

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

(SIXTH LOK SABHA)

FIRST REPORT

(Presented on the 17th November, 1977)



**LOK SABHA SECRETARIAT
NEW DELHI**

November, 1977 Kartika; 1899 (Saka)

Price : Rs. 1.30

CONTENTS

	PAGES
COMPOSITION OF THE COMMITTEE	(iii)
INTRODUCTION	(v)
CHAPTER I. Delay in laying of Annual Reports/Audit Reports of the All India Institute of Medical Sciences, New Delhi	1
CHAPTER II. Laying of Annual Reports/Audit Reports of the Cenral Warehousing Corporation and the State Warehousing Corporations	6
APPENDICES	
I. Extracts taken from the Warehousing Corporations Act, 1962	17
II. List of State Warehousing Corporations	18
III. Extracts taken from relevant sections of the Warehousing Corporations Act, 1962	19
IV. Statement showing contribution made by the Central Warehousing Corporation to the equity capital of 16 State Warehousing Corporations upto 31-3-1976	22
V. Statement showing break-up of the total amount of loans granted from the Warehousing Fund to various State Governments upto 31-3-1976	23
VI. Statement showing the position of the loans given to State Warehousing Corporations both from the Warehousing Fund as well as from the General Fund	24
VII. Summary of Recommendations/Observations ocontained in the Report	25

COMPOSITION OF THE COMMITTEE ON PAPERS LAID ON
THE TABLE

(1977-78)

CHAIRMAN

Shri Kanwar Lal Gupta

MEMBERS

2. Shri S. R. A. S. Appalanaidu
3. Shrimati Chandravati
4. Shri Sudhir Ghosal
5. Shri L. L. Kapoor
6. Shri Harishankar Mahale
7. Shri Mangal Deo
8. Shri Laxmi Narayan Nayak
9. Shri Sivaji Patnaik
10. Shri Janardhana Poojary
11. Shri K. Ramamurthy
12. Shri Ramachandra Rath
13. Shri Ebrahim Sulaiman Sait
14. Shri Shankersinhji Vaghela
- *15. Shri Zulfiquarulla

SECRETARIAT

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

Shri D. N. Gadhok—*Senior Examiner of Questions.*

*Resigned w. e. f. 22-8. 1977.

INTRODUCTION

1. 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 First Report.

2. On examination of certain papers laid during the Seventeenth and Eighteenth Sessions (Fifth Lok Sabha) the Committee have come to certain conclusions in regard to delay in laying of (i) Annual Reports/Audit Reports of the All India Institute of Medical Sciences, New Delhi and (ii) Annual Reports/Audit Reports of Central Warehousing Corporation and State Warehousing Corporations.

3. On the 30th December, 1976, the Committee took evidence of the representatives of the Ministry of Agriculture and Irrigation (Department of Food) regarding laying of Annual Reports/Audit Reports of the Central Warehousing Corporation and the State Warehousing Corporations.

4. The Committee wish to express their thanks to the Ministry of Agriculture & Irrigation for furnishing information desired by the Committee.

5. The Committee considered and adopted this Report at their sitting held on the 1st September, 1977.

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

NEW DELHI;

September 6, 1977.

Asvina 14, 1899 (Saka).

KANWAR LAL GUPTA,

Chairman,

Committee on Papers laid
on the Table.

CHAPTER I

DELAY IN LAYING OF ANNUAL REPORTS/AUDIT REPORTS OF THE ALL INDIA INSTITUTE OF MEDICAL SCIENCES, NEW DELHI.

The Annual Report of the All India Institute of Medical Sciences, New Delhi for the year 1973-74 was laid on the Table of Lok Sabha on the 8th January, 1976 without the statement giving reasons for the delay under Section 19 of the All India Institute of Medical Sciences Act, 1956, which reads as under:—

“19. The Institute shall prepare for every year a report of its activities during that year and submit the report to the Central Government in such form and on or before such date as may be prescribed by rules and a copy of this report shall be laid before both Houses of Parliament within one month of its receipt.”

1.2. The due date of submission of the Annual Report of the Institute to the Government has been prescribed under rule 11 of the All India Institute of Medical Sciences Rules, 1958, which reads as under:—

“11. *Annual Reports.*—The annual report referred to in section 19 shall relate to the year ending with the 31st March of each year and be submitted to the Government, together with 50 spare copies thereof, not later than the 31st August following.”

1.3. The Annual statements of Accounts including balance sheets of the All India Institute of Medical Sciences, New Delhi together with audit certificates thereon for the years 1973-74 and 1974-75 were laid on the Table of Lok Sabha on the 19th August and 28th October, 1976 respectively without the statements giving reasons for the delay, under section 18(4) of the said Act, which reads as under:—

“18. * * * * *

(4) The accounts of the Institute 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 that Government shall cause the same to be laid before both Houses of Parliament.”

1.4. The due date of submission of the Annual statement of Accounts including balance sheet of the Institute together with Audit Report thereon to Government has been prescribed under rule 10 of the said rules, which reads as under:

"10. *Annual Statement of Accounts.*—The Annual Statement of Accounts including the balance sheet of the Institute shall be in such form as may be laid down by the Government. The statement pertaining to each year ending with the 31st March together with the Audit Report thereon shall be forwarded annually to the Government, together with 30 spare copies thereof, not later than the 31st December following."

