive of cases where the Government is in a position to decide well within three months whether it will be possible to lay the report before the expiry of the period of three months in which case it may be in a position to furnish the explanation within the period of three months. It is equally possible to conceive of cases where the Government may be hoping to be able to lay the report till the last moment of the period of three months but for some reasons or other finds itself unable to do so. In such cases the explanation can only be furnished after the expiry of the period of three months. This latter possibility is greater in the case of re-assembly of Parliament, the period fixed in the statute being only seven days.

The Chairman expressed his anxiety that our advice might be interpreted to mean that Government need not lay the report on the Table of the House at all. It was not the intention of this Ministry to suggest that the report need not be laid on the Table of the House at all. Non-laying of the report does not affect the validity of the report. This is what is meant by saying that the proviso is directory".

1.9. Since there was a gap of eight months (*vide* para 1.3) between the date (24th August, 1974) of submission of the Tariff Commission Report (1974) on BON ACID and the date (29th April, 1975) of its receipt in the Ministry of Chemicals and Fertilizers (the then Ministry of Petroleum and Chemicals), the Committee desired to know the stages through which the Report submitted by the Tariff Commission had passed. The Ministry of Chemicals and Fertilizers (the then Ministry of Petroleum and Chemicals) in their Note dated 3rd March, 1976 stated:

"The Administrative Ministry concerned with the working of the Tariff Commission is the Ministry of Commerce. We are not aware of the details of the procedures involved in processing of the Tariff Commission's Report by the Ministry of Commerce till it reaches the Ministry dealing with the commodity concerned. As far as we are aware the Tariff Commission submits its report to the Ministry of Commerce and the Ministry of Commerce forwards these Reports to the Ministry administratively concerned with the commodity".

The Ministry of Commerce, on being addressed in the matter, replied on the 18th March, 1976, that copies of the Tariff Commission Report on BON ACID (1974) received from the Tariff Commission on the 29th August 1974, were 'unfortunately misplaced in the Ministry along with some other papers and could be forwarded to the concerned Ministry of Chemicals and Fertilizers (the then Ministry of Petroleum and Chemicals) only on the 29th April, 1975, for taking action on the Report'.

1.10. To seek further elaboration of the facts narrated above, the Committee invited the representatives of the Ministries of Commerce and Chemicals & Fertilizers for evidence.

1.11. About the general practice followed by the Ministry of Commerce in making references to the Tariff Commission and for disposal of the Reports received from the Commission, the representative of the Ministry of Commerce, during the course of evidence, explained that the concerned administrative Ministry considered whether a price inquiry on a particular item was necessary and whether that price inquiry should be done by Tariff Commission. The Tariff Commission's inquiry Report had got a quasi-judicial type of a status. Whenever challenged in courts, Tariff Commission's Reports were upheld. Elucidating the point further, he stated that when the concerned administrative Ministry requested the Ministry of Commerce to have such an inquiry made, the Commerce Ministry asked the Tariff Commission, which was under their administrative charge, to make an inquiry. After completion of the inquiry and finalisation of the Report, the Tariff Commission submitted copies of its Report to the Ministry of Commerce who in turn forwarded those copies to the concerned administrative Ministry, as soon as possible, for taking further action under Section 16(2) of the Tariff Commission Act, 1951. The witness also informed the Committee that the Tariff Commission sent its report by registered post to the Secretary, Ministry of Commerce, by name and the reports regarding price structure were treated as secret and all the copies received from the Tariff Commission were sent to the concerned Ministry.

1.12. Regarding misplacement of copies of the Tariff Commission's Report on Price Structure of BON ACID (1974) in the Ministry of Commerce, the representative of the Ministry stated that the packet containing the five copies of the report got misplaced along with other Government papers. Explaining the position further the witness stated that after the report reached the table of Additional Secretary, Ministry of Commerce, by a clerical error, it got inside the almīrah along with other papers. "It was kept there. All

the 5 copies were in tact. It was in the almirah. It got misplaced there. It did not go to the concerned section although it was marked to be sent to the Director”.

1.13. Referring to the Report (1966) on BON ACID, submitted by the Commission on 31.3.1966 and laid on the Table of Lok Sabha on 27.7.1973, the Committee asked the representative of the Ministry of Chemicals and Fertilizers to explain the reasons for such an inordinate delay in laying that Report. In this connection the Committee also drew the attention of the representative of the Ministry to the statement made by the Minister of Commerce on 16-5-1973 in response to a question of privilege raised on non-compliance of the provisions of Section 16(2) of the Tariff Commission Act, 1951 by the Government wherein the Minister had stated:

“So, the Reports of the Commission deserve a consideration in depth. As you will find, the different reports submitted by the Commission pertaining to different Ministries...

I can only say that the provisions of the law could not be complied with and we are extremely sorry for that.”

1.14. Attention of the representative of the Ministry of Chemicals and Fertilizers was also invited to the following statement made on 27.7.1973 by the then Minister of Petroleum and Chemicals:

“I quite see that there has been a very grave lapse on our part, and I sincerely apologise to this House for this. There is another item which is a very small item, namely BON ACID, about which nobody seems to have known anything, it has been cleanly forgotten. It is a small item. It is about 900 tonnes or something of that sort. Shri Madhu Limaye brought it to my notice. It had become part of the archives as it were, and I have brought it out now. I am also deciding on this as soon as it is possible.

In the meanwhile I have asked the Ministry to find out the person or persons who were responsible for this delay and I think that we shall be able to take some measures in this behalf.”

The witness informed the Committee that as a result of the inquiry, one of the officers who had retired by then was conveyed the displeasure of the Government. In regard to the action taken by the Ministry in pursuance of the assurance given in the House

to prevent recurrence of such cases in future it was stated in a written Note:

"An inquiry was made at various stages in regard to the inordinate delay that took place in processing the Tariff Commission's Report on the fair selling price of BON ACID in the context of the assurance given in the Lok Sabha on 27.7.1973 by the then Minister of Petroleum and Chemicals. On an enquiry it was noticed that an Under Secretary, who has retired from Government service in Mid 1969 was guilty for the inordinate delay on account of negligence and irresponsibility. A notice of displeasure of Government was conveyed to the officer concerned for the inordinate delay and remedial measures taken to be more careful in future to process the papers within the time scheduled."

1.15. When the Committee pointed out that the delay in taking a decision on the recommendations of the Tariff Commission within the prescribed time limit could have led to speculation and other undesirable activities in the market, the witness explained the reasons for delay in taking a decision on BON ACID REPORT (1974) as follows:

"As you are aware, Government did not accept the recommendation of the Tariff Commission. Therefore, there would have been no effect on the market one way or the other. It would have been a different story if Government had in fact decided to accept the recommendation. Despite that, we have studied the trend of prices during these critical years. You will recollect that they had recommended a dual price of Rs. 76 for Atul and Rs. 27 for Amar Dye. At that time Atul price was Rs. 60 and so they would have benefited. In the other case, it was marginally higher at Rs. 30. We have followed the prices during the subsequent years. The price has since dropped from Rs. 45 at the beginning of 1975 and is now ruling at Rs. 40. This is because the price of the material which they are importing has fallen."

A statement furnished by the Ministry of Chemicals and Fertilizers showing the monthwise ex-works price of BON ACID as would have ruled, had the recommendations of the Tariff Commission been accepted and the ex-works prices which actually prevailed in respect of the two manufacturers of the product is at Appendix I.

1.16. The Committee note that the Ministry of Law, Justice and Company Affairs took about two months time in giving their opinion (vide para 1.7) sought by the Lok Sabha Secretariat for the use of the Committee on the interpretation of Section 16(2) of the Tariff Commission Act, 1951. While the Committee accept the regret expressed by the Ministry they trust that such a long delay in replying a communication from a Parliamentary Committee will not take place in future.

1.17. The Committee need hardly stress that the purpose, mainly the examination of delay aspect of the papers laid on the Table of the House and to act as a watch-dog in behalf of the House, for which the Committee has been constituted is defeated if the information in that context asked for by the Committee is not supplied in time. In order to achieve the objective and to see that smooth working of the Committee does not suffer, the Committee recommend that the Government might consider issuing instructions that the communications received on behalf of the Parliamentary Committees should be attended to on top priority basis and the information asked for therein supplied with the least possible delay. In case it is not possible to furnish the required information in time an interim reply may be sent to the Secretariat of the Committee.

1.18. The Committee note the opinion tendered by the Ministry of Law, Justice and Company Affairs and the arguments put forward by the representative of the Ministry that the provisions of Section 16(2) of the Tariff Commission Act, 1951, were only directory and in case the Government was not able to lay the Report or the explanatory statement within a period of three months, they could lay it on the Table of the House after expiry of the period of three month because no penalty had been provided in the Act for failure to do so. The Committee, however, are of the opinion that under Section 16(2) of the Tariff Commission Act, 1951 it is obligatory on the part of the Government to lay either the Report or the explanatory memorandum giving reasons for delay on the Table of the House within three months of submission of the Report by the Tariff Commission.

1.19. The Committee note that the Report of Tariff Commission on the Price Structure of BON ACID (1974) was received in the Ministry of Commerce on the 29th August, 1974, and it was forwarded for action to the then concerned Ministry of Petroleum and Chemicals on the 29th April, 1975, i.e. after the lapse of eight months' time. In view of the secret nature of the Report, its importance involving financial implications and the fact that the Ministry of Commerce had simply to forward the copies of the Report to the

concerned Ministry action, the Committee are very much concerned for the inordinate delay on the part of the Ministry of Commerce. The Committee are also not satisfied with the reasons put forth by the Ministry of Commerce. They suggest that the case may be investigated thoroughly for necessary action. They also suggest that the procedure for the handling of similar reports needs to be streamlined so that such lapses do not occur in future.

