

**COMMITTEE
ON
PAPERS LAID ON THE TABLE
(1977-78)**

(SIXTH LOK SABHA)

SECOND REPORT

(Presented on the 22-12-77)



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1977/Agrahayana, 1899 (Saka)

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CORRIGENDA

TO

Second Report of Committee on
Papers Laid on the Table(Presented on 22.12.1977)

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COMMITTEE ON PAPERS LAID ON THE TABLE

(1977-78)

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Shri N. N. Mehra—*Senior Table Officer.*

*Resigned w.e.f. 28-8-1977

INTRODUCTION

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 this their Second Report.

2. On examination of certain papers laid during the Seventeenth and Eighteenth Sessions (Fifth Lok Sabha) and the Second Session (Sixth Lok Sabha), the Committee have come to certain conclusions in regard to delay in laying Audit Reports/Annual/Half-yearly Reports of the Coir Board. The Committee also considered the clarifications sought in respect of (i) Laying of Annual Reports/Audited Statements of Accounts of Statutory/Autonomous Organisations; and (ii) Laying of 'Review' along with the Annual Reports/Audited Statements of Accounts in respect of Autonomous Bodies and have made certain recommendations in this regard.

3. The Committee considered and adopted this report at their sitting held on the 20th December, 1977.

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

NEW DELHI;

December 20, 1977.

Agruhayana 29, 1899 (Saka).

KANWAR LAL GUPTA,

Chairman,

Committee on Papers
laid on the Table.

CHAPTER I

LAYING OF ANNUAL REPORTS/AUDITED STATEMENTS OF ACCOUNTS OF STATUTORY/AUTONOMOUS ORGANISATIONS

The Ministry of Education, Social Welfare and Culture (Department of Education) in their O.M. dated the 19th April, 1977, had sought clarifications on the points reproduced below:—

“The Book Promotion Division in this Ministry is having under its administrative control only one autonomous organisation viz. the National Book Trust, India, New Delhi, which is fully financed by grants-in-aid from the Government of India through this Ministry. The Rules of the Trust do not provide for laying of its Annual Reports on the Table of Parliament. It will, however, be observed that the Department of Parliamentary Affairs had, advised that Annual and/or Audited Reports of the autonomous organisations which have been laying in the past, may continue to be laid as hitherto.

This Ministry has all along been furnishing to the Lok Sabha/Rajya Sabha Secretariat the requisite number of copies of the Annual Reports (both in English and Hindi) of the Trust to be laid on the Table of the respective Houses of Parliament. These Annual Reports, however, contain an unaudited statement of accounts as the Rules of the Trust do not provide for inclusion of an audited statement of accounts in its Annual Reports.

In the context of a new Lok Sabha having now come into being, Lok Sabha Secretariat are requested kindly to indicate whether this Ministry must continue to lay the Annual Reports of the Trust on the Tables of the two Houses of Parliament. If so, whether the Annual Reports with an un-audited statement of accounts will serve the purpose.”

1.2. Similarly, the Petrofils Co-operative Ltd., Baroda, (under the administrative control of the Ministry of Petroleum) a joint venture of the Government of India and Cooperatives, set up in September, 1974, had in their letter dated the 16th June, 1977, *inter alia* stated:

“Petrofils was set up by the Government of India in September, 1974. It was registered on 10-9-1974 as a Multi Unit Co-operative Society, under the provisions of the Delhi Co-operative Societies Act, 1972 read with the Multi-Unit Co-operative Societies Act, 1942. Our Society is a joint venture of the Government of India and Cooperatives. The provisions relat-

ing to shareholding by the Government of India and the Co-operatives, as per bye law 6 of the Bye-laws of the Society are as under:

- (i) At the initial stage, at least 60 per cent of the paid-up share capital shall be held by the Government of India and other Government sponsored organisations, the remaining paid-up capital being held by the co-operatives.
- (ii) Subsequently, the Government of India shall hold at least 51 per cent of the paid-up share capital of the Society till such time as it is agreed upon between the Society and that Government that the latter may off-load its shares on terms mutually agreed to between the Government of India and the Society. The Society may likewise retire the shares held by the National Co-operative Development Corporation.

The present Authorised and Issued Capital of the Society is Rs. 15 crores and Rs. 10 crores respectively. So far the Government of India has subscribed Rs. 5.2 crores. We have made allotment of equity shares worth Rs. 55.9 lakhs to cooperatives including National Cooperative Development Corporation. There are pending proposals for allotment of shares worth about Rs. 35.03 lakhs.

Ours being a Multi-Unit Cooperative Society and not covered by the provisions of the Companies Act, 1956, we request you to kindly advise us, whether we are required to submit Annual Reports and Audited Accounts for laying on the Table of the House...."

1.3. The Public Accounts Committee, in para 18 of their 18th Report (1958-59) had made the following recommendation:

"In the Committee's opinion, Parliament is not fully informed of the working of these autonomous Boards. Since large sums of money are voted by Parliament for payment to these Boards as grants-in-aid it is only proper that Parliament and the Public Accounts Committee should be apprised of their activities. The Committee desire that the Annual Reports on the working of the autonomous Boards viz. Silk Board, etc. should be placed before Parliament. They also recommend that the C.&A.G. who is responsible for their audit should in addition to the normal expenditure audit, undertake an achievement audit of these organisations indicating *inter alia* their original targets and achievements."