1.5. Asked to explain the reasons for delay in laying the Annual Report of the Institute for the year 1973-74, the Ministry of Health and Family Planning (Department of Health) in a note furnished to the Committee, have *inter alia* stated:

"...that the Annual Reports of the All India Institute of Medical Sciences, New Delhi are generally submitted to the Parliament regularly and well in time as per the provisions of the AIIMS Act, 1956. However, the Annual Report for the year 1973-74 could not be laid on the Table of Lok Sabha in time due to delay in making Hindi copies of the same. The Institute have since informed this Ministry that they have strengthened their Hindi Cell so as to avoid delay in furnishing Hindi copies of the Reports."

1.6. The Ministry of Health and Family Welfare (Department of Health) have, in a separate note, given the reasons for delay in laying the Annual Statement of Accounts of the Institute for the year 1973-74 as under:

"(a) there is no time schedule specified in the All India Institute of Medical Sciences, Act, 1956, for the submission of annual accounts including the balance-sheet of the Institute. However, in accordance with provision of rule 10 of the AIIMS Rules, 1958, the Annual Statement of Accounts including balance sheet is required to be forwarded annually to the Government not later than the following 31st December. At present, annual accounts are generally completed in January/February following the year to which they relate. The AIIMS has been requested to complete the annual accounts within a period of 3 months of the closing of the accounts and sent to audit.

- (b) the annual accounts including balance sheet for the year 1973-74 were made available to the Accountant General, Central Revenues Audit Party on their visit for inspection of accounts at the institute some time in January, 1975."

1.7. In another note, the Ministry of Health & Family Welfare have *inter alia* given the reasons for delay in laying the Audit Report of the Institute for the year 1974-75 as under:

"Accountant General, Central Revenues Audit Party undertakes the inspection of accounts of the All India Institute of Medical Sciences for a period of 3 months some time from December/January every year. The balance sheet and annual accounts are made available to them at that time. The annual accounts including balance sheet for the year 1974-75 were made available to the A.G.C.R. Audit Party on their visit for inspection of the accounts some time in January, 1976. The audit of the Institute was completed on 8-4-1976 but the Officers of the Institute discussed the inspection report with audit on 5-5-1976.

* * * * *

The audit Report on the accounts of the Institute for the year 1974-75 was received by the Government by the end of July, 1976."

1.8. The Committee considered the reasons for delay in laying the Annual Report and the Annual Statement of Accounts on the Table of Lok Sabha as explained by the Ministry of Health & Family Welfare (Department of Health) at their sitting held on the 27th November, 1976. The Committee noted that as per provisions contained in rule 11 of the All India Institute of Medical Sciences Rules, 1958, the Annual Report is required to be submitted each year to the Government not later than the 31st August following and it is required to be laid before both Houses of Parliament within one month of its receipt under section 19 of the All India Institute of Medical Sciences Act, 1956. Similarly the Annual Statement of Accounts including balance-sheet of the Institute together with Audit Report thereon is required to be submitted each year to the Government not later than the 31st December following under rule 10 of the said rules and it is required to be laid before both Houses of Parliament under section 18(4) of the Act.

1.9. The Committee note that under the Rules of the Institute, the Annual Report is to be submitted 'not later than 31st August' following the close of the financial year and the Annual Statement of Accounts with Audit Report thereon is to be submitted 'not later than 31st December'. But they are surprised to find that inspite of the above stipulations in the Rules, the Annual Statement of Accounts is generally taken up for audit in January/February following the close of the financial year. They regret to note that the time-schedule prescribed for laying the Annual Reports and the Annual Statements of Accounts together with Audit Reports thereon in respect of the Institute has not been adhered to and there has been considerable delay in laying the said Annual Reports/Annual Statements of Accounts on the Table of Lok Sabha. The Committee also regret to note that the instructions contained in the Brochure on "Procedure to be followed by Ministries in connection with Parliamentary work" regarding laying of a Statement, giving reasons for the delay, alongwith the documents, have not been followed.

1.10. With a view to avoid delay in laying the Annual Statements of Accounts together with Audit Reports thereon, the Committee would like to re-emphasize their recommendation contained in para 1.16 of the First Report (Fifth Lok Sabha) that as in the case of autonomous organisations, the Institute should complete its accounts within a period of three months after closing of the financial year and make them available for auditing. Auditing of the accounts and furnishing replies to audit objections, if any, and also translation and printing should be completed within the next six months so that the Audited Accounts are laid before Parliament within nine months after the close of accounting year. The Committee need hardly emphasize that the Annual Reports and the Annual Statements of Accounts together with Audit Reports thereon in respect of the Institute should invariably be laid before both Houses of Parliament each year by the 30th September and 31st December following respectively as prescribed. In case the House is not in Session during that period then these Reports should be laid as soon as the House assembles thereafter. However, if it is not possible for the Government to lay the said Reports Annual Statements of Accounts within the prescribed dates, a statement giving reasons for the delay and the probable date by which the particular document is expected to be laid, should invariably be laid on the Table of both Houses of Parliament within 30 days of the expiry of the prescribed period or as soon as the House meets, whichever is later.

1.11. The Committee would also like to re-emphasize their earlier recommendation contained in para 2.15 of the First Report

(Fifth Lok Sabha) that the Government should impress upon all the Ministries/Departments that ordinarily both the English and Hindi versions of Annual Reports/Audit Reports/Documents should be laid on the Table of both Houses of Parliament simultaneously. However, in exceptional cases, where it is not possible to lay both the versions simultaneously the Ministry/Department concerned should, while laying one version which is ready, invariably lay a statement 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.