1.20. The Committee note that the said Report of the Tariff Commission on BON ACID was received in the then Ministry of Petroleum and Chemicals on the 29th April, 1975, and as per provisions contained in Section 16(2) of the Tariff Commission Act, 1951, Government should have laid either the Report together with a Report of the action taken thereon or the statement explaining the reasons for not laying the Report on the Table of the House within three months of its receipt i.e. during the Monsoon Session held from 21.7.1975 to 7.8.1975. However, the Ministry of Petroleum and Chemicals took eight months in addition to the period of eight months already taken by the Ministry of Commerce, in processing and taking a decision on the Report. From the statement furnished by the Ministry of Chemicals and Fertilizers (Appendix I) it is observed that the ex-works price of BON ACID manufactured by Atul Products Ltd. ruled low as compared to the price recommended by the Tariff Commission whereas price in respect of Amar Dye Chemicals Ltd. product ruled quite high in comparison to the price suggested by the Tariff Commission. The Committee are of the opinion that this needs to be investigated in view of the fact that the decision on the Tariff Commission Report (1966) relation to BON ACID was also delayed.

1.21. The Committee have noted that by an act of Parliament viz. Tariff Commission (Repeal) Act, 1976, the Tariff Commission has been abolished. The Committee, however, feel that necessary lesson will be taken from this case and in future all efforts will be made to lay on the Table reports, etc., within the prescribed period. Also the reports which need consideration by the Government will receive timely attention and Government's decision will be laid before the Parliament within the stipulated period.

1.22. The Committee are constrained to observe that inspite of statement of the Minister of Petroleum and Chemicals in the House on the 27th July, 1973, in regard to the delay in the processing of Tariff Commission's Report on the Price structure of the same product (BON ACID) and the assurance given by the Ministry that remedial measures have been taken to be more careful in future (vide para 1.14), the position has not changed.

1.23. The Committee would like to re-emphasise that it is imperative that the papers which are laid before the Parliament are complete in themselves and that they are laid immediately after they become available. The Committee feel that no useful purpose will be served if the papers are unduly delayed and laid on the Table when they had lost their utility. They hope that necessary instructions would be issued by Government to all the Ministries/Departments in this regard.

CHAPTER II

DELAY IN LAYING THE ANNUAL REPORTS AND AUDITED ACCOUNTS OF THE AGRO-INDUSTRIES CORPORATIONS UNDER THE COMPANIES ACT, 1956.

The Annual Report for 1972-73 of West Bengal Agro-Industries Corporation Limited, Calcutta, containing also the audited accounts and comments of C. & A.G. was laid on the Table of Lok Sabha on the 28th July, 1975 under the provisions of Section 619A(1) of the Companies Act, 1956. No statement giving reasons for delay in laying the report was laid on the Table.

2.2. On being asked about the reasons for not laying the report earlier the Ministry of Agriculture and Irrigation (Department of Agriculture) on 17.11.1975 stated:

“Although the Annual General Meeting for the year 1972-73 was held on 19.12.1973, the said meeting was adjourned for consideration of audited accounts and reports thereon at a subsequent date since the appointment of the Statutory auditors was not made by that time by the Department of Company Affairs, Government of India. The statutory auditor was appointed sometime in the month of February, 1974. As soon as the audit of accounts for the year 1972-73 was completed by the statutory auditor and by the Comptroller and Auditor General of India sometime in the month of December, 1974, the audited accounts alongwith the report was placed before the shareholders for adoption at the adjourned meeting held on 21.12.1974. The copies of the annual report were received by the Government of India, on 4-7-1975 for being placed on the Table of both the Houses of Parliament.”

2.3. In the case of delay in laying the Annual Report of the Madhya Pradesh Agro-Industries Corporation Limited for 1972-73 the Ministry *inter alia* stated:

“The State Agro-Industries Corporations have been constituted under the Indian Companies Act, 1956, and are primarily State Government Undertakings in which the Central Government holds equity shares upto a maximum of 50 per cent. The Annual Reports of the Corporations

are prepared in English and Hindi versions after the Annual General Meeting of the share-holders is held. In case of the Madhya Pradesh Agro-Industries Corporation Limited, the Annual General Meeting of the share-holders was held on 16-3-1974. Thereafter, the Corporation took some time in printing and translating the English version of the report into Hindi version. The Report was in fact received in this Ministry during the last week of May, 1975."

2.4. The State Agro-Industries Corporations have been set up in almost all the States. A statement showing the States in which Agro-Industries Corporations have been set up and necessary particulars regarding laying of their Annual Reports on the Table during the years 1974, 1975 and upto 2nd September, 1976 are at Appendix II. It is seen therefrom that out of the 17 Agro-Industries Corporations, the Annual Reports of only 6 Corporations have been laid on the Table of Lok Sabha pertaining to the periods upto the end of 1974-75. While no Annual Report in respect of Assam and Orissa State Agro-Industries Corporations has so far been laid on the Table, reports of many other Corporations are in arrears for a number of years. On an enquiry, the Ministry stated that Agro-Industries Corporations were established in Assam and Orissa on 25.1.1967 and 7.2.1968 respectively.

2.5. The Committee note from the information furnished by the Ministry that the Central Government as on 31.3.1976 had contributed about Rs. 28 crores to the Agro-Industries Corporations by way of equity participation to the extent of 49 per cent in some cases and 50 per cent. in some other cases (See Appendix III).

2.6. In a note furnished to the Committee by the Ministry of Agriculture and Irrigation, it has been stated:

"The reports of all the State Agro-Industries Corporations including the Agro-Industries Corporations in the States of Assam and Orissa are required to be laid on the Tables of both Houses of Parliament under section 619A of the Companies Act, 1956."

2.7. For laying of reports of Government Companies the Committee had in para 4.16 of the Second Report recommended as under:—

"The Committee, therefore, recommend that as in the case of the Reports of the Autonomous Organisations, Reports of Government Companies should also be laid within 9 months of the close of the accounting year. The Committee further recommend that where it is not possible

for the Government to lay the Report of any Company within that period they should lay on the Table a statement explaining the reasons for not laying the Reports within 30 days from the expiry of the period of 9 months and if the House is not in Session at that time, the statement should be laid on the Table within seven days of re-assembly of the House. However, to give some more time to the Government to lay the Reports of the Government Companies pertaining to the periods upto the end of 1974-75 which were in arrears, the Committee recommend that these Reports along with the delay statements should be laid on the Table by 31st December, 1976 Reports for the year 1975-76 and subsequent years should be laid on the Table within 9 months of the close of the accounting year."

2.8. During evidence before the Committee, the representative of the Ministry of Agriculture and Irrigation stated that in the case of 5 Agro-Industries Corporations, there was a gross delay in laying the Reports. Andhra Pradesh had got to place reports for 3 years, Assam for 8 years, Bihar for 3 years, Orissa for 7 years and Punjab for 3 years. These Corporations were very bad defaulters.

2.9. When asked whether the Corporations had placed their reports before their own Legislative Assemblies, the witness replied :

"No, because they have not prepared their accounts. It is not a case where the audit has not been done, or the translation has not been done. The accounts for the first years themselves have not been prepared; and if they are not prepared, it will be difficult to appoint auditors for any subsequent year, because the auditors will ask whether the accounts for the earlier years had been audited. That has not been done. I wanted to know the real problem with the Corporations. I feel that there is no reason why the work should be so totally neglected. I found that their own accounts wings were very badly set up. They do not know where to begin". The witness added, "Fundamentally the problem lay in the weakness of the organisational structure of these five Corporations."

2.10. Explaining the reasons why reports of certain Corporations viz., Assam and Orissa have not at all been laid on the Table of Lok Sabha and why reports of many other Corporations are in

arrears, the Ministry of Agriculture and Irrigation in their written reply have, *inter alia*, stated :

“The preparation of Annual Reports and Accounts of some of these Corporations, in the initial stages were unduly delayed on account of various reasons, like lack of internal control and unsatisfactory maintenance of accounts, delay in the nomination of statutory auditors, delay in holding of the Board Meeting and General Meeting of the Corporation and the delay in the receipt of the comments of Comptroller and Auditor-General.

The accounts of the subsequent years could not be taken up by these Corporations, as the auditors for the subsequent years would be nominated only after the adoption of the report of the previous year.

Apart from the delay in the preparation and adoption of Annual Report, these Corporations take a long time to translate and print these Reports into English and Hindi. The Corporations in the States of Kerala, Assam, Orissa and Maharashtra have not facilities for the translation of the Reports into Hindi. On account of these factors there has been delay in laying of these Reports.

In the case of Assam Agro, the Annual Reports for the years 1967-68, 68-69, 69-70 and 1970-71 have been adopted on 9-12-1969, 2-2-1972, 29-12-1973 and 10-6-1975 respectively. The Corporation could not furnish Hindi version of the Reports so far. The comments of Comptroller and Auditor-General also have not been made available for the years 1969-70 and 1970-71. Hence these Reports could not be laid so far on the Table of both the Houses of Parliament. The Corporation have been requested to expedite the finalisation of all the Reports pending so far and furnish the same to this Department for laying the same.

In the case of Orissa Agro, the Accounts of the Corporation for the years 1968-69 and 1969-70 only have been adopted so far. The Corporation furnished 50 copies of English Report during the third week of May, 1976. These Reports could not, however, be laid as Hindi version of the same has not been forwarded so far. The Corporation *vide* its letter dated 8th July, 1976 has regretted the delay.

The main reason advanced by some of the Corporations like Bihar, is that there has been delay in the nomination of statutory auditors by the Department of Company Affairs. The Gujarat Agro Industries Corporation has stated as follows :

'If the appointment of auditors is made latest by the close of the financial year for which appointment is to be made, it becomes possible to finalise accounts and hold annual general meeting within the stipulated period. For the financial year 1974-75, the letter regarding the appointment for auditors was received by us on 31st July, 1975, i.e., after 4 months of the close of the year. It would be appreciated that for carrying out audit of the Corporation along with branches, it would require at least 2-3 months. Also the Statutory Auditors would have to adjust their audit programme and it may not be possible for the auditors to commence audit, immediately on receipt of the appointment letter. After accounts are audited, the same have to be circulated to the Directors at least 10 days before the Board Meeting. After this, 21 days' clear notice is required to be given for holding the Annual General Meeting....'