1.4. It has come to the notice of the Committee that on the 8th July, 1976 the Ministry of Education, Social Welfare and Culture (Parliament Unit) had issued the following instructions for compliance by the various sections of the Ministry with regard to the laying of Annual Reports and Audit Reports of the autonomous organisations:

“Keeping in view the ruling given by the Ministry of Finance and advice tendered by the Department of Parliamentary Affairs, the following instructions are issued for information and compliance:

- (i) Annual and/or Audit Reports of the autonomous organisations which have been laying in the past, may continue to be laid as hitherto;
- (ii) Annual Reports of the autonomous organisations whose bye-laws, rules etc. do not provide for the laying of the Reports and whose reports have not been laid in the past, need not be presented to Parliament.”

1.5. The Committee note that the Annual Reports of the National Book Trust containing unaudited statement of accounts are laid before Parliament as the Rules of the Trust do not provide for inclusion of an audited statement of accounts in its Annual Reports.

1.6. The Committee are happy to note that Reports of the Trust are laid by the Ministry of Education, Social Welfare and Culture who are administratively concerned with it even though the Rules of the Trust do not provide for laying of its Annual Reports before Parliament.

1.7. The Committee are concerned to note that the Ministry of Education, Social Welfare and Culture had advised its various Sections, on the basis of the advice given by the Ministry of Finance and the Department of Parliamentary Affairs, that Annual Reports of the autonomous organisations whose bye-laws, rules do not provide for the laying of the Reports and whose Reports have not been laid in the past, need not be presented to Parliament.

1.8. The Committee need hardly stress that the main purpose of laying before Parliament of Reports and audited accounts of the autonomous organisations receiving financial assistance out of moneys voted by Parliament is to keep Parliament apprised about the working of those organisations and their activities. This purpose is defeated if the Annual Reports are laid before Parliament without the audited statements of accounts.

1.9. The Committee further note that Annual Reports and audited statement of accounts of the Petrofils Co-operative Limited, Baroda—a joint

venture of the Government of India and Co-operatives—set up in September, 1974 are not being laid before both Houses of Parliament as the Society, being a Multi-Unit Co-operative Society, is not covered by the provisions of the Companies Act, 1956, as stated by the Ministry of Petroleum.

1.10. The Committee feel that there may be certain autonomous organisations, like the Petrofils Co-operative Limited, which are being financed by the Government of India and whose Annual Reports and audited accounts are not being laid before Parliament because the provisions of the relevant Acts under which they are incorporated or constituted or the rules made thereunder do not provide for laying of the Reports and audited accounts of those organisations before Parliament.

1.11. The Public Accounts Committee in paragraph 18 of their 18th Report (1958-59) had desired that all autonomous organisations, where the money from the Consolidated Fund of India is invested/advanced, after being voted by Parliament, should lay their Annual Reports/Audit Reports before Parliament. This recommendation was intended to cover mainly the autonomous bodies the rules of which do not provide for laying of Reports before Parliament.

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

1.13. The Committee trust that Reports and audited accounts of the National Book Trust and other such organisations which are financed by the Government of India, would in future be laid before both Houses of Parliament, every year, within the stipulated period of 9 months after the close of their accounting year, as earlier recommended by the Committee in para 3.5 of their First Report (Fifth Lok Sabha).

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

CHAPTER II

DELAY IN LAYING AUDIT REPORTS/ANNUAL/HALF YEARLY REPORTS OF THE COIR BOARD

The Audit Reports on the accounts of the Coir Board for the years 1973-74, 1974-75 and 1975-76 were laid on the Table of Lok Sabha on the 11th August and 3rd November, 1976 and 15th June, 1977, respectively, under Section 17(4) of the Coir Industry Act, 1953.

2.2. No statement explaining the reasons for delay in laying the Audit Reports for 1973-74 and 1975-76 was laid on the Table. However, in the case of 1974-75 Report the Ministry had in their delay statement stated that the delay was mainly due to the time taken in reconciliation and finalisation of accounts of the Coir Board by the Audit Office and translation of the accounts into Hindi.

2.3. Section 17(4) of the Coir Industry Act, 1953 provides:

“17(4). The accounts of the Board as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and the Government shall cause the same to be laid before both Houses of Parliament.”

2.4. Sub-rule (1) and (2) of rule 18 of the Coir Industry Rules, 1954, regarding submission of audited accounts of the Board to the Central Government read as under :

“18. **Accounts of the Board**—(1) The Board shall maintain accounts of all receipts and expenditure relating to each year.

(2) The audited accounts of receipts and expenditure together with the auditor's report thereon shall be submitted to the Central Government as soon as may be after such accounts are audited and in any case, *not later than three months from the close of the year in which they are audited.*”

2.5. The Annual Reports of the Coir Board for the years 1973-74 and 1974-75 were laid on the Table of Lok Sabha on the 25th July, 1975 and 25 May, 1976, respectively.

2.6. The Half-Yearly Report of the Coir Board for the period from 1-4-1975 to 30-9-1975 was laid on the Table of the House on the 30th October, 1976.