CHAPTER II

LAYING OF ANNUAL REPORTS/AUDIT REPORTS OF THE CENTRAL WAREHOUSING CORPORATION AND THE STATE WAREHOUSING CORPORATIONS

The Committee on Papers Laid on the Table desired to know whether the Annual Reports/Audit Reports of the Corporations which were the Joint ventures of the Central and State Governments were being laid on the Table of both Houses of Parliament. Accordingly, Ministry of Finance (Bureau of Public Enterprises) were asked to supply a list of such Corporations.

2.2. The Ministry of Finance (Bureau of Public Enterprises), in their reply dated the 16th June, 1976, *inter alia* stated:

“Though we do not have a complete list of organisations in which the Central Government or a Central Government company does not have the controlling interest, we have come across corporations and companies such as the State Warehousing Corporations.....the appropriate administrative Ministry in this regard is the Ministry of Agriculture and Irrigation.”

2.3. The Ministry of Agriculture and Irrigation (Department of Food) were requested to furnish a list of State Warehousing Corporations and to state whether such Corporations were the Joint ventures of the Central and State Governments, the percentage of Central Government equity participation and whether Audit Reports of such Corporations were required to be laid before Parliament in terms of Section 14(1) read with sections 19(2) and 31(11) of the Warehousing Corporations Act, 1962 (reproduced in Appendix I).

2.4. In reply to the query whether the State Warehousing Corporations are the joint ventures of the Central and State Governments, the Ministry of Agriculture and Irrigation have stated:

“The Act (the Warehousing Corporations Act, 1962) provides for the Central Government setting up a Central Warehousing Corporation and the State Governments with the approval of the Central Warehousing Corporation setting up State Warehousing Corporations. Accordingly, a Central Warehousing Corporation has been set up under section 3, and 16 State Warehousing Corporations (*Vide*

Appendix—II) have been set up by the State Governments under section 18. Under section 19(2) read with section 11, where the State Government has subscribed for 50 per cent of the share capital, the Central Warehousing Corporation has to subscribe the remaining 50 per cent of the capital. Section 20 provides that 5 of the Directors on the Board of Directors of a State Warehousing Corporation shall be nominated by the Central Warehousing Corporation; the appointment of Chairman, Managing Director of the State Warehousing Corporation will require the prior approval of the Central Warehousing Corporation. Further, a State Warehousing Corporation is to be guided by such instructions on questions of policy as may be given by State Government or the Central Warehousing Corporation. There are, then, some provisions as in section 24(a) etc. which provide for control of State Warehousing Corporations by CWC in some operational matters. On point of doubt about a question being that of policy or not, or if the State Government and the Central Warehousing Corporation give conflicting instructions, the decision of the Central Government is final. Considering the scheme of the Act, it would appear that State Warehousing Corporations are not joint ventures of the Central and State Governments.”

2.5. With regard to the percentage of Central Government equity participation, the Ministry have stated:

“Where the State Governments subscribe for 50 per cent of the share capital of State Warehousing Corporations, the remaining 50 per cent is to be matched by the Central Warehousing Corporation. The Central Warehousing Corporation generally utilizes funds advanced to it as equity by the Central Government for subscription to the share capital of State Warehousing Corporations. The Central Government does not directly participate in the equity capital of the State Warehousing Corporations.”

2.6. To the point whether the audit reports of the State Warehousing Corporations are required to be laid before Parliament, the Ministry have replied:

“According to section 31(11) every audit report has to be forwarded to appropriate Government within a month of its being placed before the annual general meeting and that Government has to lay either before both Houses of Parliament or the Legislature of the State as the case may be.

Section 2(b) of the Act says 'appropriate Government' means in relation to the Central Warehousing Corporation, the Central Government and in relation to a State Warehousing Corporation, the State Government."

In view of this, the Ministry were of the opinion, that the audit reports of the State Warehousing Corporations were to be placed before the State Legislatures and not before the Parliament.

2.7. In order to know the exact nature and working of the State Warehousing Corporations in relation to the Central Government and the Central Warehousing Corporation, the Committee examined the various provisions of the Warehousing Corporations Act, 1962 and noted that:

- (i) the Central Government advances grants and loans to the Central Warehousing Corporation for maintaining two funds viz. (a) Warehousing Fund and (b) General Fund; under section 14 (1);
- (ii) one of the Funds viz. the Warehousing Fund maintained by the Central Warehousing Corporation is exclusively applied under section 16(2) for—
 - (a) advancing loans to State Governments to enable them to subscribe to the share capital of State Warehousing Corporations;
 - (b) advancing loans and granting subsidies to State Warehousing Corporations or to the State Governments for promotion of warehousing etc.;
 - (c) meeting expenditure on training, publicity etc.; and
 - (d) meeting expenditure on the administration of the warehousing Fund;
- (iii) the State Government sets up a Warehousing Corporation with the approval of Central Warehousing Corporation under section 18(1);
- (iv) the Central Warehousing Corporation has to subscribe to the remaining fifty per cent. of the share capital of the authorised capital of a State Warehousing Corporation where the State Government has subscribed for fifty per cent. of such capital under section 19(2);
- (v) five Directors are nominated by the Central Warehousing Corporation on the Board of Directors of the State warehousing Corporations under section 20(1) (a);