Ministry of Agriculture and Irrigation took up the matter of some of the State Agros which have fallen in arrears by more than 3 years with the Department of Company Affairs and a suggestion was made to nominate the statutory auditors for a period of three years to enable these Corporations to clear the entire backlog of arrears within a period of 6 months to 12 months. The Department of Company Affairs did not accept this suggestion.

However, the delay in the finalisation of accounts is mainly on account of the delay in the preparation of accounts and failure to take expeditious steps to adopt these accounts and print the reports in English and Hindi by the defaulting Agros."

2.11. On the question of their not agreeing to the suggestion of the Ministry of Agriculture and Irrigation for appointment of statutory auditors for a period of three years, the Department of Company Affairs, in a written note furnished to the Committee on 7-10-1976, *inter alia*, stated :

"..... The Comptroller and Auditor General took the view that a firm of auditors was recommended by him for appointment for the subsequent year on the basis of its satisfactory performance in respect of the audit of the accounts of the previous year. Moreover, it was also felt by the C&AG that the opportunity to get the best available person to audit the accounts of a Government company, would be lost, if an auditor was allowed to audit all the accounts presented in a particular period. He was accordingly averse on principle to advise the appointment or re-appointment of auditors for more than one year at a time in a Government company. However, in order to eliminate the arrears, he agreed to initiate action for appointment of auditors for the subsequent year, as soon as the accounts were audited by the statutory auditors, for the preceding year and a certified copy thereof was made available to him, that is, without waiting for the Accountant General to complete his audit. The C&AG observed that by this process, if repeated in succession, a Government company could hold a series of meetings of shareholders and present its accounts making it possible for it to clear 3 or 4 years' accounts within a period of one year. It was, therefore, finally decided after full consideration, to give a fair trial to the aforesaid suggestions of the C&AG. This decision, together with the observations in this regard made by the C&AG were circulated to all the Regional Directors/Registrars of Companies (our Regional Offices throughout India) for the information of all concerned, specially the defaulting companies."

2.12. When asked during evidence whether the period of 7 or 8 years was not sufficient to set things right in the Agro-Industries Corporations, the representative of the Ministry stated that for one or two years the Government of India thought that putting their Directors on these Boards would have the desired effect. But, the witness agreed, if at that stage a little more stringent view had been taken, the Government could have brought them in line. The witness added that is why now the Ministry had told the Agros that there would be no more release from the Centre till they finalised their accounts. That was where it would pinch them. Subsequently a copy of the letter (at Appendix IV) was furnished to the Committee, which was addressed by the Minister of Agriculture and Irrigation to the Chief Ministers of various States in which it had been stated :

"The Government of India would, therefore, not be in a position to consider any proposal for release of funds towards share capital contribution to your Agro-Industries Corporation unless it fulfils all the statutory requirements in regard to annual accounts and annual reports."

The Ministry's representative informed the Committee that Government will give all the necessary technical assistance to the Corporations to help them to bring their accounts up-to-date. If necessary, the Corporations could employ commercial people, but after that, the Ministry would show no leniency whatsoever, because, after all, they should know the position in their own interests. Otherwise, they would not be able to take corrective steps. Now they just did not know whether they were in the red or making profits.

2.13. Section 619A(1) of the Companies Act, 1956 provides as under :

"619A(1) Where the Central Government is a member of a Government company, the Central Government shall cause an annual report on the working and affairs of that company to be —

- (a) prepared within three months of its annual general meeting before which the audit report is placed under sub-section (5) of section 619; and
- (b) as soon as may be after such preparation, laid before both Houses of Parliament together with a copy of the audit report and any comments upon, or supplement to the audit report, made by the Comptroller and Auditor-General of India."

2.14. On being enquired whether the three Directors nominated by the Central Government had emphasised on the Agro-Industries Corporations for compliance with the said provisions of the Act, the representative of the Ministry stated that there was evidence to show that the Directors who attended the meetings had been pressing, on the Agro-Industries Corporations to finalise their accounts.

2.15. Drawing the attention of the witness to the Ministry's letter dated the 8th July, 1976, wherein it had been stated that the annual report of the Orissa Agro-Industries Corporation for the year 1970-71 was under print and the accounts for the year 1971-72 onwards had not been finalised, the Committee enquired how the Ministry could account for the presence of Directors there and had they not

failed to fulfil the statutory obligation. The witness explained :

“That the three Directors were not able to attend the meetings all the time because of their other duties. Even when all the three Directors had attended the meetings and pressed for compliance with the said provisions of the Act, they were still in a minority. As a matter of fact, the functioning of the Government of India's Directors could not be as effective as it should have been because they were having hardly any time to attend the meetings of those Corporations.”

The witness further added :

“There is also another problem. There are 17 Agro-Industries Corporations. 51 officers have to be nominated; and we cannot go below a certain level; otherwise they will not be able to pull their weight with those Corporations. The level of the officers to be nominated is that of Joint Secretaries and Directors. In all, in the four departments under the Ministry of Agriculture, we have got about 15 Joint Secretaries and a few Directors. Some technical officers are also being nominated. The question whether we can have any other system of participation by the Government of India is also taken up for review. If we nominate officers who have got other duties, there will be clash. If a board meeting is fixed, as is usually the case, at a far off place, they are not able to attend them, because they may have to attend other meetings which may be equally important or even more important..... The officer nominated on the Assam Agro will have to spend 5 to 6 days if he has to attend one board meeting. It may not be possible for a Joint Secretary, incharge of a full desk to be away for that period.”

2.16. A written note furnished by the Ministry subsequently giving the information regarding the attendance of Central Government Directors in the Board Meetings of the 14 Agro-Industries Corporations for the years 1971-73 is at Appendix V. Information has not been furnished in respect of 3 Agro-Industries Corporations in Gujarat, Jammu and Kashmir and Orissa, and complete information in regard to Assam Corporation has not been given.

2.17. On the question of nomination of Government Directors, the representative of the Ministry informed the Committee at the time of evidence, that Government were reviewing the question of nomination of Government Directors in order to make them more

effective. The witness further added that the Director appointed on a Corporation should be able to attend the meetings regularly and should have some training in the task he was expected to perform. Unless he was told about the objectives of the Corporations, the things he had to look to and report back to the Government, he might not be that effective. Every time before he went to attend a meeting, he should take the advice of the division which was dealing with the Agros. The witness felt that unless there was briefing of that kind before they took up those duties, possibly their effectiveness would be limited.

2.18. On being asked to state the main purpose and the objectives for the setting up of Agro-Industries Corporations in various States, the representative of the Ministry stated :

“The broad objective of the Government of India in thinking of the Agro-Industries Corporations was that they felt the need for support to agriculture by way of improved machinery implements, processing equipment and such other allied activities for agriculture which are not strictly agriculture. These they felt should be taken care of by an institution and not by Government.”

2.19. According to a subsequent note furnished to the Committee, the principal objectives of these Corporations, are, *inter alia*, as under :—

- (i) To manufacture, produce and distribute different inputs including agricultural machinery and implements, fertilizers, seeds, pesticides, etc.
- (ii) To provide different types of agricultural equipment on custom hire basis to the needy farmers who cannot afford such equipment and to organise servicing, repair and overhauling of equipment of farmers.
- (iii) To promote industries having a bearing on production and supply of food and food products.
- (iv) To provide technical guidance to farmers and persons concerned with the Agro-Industries.

The above objectives are enshrined in the Articles of Associations of the various Agro-Industries Corporations.

2.20. The statement showing equity participation by the Central Government in setting up of 17 Agro-Industries Corporations is

at Appendix III. When asked, during evidence, about the rationale behind this varying percentage of participation, the Ministry's representative stated:

"The idea was that the Central Government should have a controlling share in the conduct of business of the Corporations though not in the strict legal sense. The Government of India wanted the Corporations to function in a manner in which the broad objectives for which they were set up could be fulfilled. In the initial stages it was 49 per cent and later on it was raised to 50 per cent depending on the States as to how much they could afford..... The whole idea was that the Government of India would be of sufficient financial support to the Corporations."

2.21. As on 31-3-1976 the Central Government had contributed about Rs. 28 crores by way of equity capital to these Agro-Industries Corporations.

2.22. Asked whether any general review of the working of the Agro-Industries Corporations had been made, when the Central Government had contributed about Rs. 28 crores by way of equity capital, to see whether these monies were spent for the objectives for which these Corporations were set up and whether these huge funds were accounted for, the representative of the Ministry stated that the Government of India Directors were meant not only to protect and safeguard the interest of the Government of India but also to ensure that the Corporations performed broadly within the broad objectives for which the Government of India had assisted in the setting up of these Corporations.

2.23. The witness was of the view that the Corporations were mainly indulging in trading activities which was not really one of their main objectives. If any item was in short supply, say fertilizers or pump sets, they bought them and sold them to get a little Commission. That was not the real objective of the Corporations which were expected to interest themselves in the kind of industrial support for agriculture in making implements, agricultural machinery, processing equipment etc. The witness added that they were now taking a review as to whether the Corporations were going in the right direction and if not what they should do from the Centre.

2.24. On being asked whether any review of the Reports submitted by Agro-Industries Corporations was made by the Ministry

and reported to Parliament, the witness stated that they had not been making a separate review on receipt of the annual report. They thought that it was a requirement which had come up only now after the Second Report of the Committee on Papers laid on the Table which said that while laying the Report of a Government Company before Parliament, the concerned Ministry should also lay alongwith the Report a Review on the working of that Company.