2.7. Section 19 of the Coir Industry Act, 1953 and rule 27 of the Coir Industry Rules, 1954 which provide for the submission of the Annual/Half-Yearly Report of the Coir Board read as under:

“Section 19. Report and returns.—(1) The Board shall submit to the Central Government and such other authority as may be prescribed, a half-yearly report and an Annual Report on its activities and the working of this Act for the preceding six months and the preceding year respectively; and a copy of every such report shall, as soon as may be after it is received by the Central Government, be laid before both Houses of Parliament.

Rule 27. Report and returns.—The Board shall submit to the Central Government a half-yearly report and an annual report on its activities and the working of the Act, within three months from the expiry of the period to which the report relates.”

2.8. When asked about the reasons for delay and non-laying of delay statement and also the reasons for not laying the Audit Report for 1973-74 along with the Annual Report for the same year, the Ministry of Industry *inter alia* stated:

“(i) The Annual Report is prepared by the Coir Board and the certified accounts are prepared by the Accountant General. Though the audit and examination of accounts take place soon after the close of financial year, the report is finalised by the Accountant General after correspondence with the Board and thereafter with the Ministry. Therefore, this at time results in some time lag in the preparation and finalisation of the accounts of the Board by the Accountant General. However, as soon as the Annual Report is received in the Ministry, it is laid on the Table of the House immediately in advance of the certified accounts and audit report.

(ii) The Accountant General, Kerala, sent the Audit Report on the accounts of the Coir Board for the year 1973-74 along with certified copy of Annual Accounts to the Ministry with his letter No. OAI/AB/7-9A/74-75/149 dated the 16th January 1976. Since the Audit Report together with certified accounts were received only in English, the necessary translation into Hindi took some time on completion of which the Audit Report

together with the certified accounts of the Board for the year 1973-74 were forwarded to the Lok Sabha Secretariat for laying on the Table of the House.

- (iii) Although copies of the Report were sent for laying on the Table of the Lok Sabha as soon as the Hindi version was received in the Ministry, it is very much regretted that the required 'delay statement' could not be forwarded to the Lok Sabha Secretariat along with the Audit Report for the year 1973-74. In future, if there is any delay, the required 'delay statement' will invariably be forwarded along with the Report."

2.9. In reply to a specific query whether there was any due date fixed for sending the accounts to Audit and the actual date when the accounts were sent to audit, the Ministry of Industry (Department of Industrial Development) in their letter dated the 7th January, 1977 stated that the annual accounts of the Coir Board are audited by the Accountant General after the close of the financial year and no specific statutory date is fixed for sending the annual accounts to audit. However, the accounts of the Board for the year 1973-74 were audited during the period from 27-7-1974 to 23-8-1974.

2.10. The Committee are concerned to note that the Audit Report on the accounts of the Coir Board for 1973-74 was laid on the Table of Lok Sabha as late as 11-1-1976 i.e. after more than 28 months of the close of the financial year, without giving any reasons for delay in laying the Audit Report. Further the Audit Reports for 1974-75 and 1975-76 were laid on 3-11-1976 and 15-6-1977, again after 19 months and 14½ months, respectively, after the close of the financial year to which they pertained.

2.11. The Committee also note that the Annual Reports of the Coir Board for the years 1973-74 and 1974-75 were laid before Lok Sabha on 25-7-1975 and 25-5-1976, respectively, after about 16 months and 14 months of the close of the financial year to which they pertained. The Half-yearly Report for the period from 1-4-1975 to 30-9-1975 was laid on the Table of Lok Sabha on 30-10-1976.

2.12. The Committee are perturbed to note that the Ministry of Industry who are administratively responsible for the affairs of the Coir Board did not take any corrective measures to avoid these inordinate delays even when it is provided in Rule 27 of the Coir Industry Rules, 1954 that the Board shall submit to the Central Government a half-yearly report and an Annual Report on its activities and the working of the Act, within three months from the expiry of the period to which the report relates. Further Section 19 of the Coir Industry Act, 1953 lays down that a copy of every such report (half-yearly and annual) shall, as soon as may be after it is received by the Central Government, be laid before both Houses of Parliament.

2.13. From the explanation given by the Ministry of Industry about the delay in laying the Audit Report for 1973-74 the Committee find that the accounts of the Board were audited during the period from 27-7-74 to 28-8-1974 and the Audit Report along with certified copy of the annual accounts were sent by the Accountant General, Kerala to the Ministry on 16-1-1976, i.e. after 16½ months of auditing of the accounts. Thereafter the Ministry took 7 months more and laid the Audit Report before Lok Sabha on 11-8-1976. Regarding the reasons for delay in laying the Audit Report the Ministry have explained in a routine way that the Audit Report and certified accounts were received only in English and their translation into Hindi took time. The Committee are not convinced with the reasons advanced by the Ministry and feel that if the Ministry had been more vigilant in the matter, the Audit Report (both English and Hindi versions) could have been laid before Lok Sabha earlier than 11-8-1976 as two Sessions of the House were held from 5-1-1976 to 6-2-1976 and 8-3-1976 to 7-5-1976, after the Audit Report was received by the Ministry.