- (vi) the Managing Director of the State Warehousing Corporation is appointed by the State Government with the previous approval of the Central Warehousing Corporation under section 20(1) (c);
- (vii) the Chairman of the Board of Directors is appointed by the State Government with the previous approval of the Central Warehousing Corporation under section 20(2);
- (viii) the Salary and Allowances of the Managing Director of the State Warehousing Corporation are fixed in consultation with the Central Warehousing Corporation under section 20(3) (b);
- (ix) on questions of policy, the Board of Directors have to follow the instructions given by the State Government and the Central Warehousing Corporation under section 20(4);
- (x) the Central Government is the final authority to give decisions on the conflicting instructions given by the State Government and the Central Warehousing Corporation on questions of policy under section 20(5);
- (xi) the State Government has to take the previous approval of the Central Warehousing Corporation in removing the Managing Director of the State Warehousing Corporation under section 22(1);
- (xii) the State Warehousing Corporation acquires and builds godowns/warehouses with the previous approval of the Central Warehousing Corporation under section 24(a); and
- (xiii) the State Warehousing Corporation acts as an agent of the Central Warehousing Corporation for the sale, purchase, storage and distribution of agricultural produce etc., under section 24(d)*.

2.8. As regards total financial commitment of the Central Government to the Central Warehousing Corporation and of the Central Warehousing Corporation in each of the 16 State Warehousing Corporations, the Ministry of Agriculture and Irrigation have, in a note, stated:

- (i) the total financial commitment by the Central Government to the Central Warehousing Corporation as on 31st

*Extracts of relevant sections of the Warehousing Corporations Act, 1962 quoted in para 2.7 are given in Appendix-III.

March, 1976, is Rs. 3469.86 lakhs i.e. Rs. 1745.50 lakhs by way of equity capital and Rs. 1724.36 lakhs by way of loans (an amount of Rs. 396.68 lakhs of loan had been repaid up to 31-3-1976);

- (ii) the Central Warehousing Corporation had made a total contribution of Rs. 930.425 lakhs to the equity capital of sixteen State Warehousing Corporations upto 31st March, 1976, as per details given in Appendix-IV;
- (iii) the total amount of loans granted from the Warehousing Fund by the Central Warehousing Corporation to various State Governments upto 31st March, 1976 is Rs. 85.15 lakhs as per details given in Appendix-V; and
- (iv) the total amount of loans given to various State Warehousing Corporations by the Central Warehousing Corporation from the Warehousing Fund as well as the General Fund up to 1976-77 is Rs. 95.23 lakhs as per details given in Appendix-VI.

2.9. As regards the nature of State Warehousing Corporations, the Ministry have stated: "The State Warehousing Corporations are joint ventures of the Central Warehousing Corporation and respective State Governments; both the shareholders have almost identical controls except in the matter of service rules and general regulations which are framed by the State Warehousing Corporations with the previous approval of the respective State Government."

2.10. To seek further clarifications in this regard, the Committee took the evidence of the representatives of the Ministry of Agriculture and Irrigation (Department of Food) at their sitting held on the 20th December, 1976.

2.11. When asked about the objectives for which the Warehousing Corporations have been set up, the witness stated: "One of the basic objectives of the Central and State Warehousing Corporations is to provide facilities to the agriculturists to enable them to keep their produce there and get a negotiable receipt against which they could get credit from the Banks."

2.12. During the course of evidence, it was pointed out to the representatives of the Ministry that about Rs. 30 crores had been given by the Central Government to the Central Warehousing Corporation and out of that, about rupees eleven crores had been diverted to the State Governments/State Warehousing Corporations

by way of equity and loans. As per provisions of the Warehousing Corporations Act, 1962, the Annual Reports/Audit Reports of the Central Warehousing Corporation were submitted to Parliament and those of the State Warehousing Corporations to the respective State Legislatures. In reply to a query as to what machinery was available for the Central Warehousing Corporation, Central Government and the Parliament to ascertain that the funds so advanced had been properly utilised by the State Warehousing Corporations, the witness stated:

“Under the law, the management of the State Warehousing Corporations is entrusted to the Board of Directors of the State Warehousing Corporations. We have been permitted to nominate 5 Directors. But unfortunately the employees of the Central Warehousing Corporation cannot function as Directors of the State Warehousing Corporation Boards. We appoint officers from the Banks, Food Corporation of India, etc. and they do not look at the problem from our angle, although we give them guidelines as to how they should protect the interests of the Central Government. This is the legal position. Administratively we have made arrangement for a review of their performance monthly and quarterly. When they present their revised Budget and budget estimates, they are supposed to have our formal concurrence.”

As regards the terms and conditions of the loans advanced to the State Governments/State Warehousing Corporations, the witness informed the Committee that there was moratorium for the first five years in the case of State Warehousing Corporation only and the loan had to be repaid fully in fifteen years. The rate of interest charged on the loans given to the State Governments/State Warehousing Corporations, though varied from time to time, was the same at which the Central Warehousing Corporation got the loan from the Central Government.

2.13. When asked whether there was no direct involvement by the Central Government as was the case with the State Agro-Industries Corporations, the witness stated:

“The setting up of the Agro-Industries Corporation was probably a subsequent development and they got wiser.

... Even as things are at present, we do not have the necessary grip over their administrative and financial functions to ensure a proper return on the money we have invested.”

The witness added:

"The Central Government officers can be nominated but not officers of the Central Warehousing Corporations. For instance, if the regional manager of the Food Corporation of India is available, we appoint him. If the officers of the Central Warehousing Corporation were eligible for this, in that case, the involvement would have been more direct."