2.25. Referring to the reasons given for delay in laying the Reports of West Bengal and Madhya Pradesh the Committee asked whether the period of 9 months recommended by the Committee was considered short, if it was short the Ministry should have been approached and the time got increased. The representative of the Ministry of Agriculture and Irrigation, during evidence, stated :

"I would agree that the period of 9 months now given from the time of the completion of the financial year is sufficient. I went into it myself to see whether, if every thing worked efficiently, this was too short a period. I wanted to know the stages involved and what would be the time necessary. I have found that this 9 months period is not too short. It is sufficient if steps are taken in time at every stage."

2.26. The Ministry of Agriculture and Irrigation furnished to the Committee a time bound programme (Appendix VI) worked out by the Ministry for being followed by the Agro-Industries Corporations to ensure that they do not fall into arrears.

2.27. Annual Report and audited accounts for 1974-75 of Himachal Pradesh Agro-Industries Corporation were laid on the Table on 3rd May, 1976, but comments of the Comptroller and Auditor General, required to be laid along with the Report under section 119(1) of the Companies Act, 1956, which reads as follows, were not laid:

"119(1)

~~(4) The auditor aforesaid shall submit a copy of his audit report to the Comptroller and Auditor General of India who shall have the right to comment upon, or supplement, the audit report in such manner as he may think fit.~~

~~(5) Any such comments upon or supplement to the audit report shall be placed before the annual general meeting of the company at the same time and in the same manner as the audit report."~~

2.28. On being asked about the reasons for not laying the comment of Comptroller and Auditor General, the Ministry of Agriculture and Irrigation (Department of Agriculture) have on 30-7-1976 stated:

“The Annual General Meeting of the Corporation was held on 24-3-1976 and in the said meeting the comments of Comptroller and Auditor General were not circulated. It was informed informally by the Corporation that the comments of Comptroller and Auditor-General could not be circulated as the same had not been received. After approval of the accounts in the meeting, the copies of the report without the comments of Comptroller and Auditor General were forwarded to this Department for laying.”

The accounts of the Corporation were thus approved in the annual general meeting of the Corporation without the comments of the Comptroller and Auditor-General. The Committee also note from the comments of the Comptroller and Auditor-General furnished to them by the Ministry later on 30-7-1976 that the date on which the concerned Accountant-General had signed the comments were missing.

2.29. The Annual Reports of Haryana and Tamil Nadu Agro-Industries Corporations were laid on the Table of Lok Sabha on 16-8-1976. There was a delay of 5 months in case of Haryana and 8 months in case of Tamil Nadu Corporation in laying the Annual Reports. But no statement giving reasons for delay in laying the Reports were laid in both the cases.

2.30. The Committee are concerned to note that the Annual Report of the West Bengal Agro-Industries Corporation Ltd., for the year 1972-73 was laid on the Table of Lok Sabha as late as 28-7-1975. Regarding the reasons for delay in laying the Report, it was revealed from the Ministry of Agriculture and Irrigation (Department of Agriculture) communication dated 17-11-1975 that the statutory auditors were appointed by the Department of Company Affairs 10 months after the close of the financial year. The audited accounts alongwith the audit report were placed before the shareholders for adoption on 21-12-1974, the copies of the annual report were received by the Government of India on 4-7-1975, i.e., after a lapse of about 7 months.

2.31. The Committee further note that the audited accounts alongwith the audit report of Madhya Pradesh Agro-Industries Corporation Ltd., for the year 1972-73 were adopted in the annual

general meeting held on 16-3-1974. But the annual report was submitted to the Ministry of Agriculture and Irrigation during the 3rd week of May, 1975, i.e., after about 14 months of the annual general meeting while under section 619A(1) of the Companies Act, 1956, the annual report is required to be prepared within 3 months of the general meeting and laid before both Houses of Parliament as soon as may be after it is prepared.

2.32. The Committee note with concern the failure on the part of the Agro-Industries Corporations to finalise their accounts and lay the Annual Reports on the Table of Lok Sabha. Out of the 17 Corporations, the Annual Reports of only 6 Corporations have been laid on the Table of Lok Sabha pertaining to the periods upto 1974-75. While the Corporations in Andhra Pradesh, Bihar and Punjab were in more arrears of finalising their accounts and consequently there was undue delay in laying their Annual Reports, in case of Assam and Orissa Corporations no Annual Report had been laid on the Table of Lok Sabha so far.

2.33. The Committee also find that the delay in the finalisation of accounts is mainly because of the late preparation of accounts and failure to take expeditious steps to adopt these accounts. The Committee are constrained to observe that though the accounts of the Agro-Industries Corporations had been in arrears for a number of years, no serious view of that was taken and no attempt was made to bring the accounts upto date. The Committee suggest that the Central Government should take effective steps to remedy the situation. The Committee note that a time bound programme for audit of accounts etc. of 9 months from the close of the year, has now been worked out by the Ministry for being followed by the Agro-Industries Corporations to ensure that they do not fall into arrears. The Committee hope that this programme will be strictly adhered to.

2.34. The Committee note that one of the main reasons advanced by some of the Corporations for delay in finalisation of accounts is that there has been delay in the nomination of statutory auditors by the Department of Company Affairs. The Committee also note that the Department of Company Affairs was not agreeable to the suggestion of the Ministry of Agriculture and Irrigation to appoint statutory auditors for a period of three years, which the latter felt would enable the Agro-Industries Corporations to clear their arrears of accounts. However, in view of the reasons given by the

Department of Company Affairs, quoted in para 2.11, for not agreeing to the appointment of auditors for more than one year at a time, the Committee feel that the course of action suggested by the C. and A.G. for appointment of statutory auditors in case of defaulting Government companies in order to enable them to clear their arrears of accounts should be given a fair trial. The Committee trust that the Ministry of Agriculture and Irrigation would ensure that the defaulting Agro Industries Corporations do their best to avail themselves of the relaxation made by the C and A.G. and clear the arrears of accounts within the time limit recommended by the Committee in para 2.48. The Committee also trust that the Department of Company Affairs would see that the appointment of auditors is expedited and the finalisation of accounts not delayed on this account.

2.35. The Committee note that the Ministry have not been able to furnish any information regarding attendance of the Central Government Directors at the Board meetings of three Agro-Industries Corporations and complete information has not been given in regard to Assam Agro-Industries Corporation. The Committee also note with concern that out of 244 meetings of the 13 Agro-Industries Corporations, for which information has been furnished, only 119 meetings were attended by Central Government Directors, which means that as many as 125 meetings have not been attended by any of the Directors of the Central Government. And what is more surprising is that out of 119 meetings only four meetings were attended by the full complement of all the three Directors nominated to the respective Agro-Industries Boards. This only shows the insufficient care that has been taken to see whether the funds contributed by the Central Government to these Corporations have been utilised for the objectives for which these Corporations were set up and whether these funds have been accounted for properly.

2.36. The Committee note that in some cases same officer was nominated as director on as many as 3, 4 or even 5 Agro-Industries Corporations and contrary to the statement of the representative of the Ministry, many of the directors were below the level of Joint Secretaries and Directors. The Committee feel that no useful purpose can be served by nominating the same directors on a number of Corporations. They would like that directors nominated by the Central Government on each of the Corporations should have, as far as possible, necessary expertise helpful for the efficient working of these Corporations and that steps should be taken to ensure their regular attendance at the Board meetings. Government directors have very important role to play on such Corporations. They have

not only to act as watch-dog of the Central Government, they have also to guide the Corporations in their functioning on the basis of their experience and position. The Government directors are also supposed to provide liasion between the Central Government and the Corporations. The difficulties faced by the Corporations must be brought by the directors to the notice of their superiors in the Ministry and necessary solution should be found.

2.37. The Committee regret that the Government of India directors on the Boards of Agro-Industries Corporations have failed to discharge the duties expected of them. The Committee suggest that the directors appointed by the Central Government on such Corporations should be made aware of their responsibilities and for any failure on their part they should be held responsible for that. When the Central Government have contributed a substantial amount to the setting up of Agro-Industries Corporation, the Committee are of the view that the Central Directors, in addition to general duties, should specifically be given the responsibility of looking into the financial state of Agro-Industries Corporations and suggesting steps for the timely preparation of account and Reports and their submission to the Central Government.

2.38. The Committee feel that the question of nomination of Government directors needs to be reviewed in order to make them more effective. The Committee are also of the view that the Government directors should have some training in the task they are expected to perform. Unless they are told about the objectives of the Corporation, the things they have to look to and report back to the Government, their effectiveness will be limited.

2.39. The Committee agree with the view of the representative of the Ministry that the best way of getting things done from the Corporations is to link them up with the release of Central Government funds. The Committee note that a D.O. letter (Appendix IV) has now been sent by the Minister of Agriculture and Irrigation to the Chief Ministers of certain States to the effect that unless the Annual Reports of the Corporations are brought upto-date and laid in both Houses of Parliament, Central Government will not be in a position to relase funds towards share capital contribution of the defaulting Corporations. The Committee feel that unless the annual accounts are prepared and submitted to the Government, the Government of India would have no means of satisfying themselves that the huge funds released by them are being utilised in furtherence of the objectives for which these Corporations have been set up. The Committee hope that the Central Government would release

further funds only when the Agro-Industries Corporations had brought their accounts upto-date and they are satisfied that the provisions of the Companies Act, 1956, relating, particularly, to accounts and placing of Annual Reports before Parliament have been fully complied with.

2.40. The Committee are concerned to note that in spite of the fact that these Agro-Industries Corporations have been working for the last 8 to 11 years, as stated by the representative of the Ministry, "they just do not know whether they are in the red or making profits." While these Corporations were mainly indulging in trading activities which were not really one of their main objectives, no review of their working was undertaken by the Government of India with a view to evaluate whether the huge sums invested by them in the Corporations were being put to the use for which they were intended and whether the working of these Corporations required any corrective steps.