2.14. After examining the whole matter the Committee have come to the conclusion that the period prescribed under Rule 18(2) of the Coir Industry Rules, 1954 regarding submission of audited accounts and Audit Report thereon to Central Government—as soon as may be after such accounts are audited and in any case, not later than three months from the close of the year in which they are audited—is ambiguous and can be construed to mean that if for any reason the accounts are audited after a lapse of one or two years, it would be a sufficient compliance of the provisions if they are laid on the Table within three months of the close of the year in which audit is completed. Further Section 17(4) of the Coir Industry Act, 1953 also does not prescribe any time limit for laying the Audit Report before both Houses of Parliament.

2.15. To obviate delay in laying the Audit Report before Parliament the Committee are of the view that some definite schedule laying down time-limit for various stages involved in preparation, submission, finalisation and laying of the audited accounts should be fixed. With a view to avoid delays in laying of Audit Reports on the accounts of the Coir Board in future the Committee, reiterate the recommendation made in their First Report (Fifth Lok Sabha) and recommend that after the close of the accounting year the Coir Board should complete its accounts within a period of 3 months and make them available for auditing. Auditing of the accounts and furnishing replies to audit objections, if any, and also translation and printing of Audit Report should be completed within the next six months so that the audited accounts and Audit Report thereon are laid before Parliament within nine months after the close of the accounting year. If for any reason the Audit Report cannot be laid within the stipulated period of nine months the Ministry of Industry (being the administrative Ministry) should lay within 30 days of the expiry of the prescribed period or as soon as the

House meets, whichever is later, a statement explaining the reason why the Audit Report could not be laid within the stipulated period.

2.16. As regards half-yearly/Annual Reports of the Coir Board, the Committee are of the view that half-yearly/Annual Reports on the activities of the Board and the working of the Act should be submitted by the Coir Board to the Ministry within three months from the expiry of the period to which the report relates as provided in Rule 27 of the Coir Industry Rules, 1954 and the Ministry in turn should lay that report before Parliament as soon as possible after it is submitted to them by the Board but in no case later than three months after its receipt in the Ministry. If for any reason the half-yearly or Annual Report cannot be laid within the time so prescribed, a statement explaining the reasons why the report could not be laid within the stipulated time may be laid within that period, if the House is in Session or if the House is not in Session then, within one week of the commencement of the following Session.

2.17. The Committee further recommend that in order to avoid delay in laying the reports in future the Ministry of Industry should keep in constant touch with the Board to ensure timely submission of the half-yearly/Annual Reports of the Board so that these do not fall into arrears.

2.18. As regards delay in auditing, the Committee suggest that the Ministry may take up the matter with the Finance Ministry/Audit authorities to devise suitable methods to ensure auditing of accounts within time.

2.19. To remove any ambiguity about time schedules for submission and laying of the Reports and audited accounts before Parliament, the Committee recommend that the Ministry might consider the feasibility of amending the relevant provisions of the Act/Rules to bring them in accord with the recommendations of the Committee.

2.20. The Committee need hardly stress that English and Hindi versions of half-yearly/Annual Reports and Audit Reports of the Coir Board should be laid simultaneously. In case both the versions cannot be laid simultaneously, in accordance with the recommendation of the Committee made in para 1.11 of their Second Report (Fifth Lok Sabha) the version which is ready should be laid first. The other version should be laid as soon as it is ready. This relaxation should not be taken to imply that the other version can be laid as and when it is convenient to the Ministry but it must be laid within two months of the laying of the first version or as early as possible during the next Session, whichever is earlier.

CHAPTER III

LAYING OF 'REVIEW' ALONG WITH THE ANNUAL REPORTS/ AUDITED STATEMENTS OF ACCOUNTS IN RESPECT OF AUTONOMOUS BODIES

The Committee on Papers laid on the Table had, while examining the Annual Reports of Government companies laid on the Table of Lok Sabha under the Companies Act, 1956, in para 4.18 of the Second Report (Fifth Lok Sabha), recommended:

"The Committee note that while laying the Report of a Government Company before Parliament the concerned administrative Ministry also lays along with the Report a 'Review' on the working of that Company. However, in certain cases no such 'Review' is laid on the Table. The Committee are of the view that even in cases where Government are in agreement with the information given in the Report of the Company and they have nothing to add, Government should lay on the Table along with the Report a Statement saying that they are in agreement with the Report and hence no 'Review' is being laid."

3.2. Again in para 2.52 of its Fourth Report (Fifth Lok Sabha) the Committee had recommended:

"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."

3.3. The Ministry of Education, Social Welfare and Culture in their O.M. dated 17th January, 1977, (Appendix—I) had sought clarification on the following points:

"A question has been raised as to the points which should broadly be included in such a 'Review' and also, whether it is obligatory on the part of the administrative Ministry to lay such a 'Review' while laying the Annual Report/Audited statement of accounts or it is left to the individual Ministries to arrange."