2.14. On being asked whether any report on the working of the State Warehousing Corporations was received from any of the eighty persons nominated on the Boards of the State Warehousing Corporations, the witness replied: "We have not got the report in that way. In the meeting we take consensus". Explaining the role of Directors on the Boards of the State Warehousing Corporations, the Ministry of Agriculture and Irrigation (Department of Food), in a subsequent note, have stated:

"In accordance with Section 20(4) of the Warehousing Corporations Act, 1962, the Board of Directors is required to act on business principles having regard to public interest and is guided by such instructions on questions of policy as may be given by the State Government or the Central Warehousing Corporation. Further in accordance with Section 20(1) of the Act *ibid.*, the Board of Directors are required to exercise general superintendence and control over the affairs of the State Warehousing Corporation. The Directors nominated on the Board of Directors of the Corporation are expected to keep these provisions in view and are expected to tender suitable advice in the general area of management besides such expert advice as they may be in a position to tender in their own fields of specialisation. The specific advice tendered by the nominees of the Central Warehousing Corporation on any particular issue is not available, as the minutes of the Board's meetings of the State Warehousing Corporations do not generally bring out the details of the discussions held on various points considered by the Board of Directors. These minutes normally contain only the decisions reached as a result of the deliberations of the Board of Directors. There is also generally not the practice to call for reports regarding the advice tendered from any of these nominees on the Board of Directors of the State Warehousing Corporations."

2.15. Referring to the Annual Accounts of 1970-71 and onwards in respect of certain State Warehousing Corporations, which had not

been audited so far and were awaiting appointment of auditors, the Committee desired to know whether there was any machinery available with the Central Warehousing Corporation to look into the delay in the finalisation and submission of accounts and whether any survey or study on their working had been made. The witness explained:

"No review of the working of the State Warehousing Corporations is made by the Central Warehousing Corporation but *ad hoc* studies have been made; for instance in 1969 a Committee of Officers was appointed by the Central Warehousing Corporation to go into certain matters and find things out. In the case of Bihar and other States some cases of fraud had come to notice. The Committee went into them... They found many deficiencies in their working. It was really as a result of this Committee's Report that we set up a special cell in the Central Warehousing Corporation to monitor various things...."

2.16. As regards clearance of arrears of auditing the annual accounts, the witness informed the Committee that the Government was pursuing the matter with the Auditor-General and hoped to do it quickly.

2.17. As the Annual Reports/Audit Reports of the State Warehousing Corporations are submitted only to the respective State Legislatures, the Parliament does not know anything about the funds advanced to the State Governments/State Warehousing Corporations, the Committee asked the witness whether it would be possible for the Central Government to give a review on the working of the State Warehousing Corporations once in a year to Parliament. The witness replied:

"We have to be a little careful as to what extent we can go into the working of a State body which in turn is responsible to its own State Legislature. We can only say, during the year we have given so much money to them and if we receive any report about the utilisation of that money, we can indicate that. But for us to review their functioning when they are responsible to another independent State authority is a bit delicate thing to do. The least that we can do is to amend the Act in order that the officers of the Central Warehousing Corporation can be appointed as Directors so that there is a direct involvement."

2.18. Elaborating the point further, the witness stated:

"In my judgment there are two or three alternatives available to us. One is that we have a Corporation like the Agro-Industries Corporation where, instead of the Central Warehousing Corporation becoming a partner and equity contributor, the Central Government directly becomes equity holder and they will therefore have to take, in various matters, the prior approval of the Central Government rather than that of the Central Warehousing Corporation itself. The second is that at least officers of the Central Warehousing Corporation, who are not today entitled to serve on the Board, should be able to do so, so that there will be direct coordination and involvement."

2.19. The Committee note with concern that though nearly Rs. 11.00 crores have been contributed from the Consolidated Fund of India for the setting up of State Warehousing Corporations, by way of equity and loans, Parliament has no means to know whether the funds advanced for the promotion of warehousing facilities etc. have been used for the purpose and benefits have therefrom accrued to the national economy. The Ministry's representative, during evidence, had stated: "Even as things are at present, we do not have the necessary grip over their (State Warehousing Corporations) administrative and financial functions to ensure a proper return on the money we have invested". The Committee feel that Government will devise suitable means not only to exercise financial control but also to ascertain whether the funds sanctioned are being put to use they were meant and full return of the money is being obtained. The Committee also feel that a review on the working of all the State Warehousing Corporations depicting the true picture of the central investment should be included in the Annual Report of the Central Warehousing Corporation so that the Parliament is apprised of the proper utilisation of the funds invested.

2.20. The Committee regret to note that there has been considerable delay in the finalisation and auditing of annual accounts of certain State Warehousing Corporations inasmuch as the accounts for 1970-71 onwards in certain cases have not been audited and are awaiting appointment of auditors. The Committee are surprised that even after the Committee of Officers, appointed by the Central Warehousing Corporation in 1969, had gone into the working of the State Warehousing Corporations the position has not changed. The Committee of Officers had found many deficiencies in the working of these Corporations and some cases of fraud had also come to their

notice. It is needless to point out that unless the annual accounts of a Corporation are finalised and audited in time, financial health of an organisation cannot be ascertained. As a result, the corrective measures, where necessary, are delayed which, in consequence, adversely affect the efficient functioning of the Corporation. The Committee are of the view that the Ministry of Agriculture and Irrigation should in consultation with the Comptroller and Auditor General lay down suitable guidelines which should ensure timely preparation and auditing of accounts. They feel that the Directors nominated on the Boards of the State Warehousing Corporations should have necessary expertise helpful for the efficient working of the Corporations and they should be in a position to impress upon the Boards the urgency and importance of timely finalisation and auditing of the annual accounts. The Committee are also of the view that the official Directors, so nominated, should be required to send periodical reports on the state of affairs of the State Warehousing Corporations to the Government so that the activities of the Corporations are watched and monitored, where necessary, in the right direction.