2.41. During evidence on 21-7-1976 the Committee were informed that "we (Government) are now undertaking a review as to whether the Corporations are going in the right direction and if not what we should do from the Centre." The Committee find from the review furnished to the Committee by the Ministry on 12-10-1976 that the Corporations have recently realised that it would be very difficult for them to give better physical and financial performance only with the traditional activities like custom hiring, servicing, trading etc. Therefore, the Corporations are switching over to the new enterprises. Some of the Corporations have already entered into manufacturing and producing of different items required by the farmers. Some others are contemplating to enter into the field of manufacturing the agricultural implements. The Committee trust that in future the Central Government would take adequate measures to monitor the activities of these Corporations in the right direction.

2.42. The Committee note that the Ministry of Agriculture and Irrigation was not making a separate review on receipt of the annual report of the Agro-Industries Corporations. The Committee feel that had the Government been making reviews on the working of the Corporations on receipt of their annual reports, many things would have straightened and that Ministry would not have faced the present situation.

2.43. The Committee reiterate the recommendation contained in para 4.18 of their Second Report and urges upon the Government that while laying the Report of an Agro-Industry Corporation be-

fore Parliament the Ministry should also lay alongwith the Report a review on the working of that Corporation.

2.44. The Committee note that one of the main reasons why no Report was laid so far in respect of the two Agro-Industries Corporations of Assam and Orissa was the inability of these Corporations to furnish the Hindi versions of the Reports. While the Report of Assam Agro-Industries Corporation for the year 1970-71 was adopted on 10-6-1975, the Corporation could not furnish the Hindi version of the Report so far. In case of Orissa Agro-Industries Corporation, English version of Reports for the years 1968-69 and 1969-70 was furnished to the Ministry during May, 1976. But the Hindi version of the same had not been forwarded so far. The Committee reiterate their recommendation made in para 1.11 of their Second Report that ordinarily both the English and Hindi versions of the Reports should be laid on the Table simultaneously. However, in exceptional cases, where it is not possible to lay both the versions simultaneously, the version which is ready may be laid without waiting for the other version and while laying only one version a statement should invariably be laid, explaining the reasons for not laying the other version. In such cases the other version should be laid on the Table either in the same session or at the most by the end of the next session.

2.45. The Committee are happy to note that the Government of Uttar Pradesh have offered to undertake translation jobs into Hindi on payment basis. They hope that in the meantime the States which do not have facilities for translation of Reports into Hindi would avail of the facility of translation offered by the Government of Uttar Pradesh.

2.46. The Committee would like the Corporations to consider the feasibility of setting up their own Hindi cells so that it is possible to prepare the Hindi version of Reports, accounts, etc. concurrently with the English version thereof in order that delay on account of translation and printing of Hindi version is eliminated and the reports etc., both in English and Hindi, are laid on the Table simultaneously.

2.47. The Committee, after examining the reasons for undue delay in the case of some Agro-Industries Corporations and particularly those of Assam and Orissa where no reports has been laid so far, do not find any justification in prescribing a different time limit for laying the Annual Reports and accounts of State Agro-Industries Corporations or other companies which are the joint-ventures of the Central and State Governments, particularly when the same

factors as specified in para 4.15 of the Second Report of the Committee apply to the State Agro-Industries Corporations who are also Government Companies.

2.48. The Committee, therefore, recommend that as in the case of Reports of other Government Companies, the Reports of Agro-Industries Corporations or other Companies which are the joint-ventures of the Central and State Governments, should also be laid within 9 months of the close of the accounting year. The Committee further recommend that where it is not possible for the Government to lay the Report of any Company within that period they should lay on the Table a statement explaining the reasons for not laying the Reports within 30 days from the expiry of the period of nine months and if the House is not in session at that time, the statement should be laid on the Table within seven days of re-assembly of the House. However, to give some more time to the Government to lay the Reports of the Agro-Industries Corporations and other joint-venture Government Companies pertaining to the periods upto 1974-75 which were in arrears, as also for the year 1975-76, the Committee recommend that these reports alongwith the delay statements should be laid on the Table by the 31st March, 1977. Reports for the year 1976-77 and subsequent years should be laid on the Table within 2 months of the close of the accounting year. The Committee trust that the Ministry of Agriculture and Irrigation and other administrative Ministries concerned with other joint-venture companies of the Government will take necessary steps to implement the above recommendations of the Committee.

2.49. The Committee noted that in the case of Himachal Pradesh Agro-Industries Corporation, the comments of C. & A. G. were not laid alongwith the Annual Report for the year 1974-75, as required under section 619A(1) of the Companies Act, 1956. From the comments of the C. & A. G. later furnished to the Committee by the Ministry on 30-7-1976, the Committee further note that the date on which the concerned Accountant General had signed the comments were missing.

2.50. It was also noted that the Corporation had not complied with the provisions of section 619(5) of the said Act as the accounts of the Corporation were approved in the annual general meeting of the Corporation without the comments of the C. & A. G. The Committee would like to point out that such documents cannot be considered to be complete. The Committee would therefore, like to emphasise that before placing such documents before Parliament, the administrative Ministry should ensure that all the formalities had been gone into in preparing a document and that it is complete in all respects.

2.51. The Committee regret that neither statements giving reasons for delay nor reviews on the Corporation's Reports were laid by the Ministry of Agriculture and Irrigation on the Table of Lok Sabha while laying the Annual Reports of Haryana and Tamil Nadu Agro-Industries Corporation for the year 1974-75 on 16-8-1976, even though the Ministry's representative had promised during the evidence before the Committee on 21-7-1976 and had stated:

'I was told that it has become necessary to lay them on the Table only now, after the second report of the committee on Papers Laid which says that while laying the Report of the Government before Parliament, the concerned Administrative Ministry should also lay, alongwith the report, a review on the working of the company. So, I was thinking that this is a requirement which has come up only now. That a review should be made stands to reason because that is the only way they can find out how it had been functioning in the previous year.'

2.52. The Committee trust that the Ministry would in future lay before Parliament the statement giving reasons for delay where necessary, and their review on the working of organisations while laying their reports etc. on the Table of both the Houses of Parliament.

APPENDIX I

(Vide Para 1.15 of the Report)

Statement showing monthwise ex-works price of BON ACID recommended by Tariff Commission and which actually prevailed.

Prices Rs. Kg.

Period	<i>M/s. Atul products Ltd.</i>		<i>M/s. Amar Dye Chem Ltd.</i>	
	Ex-works Prices recommended by Tariff Commission	Ex-works prices which actually prevailed	Ex-works prices recommended by Tariff Commission	Ex-works prices which actually prevailed
1	2	3	4	5
1-8-74	74.88	32.00	25.63	30.00
1-9-74	74.28	32.00	25.63	30.00
1-10-74	74.28	32.00	25.63	35.00
1-11-74	74.28	60.00	25.63	35.00
1-12-74	74.28	60.00	25.63	35.00
1-1-1975	74.28	60.00	25.63	35.00
1-2-75	74.28	60.00	25.63	35.00
1-3-75	74.28	60.00	25.63	35.00
1-4-75	74.28	60.00	25.63	35.00
1-5-75	74.28	60.00	26.63	40.00
1-6-75	74.28	60.00	25.63	40.00
1-7-75	74.28	60.00	25.63	40.00
1-8-75	74.28	60.00	25.63	40.00
1-9-75	74.28	60.00	25.63	40.00
1-10-75	74.28	45.00	25.63	40.00
1-11-75	74.28	45.00	25.63	40.00
1-12-75	74.28	45.00	25.63	40.00

APPENDIX II

(Vide Para 2·4 of the Report)

Annual Reports of State Agro-Industries Corporations laid on the Table of Lok Sabha during 1974, 1975 and up to 2-9-1976 under Section 619A of the Companies Act, 1956

S. No.	Name of the State	Year to which report pertains	Date of laying
1	2	3	4
1	Madhya Pradesh	(i) 1970-71 (ii) 1971-72 (iii) 1972-73 (iv) 1973-74	(i) 4-3-1974 (ii) 4-3-1974 (iii) 21-7-1975 (iv) 19-1-1976
2	Uttar Pradesh	(i) 1972-73 (ii) 1973-74 (iii) 1974-75	(i) 25-11-1974 (ii) 25-7-1975 (iii) 17-5-1976
3	West Bengal	(i) 1971-72 (ii) 1972-73	(i) 4-3-1974 (ii) 28-7-1975
4	Rajasthan	(i) 1972-73 (ii) 1973-74 (iii) 1974-75	(i) 8-4-1974 (ii) 29-7-1975 (iii) 8-3-1976
5	Himachal Pradesh	(i) 1972-73 (ii) 1973-74 (iii) 1974-75	(i) 2-9-1974 (ii) 30-7-1975 (iii) 3-5-1976 (without C&AG'S comments)
6	Kerala	1972-73	12-1-1976
7	Karnataka	(i) 1972-73 (ii) 1973-74	(i) 2-9-1974 (ii) 12-1-1976
8	Gujarat	(i) 1972-73 (ii) 1973-74	(i) 22-7-1974 (ii) 12-1-1976
9	Tamilnadu	(i) 1971-72 (ii) 1972-73 (iii) 1973-74 (iv) 1974-75	(i) 22-7-1974 (ii) 5-5-1975 (iii) 20-1-1976 (iv) 16-8-1976