3.4. The Ministry in their further communication dated the 18th May, 1977 (Appendix—II) had also made the following suggestions regarding

laying of 'Review' along with the reports of the autonomous bodies for consideration of the Committee:—

“The question of the application of these recommendations to the autonomous organisations has been carefully considered. In recommendation No. 4.18 (Second Report) wherein the Committee has mentioned about the 'Review' in respect of Government Companies and not of autonomous organisations. Though the recommendation No. 2.52 (Fourth Report) mentions about the 'organisation', this also relates to the Government companies. It may be observed that the Fourth Report pertains to the working of the Agro-Industries Corporations only, a joint venture company of Centre and State. The Corporations and Companies are engaged in commercial pursuits. The working of the companies may be reviewed in this context. In fact Section 619(1) of the Companies Act, 1956 provides for a 'Review' where the Central Government is a member of the Government company.

The autonomous organisations of this Ministry are engaged in educational/research etc. pursuits, and their reports are fairly detailed and may not lend themselves to review. In these cases the administrative Ministry exercise overall control. The membership of the autonomous 'organisations' of this Ministry includes representatives of this Ministry, Ministry of Finance and other concerned Ministries.

The audit of these organisations is usually conducted by the Accountant Generals and their Inspection Reports are submitted to the Government. Thus the Ministry is aware of the functioning of these organisations. The Annual Report of these organisations contains factual information and statistics on grants, educational programmes and the audited statement of accounts.

In view of the position explained above the Ministry consider that the recommendations No. 4.18 (Second Report) and 2.52 (Fourth Report) of the Committee on Papers laid on the Table of Parliament may not be applicable to the autonomous organisations of this Ministry.”

The Committee considered the points raised by the Ministry at their sitting held on the 6th October, 1977.

3.5. The Committee feel that the Ministry of Education, Social Welfare and Culture have not followed the exact import of the recommendations of the Committee regarding laying of 'Review' on the working of the autonomous bodies made in paras 4.18 of their Second Report (Fifth Lok Sabha)

and 2.52 of their Fourth Report Fifth Lok Sabha). The idea behind the Committee's recommendations was that the administrative Ministry should examine the Annual Reports of the autonomous organisations under their control, before these were laid before Parliament, to ensure that the funds given to these organisations as grants-in-aid etc. had been utilised by them to achieve the objectives for which they had been set up. The basic idea was to ensure constant watch by the concerned administrative Ministries on the activities of the autonomous organisations.

3.6. The Committee are of the view that laying of 'Review' along with the Annual Report of the organisation need not be confined only to companies incorporated under the Companies Act, 1956. Even in the case of autonomous bodies, Government should examine the reports submitted by such bodies and prepare a 'Review' giving salient points of achievements, total expenditure incurred by the Government on the body, how far the autonomous body has achieved the objects for which it was set up and what are the salient features of its future programme. Where the Report or the Audit Report mentioned any serious irregularity or any other matter of importance which needed corrective action or further enquiry, it was expected that Government made a mention in the Review of the action being taken in that direction. However, where information on all the aforesaid matters is already available in the report and Government have nothing to add thereto, Government should, in accordance with the recommendation made by the Committee in para 4.18 of their Second Report (Fifth Lok Sabha), lay on the Table along with report a statement saying that they are in agreement with the report and hence no 'Review' is being laid.

3.7. The Committee feel it necessary to emphasise that the requirement to lay the 'Review' should not be treated as a mere formality by the Government and the 'Review' laid should not be just stereotype.

3.8. The Committee hope that the administrative Ministries will critically examine Annual Reports/audited statements of accounts of the autonomous organisations under their control and invariably lay along with the Report/audited statement of accounts their own assessment before Parliament in the form of 'Review'.

NEW DELHI;

December 20, 1977.

Agrahayana 29, 1899 (Saka).

KANWAR LAL GUPTA
Chairman,

Committee on Papers laid
on the Table.

APPENDIX I

(vide Para 3.3 of the Report)

Immediate

No. H. 11021/15/76-PU

GOVERNMENT OF INDIA
MINISTRY OF EDUCATION AND SOCIAL WELFARE
(Parliament Unit)

New Delhi, the 17th January, 1977.

OFFICE MEMORANDUM

SUBJECT:—*Annual Reports/audited statement of accounts in respects of autonomous bodies laid on the Table of the House—Laying of Review on the working of the bodies—clarification regarding—*

The undersigned is directed to invite a reference to recommendations contained in para 4.18 of the Second Report and 2.52 of Fourth Report of the Committee laid on the Table of the House in regard to the laying 'Review' on the working of autonomous bodies along with the Annual Report/audited statement of accounts on the Table of the House. A question has been raised as to the points which should broadly be included in such a Review and also whether it is obligatory on the part of the administrative Ministry to lay such a review while laying the Annual Report/audited statement of accounts or it is left to the individual Ministries to arrange.

It is requested that necessary clarification in this regard may kindly be conveyed at an early date.

Sd./- (S. N. DUTT)
Deputy Secretary

LOK SABHA SECRETARIAT
(P.M.B. BRANCH)

APPENDIX II

(*vide* Para 3.4 of the Report)

No. H. 11021/15/76-PU

GOVERNMENT OF INDIA
MINISTRY OF EDUCATION AND SOCIAL WELFARE
(Parliament Unit)

New Delhi, the 18th May, 1977.