2.21. The Committee agree with the views expressed by the representative of the Ministry of Agriculture and Irrigation (Department of Food) that the nominees of the Central Warehousing Corporation, as at present, do not and cannot play an effective role in protecting the interests of the Central Government and in ensuring a proper return on the funds invested. The Committee are of the view that there is no point in nominating such Directors on the Boards of the State Warehousing Corporations who cannot play their role as effectively as is expected from them. The Committee, therefore, recommend that the Government might consider the feasibility of amending the Warehousing Corporations Act, 1962 so that officers of a senior level from the Central Warehousing Corporation and the Ministry could be nominated on the Boards of the State Warehousing Corporations. The Committee also urge upon the Government to devise other ways and means so as to have an effective control on the efficient working of the State Warehousing Corporations with a view to ensure proper utilisation of the funds invested in the interests of national economy.

2.22. The Committee note that the Annual Report for 1975-76 of the Central Warehousing Corporation was laid on the Table of Lok Sabha on the 25th October, 1976, without a 'Review' on the working of the Corporation. The Committee would like to reiterate the recommendation contained in para 4.18 of their Second Report (Fifth Lok Sabha) and urge upon Government that while laying

the Annual Report of any Corporation before Parliament, the concerned Ministry should also lay alongwith the Report a 'Review' on the working of the Corporation.

KANWARLAL GUPTA,

Chairman,

Committee on Papers laid on the Table.

NEW DELHI;

September 1, 1977.

Bhadra 10, 1899 (Saka).

APPENDIX I

(Vide para 2.3 of the Report)

Extracts taken from the Warehousing Corporations Act, 1962.

14. (1) The Central Government may, after due appropriation made by Parliament by law in this behalf, pay to the Central Warehousing Corporation for the purposes of either fund maintained by the Corporation—

(a) by way of grants, such sums of money as the Central Government may consider necessary; and

(b) by way of loans, such sums of money on such terms and conditions as the Central Government may determine.

19. (2) Of the share capital issued in the first instance and of any subsequent issue of such capital, the Central Warehousing Corporation shall, in any case, where the State Government has subscribed for fifty per cent. of such capital, subscribe for the remaining fifty per cent. of the capital.

31. (1) Every audit report under this section shall be forwarded to the appropriate Government within a month of its being placed before the annual general meeting and that Government shall as soon thereafter as may be cause the same to be laid before both Houses of Parliament or the Legislature of the State, as the case may be.

APPENDIX II

(Vide para 2.4 of the Report)

List of State Warehousing Corporations

1. Andhra Pradesh State Warehousing Corporation, Hyderabad.
 2. Assam State Warehousing Corporation, Gauhati.
 3. Bihar State Warehousing Corporation, Patna.
 4. Gujarat State Warehousing Corporation, Ahmedabad.
 5. Haryana State Warehousing Corporation, Chandigarh.
 6. Karnataka State Warehousing Corporation, Bangalore.
 7. Kerala State Warehousing Corporation, Cochin.
 8. Madhya Pradesh State Warehousing Corporation, Indore.
 9. Maharashtra State Warehousing Corporation, Poona.
 10. Meghalaya State Warehousing Corporation, Shillong.
 11. Orissa State Warehousing Corporation, Bhubaneswar.
 12. Punjab State Warehousing Corporation, Chandigarh.
 13. Rajasthan State Warehousing Corporation, Jaipur.
 14. Tamil Nadu State Warehousing Corporation, Madras.
 15. Uttar Pradesh State Warehousing Corporation, Lucknow.
 16. West Bengal State Warehousing Corporation, Calcutta.
-

APPENDIX III

(Vide para 2.7 of the Report)

Extracts taken from relevant sections of the Warehousing Corporations Act, 1962.

14. (1) The Central Government may, after due appropriation made by Parliament by law in this behalf, pay to the Central Warehousing Corporation for the purposes of either fund maintained by the Corporation—

(a) by way of grants, such sums of money as the Central Government may consider necessary; and

(b) by way of loans, such sums of money on such terms and conditions as the Central Government may determine.

16. (2) The Warehousing Fund shall be applied—

(a) for advancing loans to State Governments on such terms and conditions as the Central Warehousing Corporation may deem fit for the purpose of enabling them to subscribe to the share capital of State Warehousing Corporations;

(b) for advancing loans and granting subsidies to State Warehousing Corporations or to State Governments on such terms and conditions as the Central Warehousing Corporation may deem fit for the purpose of promoting the warehousing and storage of agricultural produce and notified commodities, otherwise than through co-operative societies.

(c) for meeting the expenses incurred in relation to the training of personnel, or publicity and propaganda, for the purpose of promoting warehousing and storage of agricultural produce and notified commodities;

(d) for meeting the expenses, including the salary, allowances and other remuneration of the officers and other employees, incurred in relation to the administration of the Warehousing Fund.

18. (1) The State Government may, by notification in the Official Gazette and with the approval of the Central Warehousing Corporation, establish a Warehousing Corporation for the State under such name as may be specified in the notification.