1	2	3	4
10	Maharashtra	(i) 1972-73 (ii) 1973-74 (iii) 1974-75	(i) 29-7-1974 (ii) 10-3-1975 (iii) 14-4-1976
11	Punjab	1971-72	2-9-1974
12	Haryana	(i) year ended 30-6-1973 (ii) 1973-74 (iii) 1974-75	(i) 25-11-1974 (ii) 28-1-1976 (iii) 16-8-1976
13	Bihar	(i) 1970-71 (ii) 1971-72	(i) 21-12-1973 (ii) 24-5-1976
14	Andhra Pradesh	(i) 1970-71 (ii) 1971-72 (period ended 30-6-1972)	(i) 21-12-1973 (ii) 22-3-1976
15	Jammu & Kashmir	(i) 1970-71 (ii) 1971-72 (iii) 1972-73	(i) 21-12-1973 (ii) 17-5-1976 (iii) 17-5-1976
16	Assam (Set up on 25-1-1967)	—	—
17	Orissa (Set up on 7-2-1968)	—	—

APPENDIX III

(Vide Para 2.5 of the Report)

Sl. No.	Name of the Corporation	Date of incorporation	Authorised Capital Rs. in lakhs	% equity capital by Central Govt.	% Equity capital acquired by Central Govt. as on 31-3-1976 (Rs. in lakhs)
1	Andhra Pradesh State Agro Industries Corporation Ltd.	5-3-68	700.00	49%	269.020
2	Assam Agro Ind. Development Corpn. Ltd.	25-1-67	250.00	50%	110.00
3	Bihar State Agro Ind. Dev. Corpn. Ltd.	28-3-67	500.00	49%	245.00
4	Gujarat Agro Ind. Corpn. Ltd.	19-5-70	400.00	50%	200.00
5	Haryana Agro Ind. Corpn. Ltd.	30-3-67	300.00	50%	94.830
6	J & K Agro Ind. Dev. Corpn.	31-1-70	200.00	49%	93.760
7	Himachal Pradesh Agro Ind. Corpn. Ltd.	24-9-70	300.00	49%	98.00
8	Kerala Agro Ind. Corpn. Ltd.	22-3-68	500.00	49%	127.780
9	Karnataka State Agro Ind. Corpn. Ltd.	1-9-67	600.00	49%	244.520
10	Maharashtra Agro Ind. Dev. Corporation Ltd.	15-12-65	500.00	50%	175.000

11	Madhya Pradesh Agro Ind. Dev. Corpn. Ltd.	.	.	.	21-3-69	250.00	50%	75.000
12	Orissa Agro Ind. Corpn. Ltd.	.	.	.	7-2-58	150.00	49%	66.772
13	Punjab Agro Ind. Corpn. Ltd.	.	.	.	11-2-66	300.00	50%	120.000
14	Rajasthan State Agro Ind. Corpn. Ltd.	.	.	.	25-2-69	1,300.00	49%	142.800
15	Tamil Nadu Agro Ind. Corpn. Ltd.	.	.	.	5-7-66	400.00	50%	165.000
16	Uttar Pradesh State Agro Ind. Corpn. Ltd.	.	.	.	29-3-67 ~	850.00	50%	316.000
17	West Bengal Agro Ind. Corpn. Ltd.	.	.	.	16-8-68	600.00	49%	245.001
TOTAL						7,300.00		2,788.483

APPENDIX IV

(Vide Paras 2.12 and 2.39 of the Report)

D.O. No. F. 5(6)/76-MY(M)

New Delhi

27th August, 1976

I am sorry to have to write to you on a matter which has caused the Government of India considerable embarrassment and concern. This is regarding the failure to place the Annual Report and Accounts of the Agro-Industries Corporation of your State, on the Table of the Houses of the Parliament as required under the Companies Act. These Corporations are Companies registered under the Companies Act and the Annual Report and Accounts are required to be laid (both the Hindi and English versions) on the Table of the House, within a period of 9 months from the close of the financial year. As you must be aware, the Central Government's participation in your Agro-Industries Corporation is substantial and failure to finalise the accounts immediately after the close of each financial year, makes it difficult for the Government of India to review the activities of the Corporation and satisfy themselves that the Corporation has been functioning in pursuance of the objectives for which it has been set up. Failure to adhere to the time schedule laid down in respect of finalisation of the accounts and annual report and to lay them on the Table of the House, also attracts penal consequences under Section 168 and 210 of the Companies Act. I am enclosing herewith a note showing the years for which the annual reports and accounts of the Agro Industries Corporation of your State have not been finalised and laid on the Table of the House, as are required under the Statute. In the note, I am also indicating the number of occasions on which letters and telegrams have been sent by the Government of India to the State Government asking for the finalisation of these accounts and reports in time. I am afraid that despite of these reminders, there has not been adequate response on the part of the Agro Industries Corporation.

Very recently, the Parliamentary Committee on Papers laid on the Table had a hearing to examine the delay in the laying of annual reports of the agro-Industries Corporations on the Table of the Houses. The Committee was very critical of the delay and the failure on the

part of the Agro-Industries Corporations in the matter. The Committee was also of the view that unless the annual accounts are prepared and submitted, the Government of India would have no means of satisfying themselves that these monies are being utilised in furtherance of the objectives for which these Corporations have been set up. The Committee, therefore, suggested that there should be no more releases of funds by the Government of India unless the defaulting Corporations have brought their accounts upto date and submitted their annual reports for placing on the Table of the Houses. The Government of India would, therefore, not be in a position to consider any proposal for release of funds towards share capital contribution to your Agro Industries Corporation, unless it fulfils all the statutory requirements in regard to annual accounts and annual reports.

I shall, therefore, request you to look into this case of unusual delay in submitting reports and accounts by the Agro-Industries Corporation of your State and let us have a time schedule in which it is proposed to finalise the accounts and reports which are overdue.

Yours sincerely,

Sd/-

Minister (A & I)

Shri

Chief Minister of

Assam, Andhra, Bihar, Orissa, Punjab, West Bengal, Kerala & J. & K.

Encl. as above.

APPENDIX V

(Vide Para 2-16 of the Report)

Statement regarding the attendance of Central Directors in the Board Meetings of the Agro Industries Corporations for the year 1971-73

Sl. No.	Name of the Agro Ind. Corporation	Year	Number of Board meetings held during the year	Number of meetings attended by Govt. of India Directors
1	2	3	4	5
1.	Himachal Pradesh	1971	5	Nil
		1972	8	Nil
		1973	5	4 (One Director attended 2 Meetings) (Two Directors attended 2 meetings)
2.	TamilNadu	1971	5	2 (One Director attended in two meetings)
		1972	7	1 (One Director attended)
		1973	9	5 (One Director attended in 1 meeting and two in one meeting).
3.	Haryana	1971	3	2 (Two Directors attended in 2 meetings)
		1972	5	5 (One Director attended in 2 meetings) Two meetings. Three Directors attended in 1 meeting
		1973	4	3 (1 Director attended in 2 meetings. 2 Directors attended in 1 meeting).
4.	Karnataka	1971	7	2 (1 Director attended in 2 meetings.)
		1972	8	4 (One Director attended in 4 meetings)
		1973	7	Nil.
5.	Andhra Pradesh	1971	51	2 (1 Director attended in 2 meetings)
		1972	8	5 (1 Director attended in 3 meetings.) (2 Directors attended in 1 meeting.) (3 Directors attended in one meeting)
		1973	7	3 (1 Director attended 2 meetings) (2 Directors attended 1 meeting)
6.	Assam	1971	N.A.	1 (1 Director attended 1 meeting).
		1972	N.A.	1 (1 Director attended 1 meeting)
		1973	N.A.	1 (1 Director attended 1 meeting)
7.	Maharashtra	1971	5	3 (1 Director attended 2 meetings) (2 Directors attended 1 meeting)
		1972	5	2 (1 Director attended 2 meetings)
		1973	5	2 (1 Director attended 1 meeting) (2 Directors attended 1 meeting)

1	2	3	4	5
8. Bihar	1971	7	2 (1 Director attended 1 meeting and 1 spl. invitee).	
	1972	6	2 (1 Director attended 2 meetings)	
	1973	6	1 (1 as spl. invitee)	
9. Madhya Pradesh	1971	3	3 (1 Director attended 1 meeting). (2 Directors attended 2 meetings).	
	1972	5	3 (3 Directors attended 1 meeting) (2 Directors attended 1 meeting) (1 Director attended 1 meeting)	
	1973	4	2 (1 Director attended 2 meetings).	
10. U.P.	1971	12	6 (1 Director attended 3 meetings) (2 Directors attended 3 meetings)	
	1972	7	5 (1 Director attended 4 meetings) (3 Directors attended 1 meeting)	
	1973	6	3 (1 Director attended 2 meetings) (2 Directors attended 1 meeting)	
11. Rajasthan	1971	10	6 (1 Director attended 5 meetings) (2 Directors attended 1 meeting)	
	1972	6	5 (1 Director attended 3 meetings) (2 Directors attended 2 meetings)	
	1973	6	4 (1 Director attended 4 meetings)	
12. West Bengal	1971	6	5 (1 Director attended 3 meetings), (2 Directors attended 2 meetings)	
	1972	7	7 (2 Directors attended 5 meetings) (1 Director attended 2 meetings)	
	1973	5	4 (1 Director attended 2 meetings) (2 Directors attended 2 meetings)	
13. Kerala	1971	7	3 (1 Director attended 3 meetings)	
	1972	7	4 (1 Director attended 4 meetings)	
	1973	10	4 (1 Director attended 3 meetings) (2 Directors attended 1 meeting)	
14. Punjab	1971	7	2 (1 Director attended 2 meetings)	
	1972	4	2 (1 Director attended 2 meetings)	
	1973	5	1 (1 Director attended 1 meeting)	

APPENDIX VI

(Vide Para 2-36 of the Report)

Table showing the period of Accounting year of the State Agro Industries Corporation and Time bound Programme for Audit of Accounts etc.