OFFICE MEMORANDUM

SUBJECT.—*Annual Report/audited statement of accounts in respect of autonomous organisations laid on the Table of the House—Laying of 'Review' on the working of these organisations exemption therefrom—*

The undersigned is directed to invite a reference to Lok Sabha Secretariat O.M. No. 49(1)/77-PBM, dated 31st January, 1977 on the above noted subject and to send herewith a copy of this Ministry's O.M. dated 7th May, 1977, addressed to the Department of Parliamentary Affairs along with a reply thereto. It is requested that the views of this Ministry on the presenting of 'Review' along with the Annual Reports of the autonomous organisations contained in our letter dated 7-5-77 may please be placed before the Committee on Papers laid on the Table.

Sd./- (S. N. DUTT)
Deputy Secretary

To

The Lok Sabha Secretariat,
(P.M.B. Branch)
New Delhi.

No. H. 11021/15/76-PU

GOVERNMENT OF INDIA

MINISTRY OF EDUCATION AND SOCIAL WELFARE

(Parliament Unit)

New Delhi, the 7th May, 1977.

OFFICE MEMORANDUM

SUBJECT:—*Annual Report/Audited Statement of Accounts in respect of autonomous organisations laid on the Table of the House—
Laying of Review on the working of these organisations—
Clarification regarding—*

The undersigned is directed to refer to the recommendations No. 4.18 (Second Report) and No. 2.52 (Fourth Report) of the Committee on Papers laid on the Table which *inter-alia* lays down that while laying the Annual Report in respect of organisations on the Table a 'Review' on the working of the organisations should also be laid along with it. A doubt has arisen whether the recommendations of the Committee are applicable to the autonomous bodies also.

2. A reference was made to the Lok Sabha Secretariat with a view to ascertaining whether a 'Review' in respect of the autonomous organisations should be laid on the Table along with the Report in terms of recommendations of the Committee made in its Second and Fourth Report referred to above. The copies of the correspondence with the Lok Sabha Secretariat on the subject are enclosed. It will be seen from Lok Sabha O.M. dated 31-1-77 that they have not been able to clarify the position. From verbal discussions with that Secretariat, it transpired that the 'Review' was not contemplated in respect of autonomous organisations.

3. The question of the application of these recommendations to the autonomous organisations has been carefully considered. In recommendation No. 4.18 (Second Report) wherein the Committee has mentioned about the 'Review' in respect of Government companies and not of autonomous organisations. Though the recommendation No. 2.52 (Fourth Report) mentions about the 'organisations', this also relates to the Government companies. It may be observed that the Fourth Report pertains to the working of the Agro-Industries Corporations only, a joint venture company of Centre and

State. The Corporations and Companies are engaged in commercial pursuits. The working of the companies may be reviewed in this context. In fact Section 619(1) of the Companies Act, 1956 provides for a review where the Central Government is a member of the Government company.

The autonomous organisations of this Ministry are engaged in educational/research etc. pursuits, and their reports are fairly detailed and may not lend themselves to review. In these cases the administrative Ministry exercise overall control. The membership of the autonomous 'organisations' of this Ministry includes representatives of this Ministry, Ministry of Finance and other concerned Ministries.

4. The audit of these organisations is usually conducted by the Accountant Generals and their Inspection Reports are submitted to the Government. Thus the Ministry is aware of the functioning of these organisations. The Annual Report of these organisations contains factual information and statistics on grants, educational programmes and the audited statement of accounts.

5. In view of the position explained above the Ministry consider that the recommendations No. 4.18 (Second Report) and 2.52 (Fourth Report) of the Committee on Papers laid on the Table of Parliament may not be applicable to the autonomous organisations of this Ministry.

6. The Department of Parliamentary Affairs are requested kindly to confirm the position as stated above as these organisations administered by this Ministry are not engaged in the commercial pursuits but only dealing with the advancement of education/Research.

Encl: as above.

Sd/- (S. N. DUTT)
Deputy Secretary

To

The Department of Parliamentary Affairs, New Delhi.

APPENDIX—III

Summary of recommendations/observations contained in the report

S. No.	Reference to Para No. of the Report	Summary of Recommendations/Observations
1	2	3
1.	1.5	The Committee note that the Annual Reports of the National Book Trust containing unaudited statement of accounts are laid before Parliament as the Rules of the Trust do not provide for inclusion of an audited statement of accounts in its Annual Reports.
2.	1.6	The Committee are happy to note that Reports of the Trust are laid by the Ministry of Education, Social Welfare and Culture who are administratively concerned with it even though the Rules of the Trust do not provide for laying of its Annual Reports before Parliament.
3.	1.7	The Committee are concerned to note that the Ministry of Education, Social Welfare and Culture had advised its various Sections, on the basis of the advice given by the Ministry of Finance and the Department of Parliamentary Affairs, that Annual Reports of the autonomous organisations whose bye-laws, rules do not provide for the laying of the Reports and whose Reports have not been laid in the past, need not be presented to Parliament.
4.	1.8	The Committee need hardly stress that the main purpose of laying before Parliament of Reports and audited accounts of the autonomous organisations receiving financial assistance out of moneys voted by Parliament is to keep Parliament apprised about the working of those organisations and their activities. This purpose is defeated if the Annual Reports are laid before Parliament without the audited statements of accounts.