19. (2) Of the share capital issued in the first instance and of any subsequent issue of such capital, the Central Warehousing Corporation shall, in any case where the State Govt. has subscribed for fifty per cent. of such capital, subscribe for the remaining fifty per cent. of the capital.

20. (1) The general superintendence and management of the affairs of a State Warehousing Corporation shall vest in a board of directors which shall consist of the following namely:—

(a) five directors nominated by the Central Warehousing Corporation, of whom one shall be nominated in consultation with the State Bank and one at least shall be a non-official;

(b) * * * * *

(c) a managing director, appointed by the State Government in consultation with the directors referred to in clauses (a) and (b) and with the previous approval of the Central Warehousing Corporation.

(2) The Chairman of the board of directors shall be appointed by the State Government from among the directors of the State Warehousing Corporation with the previous approval of the Central Warehousing Corporation.

(3) The managing director shall—

(a) * * * * *

(b) receive such salary and allowances as the State Warehousing Corporation may, in consultation with the Central Warehousing Corporation, and with the previous approval of the State Government, fix.

(4) The board of directors shall act on business principles having regard to public interest and shall be guided by such instructions on questions of policy as may be given to them by the State Government or the Central Warehousing Corporation.

(5) If any doubt arises as to whether a question is or is not a question of policy, or, if the State Government and the Central Warehousing Corporation give conflicting instructions, the matter shall be referred to the Central Government whose decision thereon shall be final.

22. (1) The State Government may, at any time, with the previous approval of the Central Warehousing Corporation, remove the managing director from office after giving him a reasonable opportunity of showing cause against the proposed removal.

24. Subject to the provisions of this Act, a State Warehousing Corporation may—

- (a) acquire and build godowns and warehouses at such places within the State as it may, with the previous approval of the Central Warehousing Corporation, determine;

* * * *

- (d) act as an agent of the Central Warehousing Corporation or of the Government for the purposes of the purchase, sale, storage and distribution, of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities;

APPENDIX IV

(Vide para 2·8(ii) of the Report)

The Central Warehousing Corporation had made a total contribution of Rs. 930·425 lakhs to the treasury capital of 16 State Warehousing Corporations upto 31-3-1976. The details of this investment are as under :—

S. No.	Name of the State	Amount of equity contributed by the Central Warehousing Corporation (Rs. in lakhs)
1	Andhra Pradesh	45·625
2	Assam	55·750
3	Bihar	40·000
4	Gujarat	34·000
5	Haryana	92·000
6	Kerala	46·400
7	Karnataka	77·500
8	Madhya Pradesh	97·000
9	Maharashtra	58·000
10	Orissa	17·880
11	Punjab	109·500
12	Rajasthan	71·020
13	Tamil Nadu	75·500
14	Uttar Pradesh	48·250
15	West Bengal	56·000
16	Meghalaya	6·000
	TOTAL	930·425

APPENDIX V

(Vide para 2·8 (iii) of the Report)

The total amount of loans granted from the Warehousing Fund to various State Governments upto 31-3-76 is rupees 85·15 lakhs as detailed below :—

S. No.	Name of Warehousing Corporation	Amount in Rs. lakhs
1	Assam	2·50
2	Bihar	11·90
3	Kerala	6·00
4	Madhya Pradesh	2·50
5	Kernataka	5·25
6	Punjab	5·50
7	Rajasthan	5·50
8	Maharashtra	1·66
9	Gujarat	5·84
10	Tamil Nadu	27·25
11	Uttar Pradesh	1·75
12	West Bengal	7·50
13	Andhra Pradesh	2·00
		<hr/> 85·15

APPENDIX VI

(Vide para 2·8 (iv) of the Report)

The position of the loans given to State Warehousing Corporations both from the Warehousing Fund as well as from the General Fund is indicated below :—

Year	Name of the State Warehousing Corporation	Amount Loan	Date of payment	Remarks
		Rs. lakhs		
1972-73	Rajasthan S.W.C.	8·50	15-5-72	
	Andhra Pradesh S.W.C.	2·00	20-1-73	
1973-74	Maharashtra S.W.C.	10·00	15-11-73	
1974-75	Gujarat S.W.C.	4·00	23-9-74	
	Punjab S.W.C.	25·00	31-3-75	
	Haryana S.W.C.	7·00	31-3-75	
1975-76	Haryana S.W.C.	10·00	9-2-76	
	Haryana S.W.C.	11·23	19-3-76	
1976-77	Kerala S.W.C.	10·00	30-7-76	
	Maharashtra S.W.C.	4·00	8-7-76	
	Maharashtra S.W.C.	3·50	27-7-76	
	TOTAL	95·23		

APPENDIX VII

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.	1.9	<p>The Committee note that under the Rules of the Institute, the Annual Report is to be submitted 'not later than 31st August' following the close of the financial year and the Annual Statement of Accounts with Audit Report thereon is to be submitted 'not later than 31st December'. But they are surprised to find that inspite of the above stipulations in the Rules, the Annual Statement of Accounts is generally taken up for audit in January February following the close of the financial year. They regret to note that the time-schedule prescribed for laying the Annual Reports and the Annual Statements of Accounts together with Audit Reports thereon in respect of the Institute has not been adhered to and there has been considerable delay in laying the said Annual Reports Annual Statements of Accounts on the Table of Lok Sabha. The Committee also regret to note that the instructions contained in the Brochure on "Procedure to be followed by Ministries in connection with Parliamentary work" regarding laying of a statement, giving reasons for the delay, along with the documents, have not been followed.</p>
2.	1.10	<p>With a view to avoid delay in laying the Annual Statements of Accounts together with Audit Reports thereon, the Committee would like to re-emphasize their recommendation contained in para 1.16 of the First Report (Fifth Lok Sabha) that as in the case of autonomous organisations, the Institute should complete its accounts within a period of three months after</p>