Sl. No.	Name of the Agro	Period of the Accounting year	Preparation of the accounts & Balance Sheet by the Accounts and Audit Branch	Tentative date for nomination of Auditor by the Company Affairs Deptt.	Tentative date for finalisation of accounts by the statutory Auditor	Date for holding Board Meeting	Annual meeting of the Company	For C&AG Comments	Date for furnishing copies in both versions
1	2	3	4	5	6	7	8	9	10
1	A.P. & Haryana Agro-Industries Corporation.	30th June	Within 2 months i.e. 31st August	Within one month from the date of finalisation of the accounts of previous year i.e. 31st July.	Within two months i.e. before 31st of Oct.	Within 30 days i.e. before 30th Nov.	Within 6 months from the close of the year i.e. 31st December	One month from the Audited accounts i.e. 30th Nov.	By 1st March.
2	Assam, Bihar, Gujarat, H.P., J. & K., Kerala, Karnataka, M. P., Maharashtra, Orissa, Rajasthan, Tamil Nadu, U.P. & W.B.	31st March	31st May	By 30th April	By 31st July	30th August	30th Sept.	31st Aug.	1st December
3	Punjab Agro Industries Corporation	31st May	31st July	30th June	30th Sept.	30th Oct.	30th Nov.	31st Oct.	1st Feb.

* This action will be taken simultaneously with the preparation of the accounts by the Accounts Deptt. of the Company.

APPENDIX VII

Summary of Recommendations/Observations contained in the Report

S. No.	Reference to para No. of the Report	Summary of Recommendation/Observation
1	2	3
1.	1.16	The Committee note that the Ministry of Law, Justice and Company Affairs took about two months time in giving their opinion (<i>vide</i> para 1.7) sought by the Lok Sabha Secretariat for the use of the Committee on the interpretation of Section 16(2) of the Tariff Commission Act, 1951. While the Committee accept the regret expressed by the Ministry they trust that such a long delay in replying a communication from a Parliamentary Committee will not take place in future.
2.	1.17	The Committee need hardly stress that the purpose, mainly the examination of delay aspect of the papers laid on the Table of the House and to act as a watch-dog on behalf of the House, for which the Committee has been constituted is defeated if the information in that context asked for by the Committee is not supplied in time. In order to achieve the objective and to see that smooth working of the Committee does not suffer, the Committee recommend that the Government might consider issuing instructions that the communications received on behalf of the Parliamentary Committees should be attended to on top priority basis and the information asked for therein supplied with the least possible delay. In case it is not possible to furnish the required information in time an interim reply may be sent to the Secretariat of the Committee.

1	2	3
3.	1.18	<p>The Committee note the opinion tendered by the Ministry of Law, Justice and Company Affairs and the arguments put forward by the representative of the Ministry that the provisions of Section 16(2) of the Tariff Commission Act, 1951, were only directory and in case the Government was not able to lay the Report or the explanatory statement within a period of three months, they could lay it on the Table of the House after expiry of the period of three months because no penalty had been provided in the Act for failure to do so. The Committee, however, are of the opinion that under Section 16(2) of the Tariff Commission Act, 1951 it is obligatory on the part of the Government to lay either the Report or the explanatory memorandum giving reasons for delay on the Table of the House within three months of submission of the Report by the Tariff Commission.</p>
4	1.19	<p>The Committee note that the Report of Tariff Commission on the Price Structure of BON ACID (1974) was received in the Ministry of Commerce on the 29th August, 1974, and it was forwarded for action to the then concerned Ministry of Petroleum and Chemicals on the 29th April, 1975, i.e. after the lapse of eight months time. In view of the secret nature of the Report, its importance involving financial implications and the fact that the Ministry of Commerce had simply to forward the copies of the Report to the concerned Ministry for action, the Committee are very much concerned for the inordinate delay on the part of the Ministry of Commerce. The Committee are also not satisfied with the reasons put forth by the Ministry of Commerce. They suggest that the case may be investigated thoroughly for necessary action. They also suggest that the procedure for the handling of similar reports needs to be streamlined so that such lapses do not occur in future.</p>

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5. 1.20

The Committee note that the said Report of the Tariff Commission on BON ACID was received in the then Ministry of Petroleum and Chemicals on the 29th April, 1975, and as per provisions contained in Section 16(2) of the Tariff Commission Act, 1951, Government should have laid either the Report together with a Report of the action taken thereon or the statement explaining the reasons for not laying the Report on the Table of the House within three months of its receipt i.e. during the Monsoon Session held from 21-7-1975 to 7-8-1975. However, the Ministry of Petroleum & Chemicals took eight months in addition to the period of eight months already taken by the Ministry of Commerce, in processing and taking a decision on the Report. From the statement furnished by the Ministry of Chemicals and Fertilizers (Appendix I) it is observed that the ex-works price of BON ACID manufactured by Atul Products Ltd. ruled low as compared to the price recommended by the Tariff Commission whereas price in respect of Amar Dye Chemicals Ltd. product ruled quite high in comparison to the price suggested by the Tariff Commission. The Committee are of the opinion that this needs to be investigated in view of the fact that the decision on the Tariff Commission Report (1966) relating to BON ACID was also delayed.

6. 1.21

The Committee have noted that by an Act of Parliament viz Tariff Commission (Repeal) Act, 1976, the Tariff Commission has been abolished. The Committee, however, feel that necessary lesson will be taken from this case and in future all efforts will be made to lay on the Table reports, etc., within the prescribed period. Also the reports which need consideration by the Government will receive timely attention and Government's decision will be laid before the Parliament within the stipulated period.

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7. 1.22 The Committee are constrained to observe that in spite of statement of the Minister of Petroleum and Chemicals in the House on the 27th July, 1973, in regard to the delay in the processing of Tariff Commission's Report on the Price structure of the same product (BON ACID) and the assurance given by the Ministry that remedial measures have been taken to be more careful in future (*vide* para 1.14), the position has not changed.
8. 1.23 The Committee would like to re-emphasise that it is imperative that the papers which are laid before the Parliament are complete in themselves and that they are laid immediately after they become available. The Committee feel that no useful purpose will be served if the papers are unduly delayed and laid on the Table when they had lost their utility. They hope that necessary instructions would be issued by Government to all the Ministries/Departments in this regard.
9. 2.30 The Committee are concerned to note that the Annual Report of the West Bengal Agro-Industries Corporation Ltd. for the year 1972-73 was laid on the Table of Lok Sabha as late as 28-7-1975. Regarding the reasons for delay in laying the Report, it was revealed from the Ministry of Agriculture and Irrigation (Department of Agriculture) communication dated 17-11-1975 that the statutory auditors were appointed by the Department of Company Affairs 10 months after the close of the financial year. The audited accounts alongwith the audit report were placed before the shareholders for adoption on 21-12-1974 the copies of the annual report were received by the Government of India on 4-7-1975, i.e., after a lapse of about 7 months.
10. 2.31 The Committee further note that the audited accounts alongwith the audit report of Madhya
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Pradesh Agro-Industries Corporation Ltd. for the year 1972-73 were adopted in the annual general meeting held on 16-3-1974. But the annual report was submitted to the Ministry of Agriculture and Irrigation during the 3rd week of May, 1975, i.e., after about 14 months of the annual general meeting while under section 619A(1) of the Companies Act, 1956, the annual report is required to be prepared within 3 months of the general meeting and laid before both Houses of Parliament as soon as may be after it is prepared.

11. **2.22**

The Committee note with concern the failure on the part of the Agro-Industries Corporations to finalise their accounts and lay the Annual Reports on the Table of Lok Sabha. Out of the 17 Corporations, the Annual Reports of only 6 Corporations have been laid on the Table of Lok Sabha pertaining to the periods upto 1974-75. While the Corporations in Andhra Pradesh, Bihar and Punjab were in more arrears of finalising their accounts and consequently there was undue delay in laying their Annual Reports, in case of Assam and Orissa Corporations no Annual Report had been laid on the Table of Lok Sabha so far.

12. **2.23**

The Committee also find that the delay in the finalisation of accounts is mainly because of the late preparation of accounts and failure to take expeditious steps to adopt these accounts. The Committee are constrained to observe that though the accounts of the Agro Industries Corporations had been in arrear for a number of years, no serious view of that was taken and no attempt was made to bring the accounts up-to-date. The Committee suggest that the Central Government should take effective steps to remedy the situation. The Committee note that a time bound programme for audit of accounts etc., of 9 months from the close of the year, has

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now been worked out by the Ministry for being followed by the Agro-Industries Corporations to ensure that they do not fall into arrears. The Committee hope that this programme will be strictly adhered to.

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2.34.

The Committee note that one of the main reasons advanced by some of the Corporations for delay in finalisation of accounts is that there has been delay in the nomination of statutory auditors by the Department of Company Affairs. The Committee also note that the Department of Company Affairs was not agreeable to the suggestion of the Ministry of Agriculture and Irrigation to appoint statutory auditors for a period of three years, which the latter felt would enable the Agro-Industries Corporations to clear their arrears of accounts. However, in view of the reasons given by the Department of Company Affairs, quoted in para 2.11 for not agreeing to the appointment of auditors for more than one year at a time, the Committee feel that the course of action suggested by the C.&A.G. for appointment of statutory auditors in case of defaulting Government companies in order to enable them to clear their arrears of accounts should be given a fair trial. The Committee trust that the Ministry of Agriculture and Irrigation would ensure that the defaulting Agro-Industries Corporations do their best to avail themselves of the relaxation made by the C.&A.G. and clear the arrears of accounts within the time limit recommended by the Committee in para 2.48. The Committee also trust that the Department of Company Affairs would see that the appointment of auditors is expedited and the finalisation of accounts not delayed on this account.

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2.35.