1	2	3
5.	1.9	The Committee further note that Annual Reports and audited statement of accounts of the Petrofils Co-operative Limited, Baroda—a joint venture of the Government of India and Co-operatives—set up in September, 1974 are not being laid before both Houses of Parliament as the Society, being a Multi-Unit Co-operative Society, is not covered by the provisions of the Companies Act, 1956, as stated by the Ministry of Petroleum.
6.	1.10	The Committee feel that there may be certain autonomous organisations, like the Petrofils Co-operative Limited, which are being financed by the Government of India and whose Annual Reports and audited accounts are not being laid before Parliament because the provisions of the relevant Acts under which they are incorporated or constituted or the rules made thereunder do not provide for laying of the Reports and audited accounts of those organisations before Parliament.
7.	1.11	The Public Accounts Committee in paragraph 18 of their 18th Report (1958-59) had desired that all autonomous organisations, where the money from the Consolidated Fund of India is invested/advanced, after being voted by Parliament, should lay their Annual Reports/Audit Reports before Parliament. This recommendation was intended to cover mainly the autonomous bodies the rules of which do not provide for laying of Reports before Parliament.
8.	1.12	The Committee, therefore, recommend that all Statutory/Autonomous Organisations, Public Undertakings, Corporations, Joint ventures, Societies etc., which are financed out of funds drawn from the Consolidated Fund of India, after being voted by the Parliament, in the form of shares, subsidies, grants-in-aid etc., either wholly or partly should lay their Annual Reports/Audit Reports (both English and Hindi versions) before both Houses of Parliament irrespective of the fact whether the Statutes, Rules or Regulations of such organisations provide therefor or not and whether they are registered under the Companies Act, 1956 or not.

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| 9. | 1.13 | The Committee trust that Reports and audited accounts of the National Book Trust and other such organisations which are financed by the Government of India, would in future be laid before both Houses of Parliament, every year, within the stipulated period of 9 months after the close of their accounting year as earlier recommended by the Committee in para 3.5 of their First Report (Fifth Lok Sabha). |
| 10. | 1.14 | The Committee further recommend that Government might consider the feasibility of amending, where necessary, the relevant Statutes/Rules/Regulations of such organisations, to make it obligatory on the part of the administrative Ministry concerned to lay the Annual Reports/Audit Reports of such organisations under their administrative control before Parliament within nine months of the close of accounting year so that Parliament is apprised of their activities. |
| 11. | 2.10 | The Committee are concerned to note that the Audit Report on the accounts of the Coir Board for 1973-74 was laid on the Table of Lok Sabha as late as 11-8-1976 i.e. after more than 28 months of the close of the financial year, without giving any reasons for delay in laying the Audit Report. Further the Audit Reports for 1974-75 and 1975-76 were laid on 3-11-1976 and 15-6-1977, again after 19 months and 14½ months, respectively, after the close of the financial year to which they pertained. |
| 12. | 2.11 | The Committee also note that the Annual Reports of the Coir Board for the years 1973-74 and 1974-75 were laid before Lok Sabha on 25-7-1975 and 25-5-1976, respectively, after about 16 months and 14 months of the close of the financial year to which they pertained. The Half-yearly Report for the period from 1-4-1975 to 30-9-1975 was laid on the Table of Lok Sabha on 30-10-76. |
| 13. | 2.12 | The Committee are perturbed to note that the Ministry of Industry who are administratively responsible for the affairs of the Coir Board did not take any |

corrective measures to avoid these inordinate delays even when it is provided in Rule 27 of the Coir Industry Rules, 1954 that the Board shall submit to the Central Government a half-yearly report and an Annual Report on its activities and the working of the Act, within three months from the expiry of the period to which the report relates. Further Section 19 of the Coir Industry Act, 1953 lays down that a copy of every such report (half-yearly and annual) shall, as soon as may be after it is received by the Central Government, be laid before both Houses of Parliament.

14. 2.13 From the explanation given by the Ministry of Industry about the delay in laying the Audit Report for 1973-74 the Committee find that the accounts of the Board were audited during the period from 27-7-74 to 28-8-1974 and the Audit Report along with certified copy of the annual accounts were sent by the Accountant General, Kerala to the Ministry on 16-1-1976, i.e. after 16½ months of auditing of the accounts. Thereafter the Ministry took 7 months more and laid the Audit Report before Lok Sabha on 11-8-1976. Regarding the reasons for delay in laying the Audit Report the Ministry have explained in a routine way that the Audit Report and certified accounts were received only in English and their translation into Hindi took time. The Committee are not convinced with the reasons advanced by the Ministry and feel that if the Ministry had been more vigilant in the matter, the Audit Report (both English and Hindi versions) could have been laid before Lok Sabha earlier than 11-8-1976 as two Sessions of the House were held from 5-1-1976 to 6-2-1976 and 8-3-1976 to 7-5-1976, after the Audit Report was received by the Ministry.
15. 2.14 After examining the whole matter the Committee have come to the conclusion that the period prescribed under Rule 18(2) of the Coir Industry Rules, 1954 regarding submission of audited accounts and Audit Report thereon to Central Government—

soon as may be after such accounts are audited and in any case, not later than three months from the close of the year in which they are audited—is ambiguous and can be construed to mean that if for any reason the accounts are audited after a lapse of one or two years, it would be a sufficient compliance of the provisions if they are laid on the Table within three months of the close of the year in which audit is completed. Further Section 17(4) of the Coir Industry Act, 1953 also does not prescribe any time limit for laying the Audit Report before both Houses of Parliament.