1

2

3

closing of the financial year and made them available for auditing. Auditing of the accounts and furnishing replies to audit objections, if any, and also translation and printing should be completed within the next six months so that the Audited Accounts are laid before Parliament within nine months after the close of accounting year. The Committee need hardly emphasize that the Annual Reports and the Annual Statements of Accounts together with Audit Reports thereon in respect of the Institute should invariably be laid before both Houses of Parliament each year by the 30th September and 31st December following respectively as prescribed. In case the House is not in Session during that period then these Reports should be laid as soon as the House assembles thereafter. However, if it is not possible for the Government to lay the said Reports/Annual Statements of Accounts within the prescribed dates, a statement giving reasons for the delay and the probable date by which the particular document is expected to be laid, should invariably be laid on the Table of both Houses of Parliament within 30 days of the expiry of the prescribed period or as soon as the House meets, whichever is later.

3.

1.11

The Committee would also like to re-emphasize their earlier recommendation contained in para 2.15 of the First Report (Fifth Lok Sabha) that the Government should impress upon all the Ministries/Departments that ordinarily both the English and Hindi versions of Annual Reports/Audit Reports/Documents should be laid on the Table of both Houses of Parliament simultaneously. However, in exceptional cases, where it is not possible to lay both the versions simultaneously the Ministry/Department concerned should, while laying one version which is ready, invariably lay a statement 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.

1	2	3
4.	2.19	<p>The Committee note with concern that though nearly Rs. 11.00 crores have been contributed from the Consolidated Fund of India for the setting up of State Warehousing Corporations, by way of equity and loans, Parliament has no means to know whether the funds advanced for the promotion of warehousing facilities etc. have been used for the purpose and benefits have therefrom accrued to the national economy. The Ministry's representative, during evidence, had stated: "Even as things are at present, we do not have the necessary grip over their (State Warehousing Corporations) administrative and financial functions to ensure a proper return on the money we have invested". The Committee feel that Government will devise suitable means not only to exercise financial control but also to ascertain whether the funds sanctioned are being put to use they were meant and full return of the money is being obtained. The Committee also feel that a review on the working of all the State Warehousing Corporations depicting the true picture of the central investment should be included in the Annual Report of the Central Warehousing Corporation so that the Parliament is apprised of the proper utilisation of the funds invested.</p>
5.	2.20	<p>The Committee regret to note that there has been considerable delay in the finalisation and auditing of annual accounts of certain State Warehousing Corporations in as much as the accounts for 1970-71 onwards in certain cases have not been audited and are awaiting appointment of auditors. The Committee are surprised that even after the Committee of Officers, appointed by the Central Warehousing Corporation in 1969, had gone into the working of the State Warehousing Corporations the position has not changed. The Committee of Officers had found many deficiencies in the working of these Corporations and some cases of fraud had also come to their notice. It is needless to point out</p>

1

2

3

that unless the annual accounts of a Corporation are finalised and audited in time, financial health of an organisation cannot be ascertained. As a result, the corrective measures, where necessary, are delayed which, in consequence, adversely affect the efficient functioning of the Corporation. The Committee are of the view that the Ministry of Agriculture and Irrigation should in consultation with the Comptroller and Auditor General lay down suitable guidelines which should ensure timely preparation and auditing of accounts. They feel that the Directors nominated on the Boards of the State Warehousing Corporation should have necessary expertise helpful for the efficient working of the Corporations and they should be in a position to impress upon the Boards the urgency and importance of timely finalisation and auditing of the annual accounts. The Committee are also of the view that the official Directors, so nominated, should be required to send periodical reports on the state of affairs of the State Warehousing Corporations to the Government so that the activities of the Corporations are watched and monitored, where necessary, in the right direction.

6. 2.21

The Committee agree with the views expressed by the representative of the Ministry of Agriculture and Irrigation (Department of Food) that the nominees of the Central Warehousing Corporation, as at present, do not and cannot play an effective role in protecting the interests of the Central Government and in ensuring a proper return on the funds invested. The Committee are of the view that there is no point in nominating such Directors on the Boards of the State Warehousing Corporations who cannot play their role as effectively as is expected from them. The Committee, therefore, recommend that the Government might consider the feasibility of amending the Warehousing Corporations Act, 1962 so that officers of a

1

2

3

senior level from the Central Warehousing Corporation and the Ministry could be nominated on the Boards of the State Warehousing Corporations. The Committee also urge upon the Government to devise other ways and means so as to have an effective control on the efficient working of the State Warehousing Corporations with a view to ensure proper utilisation of the funds invested in the interests of national economy.

7. 2.22 The Committee note that the Annual Report for 1975-76 of the Central Warehousing Corporation was laid on the Table of Lok Sabha on the 25th October, 1976, without a 'Review' on the working of the Corporation. The Committee would like to reiterate the recommendation contained in para 4.18 of their Second Report (Fifth Lok Sabha) and urge upon Government that while laying the Annual Report of any Corporation before Parliament, the concerned Ministry should also lay alongwith the Report a 'Review' on the working of the Corporation.
-