The Committee note that the Ministry have not been able to furnish any information regarding attendance of the Central Government

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Directors at the Board meetings of three Agro-Industries Corporations and complete information has not been given in regard to Assam Agro-Industries Corporation. The Committee also note with concern that out of 244 meetings of the 13 Agro-Industries Corporations, for which information has been furnished, only 119 meetings were attended by Central Government Directors, which means that as many as 125 meetings have not been attended by any of the Directors of the Central Government. And what is more surprising is that out of 119 meetings only four meetings were attended by the full complement of all the three Directors nominated to the respective Agro-Industries Boards. This only shows the insufficient care that has been taken to see whether the funds contributed by the Central Government to these Corporations have been utilised for the objectives for which these Corporations were set up and whether these funds have been accounted for properly.

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2.36.

The Committee note that in some cases same officer was nominated as Director on as many as 3, 4 or even 5 Agro-Industries Corporations and contrary to the statement of the representative of the Ministry, many of the Directors were below the level of Joint Secretaries and Directors. The Committee feel that no useful purpose can be served by nominating the same Directors on a number of Corporations. They would like that the Directors nominated by Central Government on each of the Corporations should have, as far as possible, necessary expertise helpful for the efficient working of these Corporations and that steps should be taken to ensure their regular attendance at the Board meetings. Government Directors have very important role to play on such Corporations. They have not only to act as watch-dog of the Cen-

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tral Government, they have also to guide the Corporations in their functioning on the basis of their experience and position. The Government directors are also supposed to provide liaison between the Central Government and the Corporations. The difficulties facted by the Corporations must to brought by the Directors to the notice of their superiors in the Ministry and necessary solution should be found.

16. 2.37. The Committee regret that the Government of India Directors on the Boards of Agro-Industires Corporations have failed to discharge the duties expected of them. The Committee suggest that the directors appointed by the Central Government on such Corporations should be made aware of their responsibilities and for any failure on their part they should be held responsible for that. When the Central Government have contributed a substantial amount to the setting up of Agro-Industries Corporations, the Committee are of the view that the Central Directors in addition to general duties, should specifically be given the responsibility of looking into the financial state of Agro-Industries Corporations and suggesting steps for the timely preparation of accounts and Reports and their submission to the Central Government.

17. 2.38. The Committee feel that the question of nomination of Government Directors needs to be reviewed in order to make them more effective. The Committee are also of the view that the Government directors should have some training in the task they are expected to perform. Unless they are told about the objectives of the Corporation, the things they have to look to and report back to the Government, their effectiveness will be limited.
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18. 2.39 The Committee agree with the view of the representative of the Ministry that the best way of getting things done from the Corporations is to link them up with the release of Central Government funds. The Committee note that a D.O. letter (Appendix IV) has now been sent by the Minister of Agriculture and Irrigation to the Chief Ministers of certain States to the effect that unless the Annual Reports of the Corporations are brought upto date and laid in both Houses of Parliament, Central Government will not be in a position to release funds towards share capital contribution of the defaulting Corporations. The Committee feel that unless the annual accounts are prepared and submitted to the Government, the Government of India would have no means of satisfying themselves that the huge funds released by them are being utilised in furtherance of the objectives for which these Corporations have been set up. The Committee hope that the Central Government would release further funds only when the Agro-Industries Corporations had brought their accounts upto-date and they are satisfied that the provisions of the Companies Act, 1956, relating, particularly, to accounts and placing of Annual Reports before Parliament have been fully complied with.
- 19 2.40 The Committee are concerned to note that in spite of the fact that these Agro-Industries Corporations have been working for the last 8 to 11 years, as stated by the representative of the Ministry, "they just do not know whether they are in the red or making profits". While these Corporations were mainly indulging in trading activities which were not really one of their main objectives, no review of their working was undertaken by the Government of India with a view to evaluate whether the huge sums invested by them in the Corporations
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were being put to the use for which they were intended and whether the working of these Corporations required any corrective steps.

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2.41

During evidence on 21-7-1976 the Committee were informed that "we (Government) are now undertaking a review as to whether the Corporations are going in the right direction and if not what we should do from the Centre." The Committee find from the review furnished to the Committee by the Ministry on 12-10-1976 that the Corporations have recently realised that it would be very difficult for them to give better physical and financial performance only with the traditional activities like custom hiring, servicing, trading etc. Therefore, the Corporations are switching over to the new enterprises. Some of the Corporations have already entered into manufacturing and producing of different items required by the farmers. Some others are contemplating to enter into the field of manufacturing the agricultural implements. The Committee trust that in future the Central Government would take adequate measures to monitor the activities of these Corporations in the right direction.

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2.42

The Committee note that the Ministry of Agriculture and Irrigation was not making a separate review on receipt of the annual report of the Agro-Industries Corporations. The Committee feel that had the Government been making reviews on the working of the Corporations on receipt of their annual reports, many things would have straightened and the Ministry would not have faced the present situation.

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2.43

The Committee reiterate the recommendation contained in para 4.18 of their Second Report and urges upon the Government that while

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laying the Report of an Agro-Industry Corporation before Parliament, the Ministry should also lay alongwith the Report a review on the working of that Corporation.

23**2.44**

The Committee note that one of the main reasons why no Report was laid so far in respect of the two Agro-Industries Corporations of Assam and Orissa was the inability of these Corporations to furnish the Hindi versions of the Reports. While the Report of Assam Agro-Industries Corporation for the year 1970-71 was adopted on 10-6-1975, the Corporation could not furnish the Hindi version of the Report so far. In case of Orissa Agro-Industries Corporation, English version of Reports for the years 1968-69 and 1969-70 was furnished to the Ministry during May, 1976. But the Hindi version of the same had not been forwarded so far. The Committee reiterate their recommendation made in para 1.11 of their Second Report that ordinarily both the English and Hindi versions of the Reports should be laid on the Table simultaneously. However, in exceptional cases, where it is not possible to lay both the versions simultaneously, the version which is ready may be laid without waiting for the other version and while laying only one version a statement should invariably be laid, explaining the reasons for not laying the other version. In such cases the other version should be laid on the Table either in the same session or at the most by the end of the next session.

24**2.45**

The Committee are happy to note that the Government of Uttar Pradesh have offered to undertake translation jobs into Hindi on payment basis. They hope that in the mean-time the States which do not have facilities for translation of Reports into Hindi would avail of the facility of translation offered by the Government of Uttar Pradesh.

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25	2.46	<p>The Committee would like the Corporations to consider the feasibility of setting up their own Hindi cells so that it is possible to prepare the Hindi version of Reports, accounts, etc. concurrently with the English version thereof in order that delay on account of translation and printing of Hindi version is eliminated and the reports etc., both in English and Hindi are laid on the Table simultaneously.</p>
26	2.47	<p>The Committee, after examining the reasons for undue delay in the case of some Agro-Industries Corporations and particularly those of Assam and Orissa where no report has been laid so far, do not find any justification in prescribing a different time limit for laying the Annual Reports and accounts of State Agro-Industries Corporations or other companies which are the joint-ventures of the Central and State Governments, particularly when the same factors as specified in para 4.15 of the Second Report of the Committee apply to the State Agro-Industries Corporations who are also Government Companies.</p>
27	2.48	<p>The Committee, therefore, recommend that as in the case of Reports of other Government Companies, the Reports of Agro-Industries Corporations or other Companies which are the joint-ventures of the Central and State Governments, should also be laid within 9 months of the close of the accounting year. The Committee further recommend that where it is not possible for the Government to lay the Report of any Company within that period they should lay on the Table a statement explaining the reasons for not laying the Reports within 30 days from the expiry of the period of nine months and if the House is not in session at that time, the statement should be laid on the Table within seven days of re-assembly of the House.</p>

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		<p>However, to give some more time to the Government to lay the Reports of the Agro-Industries Corporations and other joint-venture Government Companies pertaining to the periods upto 1974-75 which were in arrears, as also for the year 1975-76, the Committee recommend that these reports alongwith the delay statements should be laid on the Table by the 31st March, 1977. Reports for the year 1976-77 and subsequent years should be laid on the Table within 9 months of the close of the accounting year. The Committee trust that the Ministry of Agriculture and Irrigation and other administrative Ministries concerned with other joint-venture companies of the Government will take necessary steps to implement the above recommendations of the Committee.</p>
28	2.49	<p>The Committee noted that in the case of Himachal Pradesh Agro-Industries Corporation, the comments of C.& A.G. were not laid alongwith the Annual Report for the year 1974-75 as required under section 619A (1) of the Companies Act, 1956. From the comments of the C. & A.G. later furnished to the Committee by the Ministry on 30-7-1976, the Committee further note that the date on which the concerned Accountant General had signed the comments were missing.</p>
29	2.50	<p>It was also noted that the Corporation had not complied with the provisions of section 619 (5) of the said Act as the accounts of the Corporation were approved in the annual general meeting of the Corporation without the comments of the C.& A.G. The Committee would like to point out that such documents cannot be considered to be complete. The Committee would therefore, like to emphasise that before placing such documents before Parliament, the administrative Ministry should ensure that all</p>

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the formalities had been gone into in preparing a document and that it is complete in all respects.

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The Committee regret that neither statements giving reasons for delay nor reviews on the Corporation's Reports were laid by the Ministry of Agriculture and Irrigation on the Table of Lok Sabha while laying the Annual Reports of Haryana and Tamil Nadu Agro-Industries Corporations for the year 1974-75 on 16-8-1976, even though the Ministry's representative had promised during the evidence before the Committee on 21-7-1976 and had stated:

'I was told that it has become necessary to lay them on the Table only now, after the second report of the Committee on Papers Laid which says that while laying the Report of the Government before Parliament, the concerned Administrative Ministry should also lay, along with the report, a review on the working of the company. So, I was thinking that this is a requirement which has come up only now. That a review should be made stands to reason because that is the only way they can find out how it had been functioning in the previous year.'

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The Committee trust that the Ministry would in future lay before Parliament the statement giving reasons for delay where necessary, and their review on the working of organisations while laying their reports etc. on the Table of both the Houses of Parliament.