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2.15 To obviate delay in laying the Audit Report before Parliament the Committee are of the view that some definite schedule laying down time-limit for various stages involved in preparation, submission, finalisation and laying of the audited accounts should be fixed. With a view to avoid delays in laying of Audit Reports on the accounts of the Coir Board in future the Committee reiterate the recommendation made in their First Report (Fifth Lok Sabha) and recommend that after the close of the accounting year the Coir Board should complete its accounts within a period of 3 months and make them available for auditing. Auditing of the accounts and furnishing replies to audit objections, if any, and also translation and printing of Audit Report should be completed within the next six months so that the audited accounts and Audit Report thereon are laid before Parliament within nine months after the close of the accounting year. If for any reason the Audit Report cannot be laid within the stipulated period of nine months the Ministry of Industry (being the administrative Ministry) should lay within 30 days of the expiry of the prescribed period or as soon as the House meets, whichever is later, a statement explaining the reasons why the Audit Report could not be laid within the stipulated period.

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2.16 As regards Half-Yearly/Annual Reports of the Coir Board, the Committee are of the view that Half-yearly/Annual Reports on the activities of the Board

and the working of the Act should be submitted by the Coir Board to the Ministry within three months from the expiry of the period to which the report relates as provided in Rule 27 of the Coir Industry Rules, 1954 and the Ministry in turn should lay that report before Parliament as soon as possible after it is submitted to them by the Board but in no case later than three months after its receipt in the Ministry. If for any reason the Half-Yearly or Annual Report cannot be laid within the time so prescribed, a statement explaining the reasons why the report could not be laid within the stipulated time may be laid within that period, if the House is in Session or if the House is not in Session then, within one week of the commencement of the following Session.

18. 2.17 The Committee further recommend that in order to avoid delay in laying the reports in future the Ministry of Industry should keep in constant touch with the Board to ensure timely submission of the Half-Yearly/Annual Reports of the Board so that these do not fall into arrears.
19. 2.18 As regards delay in auditing, the Committee suggest that the Ministry may take up the matter with the Finance Ministry/Audit authorities to devise suitable methods to ensure auditing of accounts within time.
20. 2.19 To remove any ambiguity about time schedules for submission and laying of the Reports and audited accounts before Parliament, the Committee recommend that the Ministry might consider the feasibility of amending the relevant provisions of the Act/Rules to bring them in accord with the recommendations of the Committee.
21. 2.20 The Committee need hardly stress that English and Hindi versions of Half-Yearly/Annual Reports and Audit Reports of the Coir Board should be laid simultaneously. In case both the versions cannot be laid simultaneously, in accordance with the recommendation of the Committee made in para 1.11 of

their Second Report (Fifth Lok Sabha) the version which is ready should be laid first. The other version should be laid as soon as it is ready. This relaxation should not be taken to imply that the other version can be laid as and when it is convenient to the Ministry but it must be laid within two months of the laying of the first version or as early as possible during the next Session, whichever is earlier.

22. 3.5 **The Committee feel that the Ministry of Education, Social Welfare and Culture have not followed the exact import of the recommendations of the Committee regarding laying of 'Review' on the working of the autonomous bodies made in paras 4.18 of their Second Report (Fifth Lok Sabha) and 2.52 of their Fourth Report (Fifth Lok Sabha). The idea behind the Committee's recommendations was that the administrative Ministry should examine the Annual Reports of the autonomous organisations under their control, before these were laid before Parliament, to ensure that the funds given to these organisations as grants-in-aid etc. had been utilised by them to achieve the objectives for which they had been set up. The basic idea was to ensure constant watch by the concerned administrative Ministries on the activities of the autonomous organisations.**
23. 3.6 **The Committee are of the view that laying of 'Review' along with the Annual Report of the organisation need not be confined only to companies incorporated under the Companies Act, 1956. Even in the case of autonomous bodies, Government should examine the reports submitted by such bodies and prepare a 'Review' giving salient points of achievements, total expenditure incurred by the Government on the body, how far the autonomous body has achieved the objects for which it was set up and what are the salient features of its future programme. Where the Report or the Audit Report mentioned any serious irregularity or any other matter of importance which needed corrective action or further enquiry, it was expected that Government made a mention, in the Review of the action being taken in that direction. How-**

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ever, where information on all the aforesaid matters is already available in the report and Government have nothing to add thereto, Government should, in accordance with the recommendation made by the Committee in para 4.18 of their Second Report (Fifth Lok Sabha), lay on the Table along with report a statement saying that they are in agreement with the report and hence on 'Review' is being laid.

24. **3.7** The Committee feel it necessary to emphasise that the requirement to lay the 'Review' should not be treated as a mere formality by the Government and the 'Review' laid should not be just stereotype.
25. **3.8** The Committee hope that the administrative Ministries will critically examine Annual Reports/ audited statements of accounts of the autonomous organisations under their control and invariably lay along with the Report/audited statement of accounts their own assessment before Parliament in the form of 'Review'.
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