

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

(SEVENTH LOK SABHA)

(TWENTIETH REPORT)

(Presented on 8 May, 1984)



**LOK SABHA SECRETARIAT
NEW DELHI**

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C O R R I G E N D A

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

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

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2. Shri S. D. Kaura—*Chief Legislative Committee Officer.*
3. Shri R. S. Mani—*Senior Legislative Committee Officer.*

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

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

INTRODUCTION

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

2. On examination of certain Papers laid on the Table of Lok Sabha during the First, Fifth, Seventh to Ninth and Eleventh to Thirteenth Sessions (Seventh Lok Sabha), the Committee have come to certain conclusions in regard to delay in laying of (i) the Annual Reports and Audited Accounts of the Indian Institute of Advanced Study, Simla; (ii) Annual Reports and Audited Accounts of the National Federation of Industrial Co-operatives Limited, New Delhi; (iii) Audited Accounts of the School of Buddhist Philosophy, Leh-Ladakh for 1978-79, 1979-80 and 1980-81; (iv) the Audit Reports of the Coffee Board for General Fund Accounts for 1978-79, 1979-80 and 1980-81 and Pool Fund Accounts for 1977-78 and 1978-79 (Coffee Season) and (v) the Annual Reports of the Karnataka Cashew Development Corporation Limited for the years 1978-79 to 1980-81. The Committee also examined the question regarding laying of Annual Reports/Audit Reports of certain Organisations receiving grants from Government and have made certain recommendations. The Conclusions of the Committee are reflected in the Report.

3. On 25 January, 1983, the Committee took oral evidence of the representatives of the Ministry of Education and Culture on the delay in laying the Annual Reports and Audited Accounts of the Indian Institute of Advanced Study, Simla. On 1 November, 1983 the Committee took oral evidence of the representatives of—(i) the Ministry of Education and Culture on the delay in laying Audited Accounts of the School of Buddhist Philosophy, Leh-Ladakh for 1978-79, 1979-80 and 1980-81 and (ii) the Ministry of Agriculture on the delay in laying Annual Reports of the Karnataka Cashew Development Corporation Limited for the years 1978-79 to 1980-81. On 23 January, 1984, the Committee heard oral evidence of the representatives of the Ministry of Commerce on the delay in laying the Audit Reports of the Coffee Board for General Fund Accounts for 1978-79, 1979-80 and 1980-81 and Pool Fund Accounts for 1977-78 and 1978-79 (Coffee Season). On 24 January, 1984, the Committee heard the views of the representatives of the Ministry of Industry on the delay in laying the Annual Reports and Audited Accounts of the National Federation of Industrial Cooperatives Limited, New Delhi.

4. The Committee wish to express their thanks to the representatives of the Ministries of Education and Culture, Agriculture, Commerce and Industry for furnishing information desired by the Committee.

5. The Committee considered and adopted this Report at their sitting held on 2 May, 1984.

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

NEW DELHI;

4 May, 1984

14 Vaisakha, 1906(Saka).

KRISHNA SAHI,

Chairman,

Committee on Papers laid on the Table.

CHAPTER I

DELAY IN LAYING ANNUAL REPORTS AND AUDITED ACCOUNTS OF THE INDIAN INSTITUTE OF ADVANCED STUDY, SIMLA

In paragraph 3.5 of their First Report (Fifth Lok Sabha), the Committee on Papers laid on the Table have recommended as under :

“.....normally the Annual Report and audited accounts of autonomous organisations should be presented to Parliament together to enable the House to have a complete picture of the working of that body. This decision should not be taken to imply that laying of reports and accounts could be delayed to any length of time. The Committee recommend that the Annual Report together with the audited accounts and audit report thereon for a particular year should be laid on the Table within 9 months of the close of the accounting year unless otherwise stipulated in the Act or rules under which the organisation has been set up. To comply with this requirement, proper time schedule should be laid down for compilation of Annual Report and accounts and their auditing. The Committee feel that normally a period of 3 months would be sufficient for compilation of accounts and their submission to audit ; the next 6 months might be given for auditing of accounts ; for printing of the report and sending it to Government for laying. If for any reason the report, audited accounts and audit report cannot be laid within the stipulated period of nine months, the Ministry should lay within 30 days of expiry of the prescribed period or as soon as the House meets, whichever is later, a statement explaining the reasons why the report and accounts could not be laid within the stipulated period.”

1.2. In pursuance of the above recommendation, the Minister of Education and Social Welfare laid on the Table of Lok Sabha on 4 March, 1982 a statement explaining the reasons for not laying the Annual Reports and audited accounts of the Indian Institute of Advanced Study, Simla for 1977-78 to 1980-81. The statement reads as follows :

“The Indian Institute of Advanced Study, Simla is an autonomous body registered under the Societies Registration Act, and is fully financed by the Government of India. Its Memorandum of Association and

Rules did not make any provision that its Annual Reports, along with audited accounts should be placed on the Tables of both Houses of Parliament. However, on the recommendation of the Committee on Papers laid on the Table, the Institute was advised to make a provision in their Rules under which the Annual Reports and audited accounts of the Institute, after approval by its General Body, should be placed before the two Houses.

In June 1979, the Government had decided that the Institute should be wound up with effect from 1st September, 1979. This decision was later on reviewed and it was decided that the Institute should continue to function, subject to re-organisation and restructuring of its programmes and activities. An expert Committee was appointed to recommend details of restructuring. The Report of the Committee has been received, and awaits final decision of the Government.

Statement explaining reasons for not laying the Annual Reports and Audited Statements of Accounts of the Institute for the years 1977-78, 1978-79 and 1979-80 were laid on the Tables of the Houses in February, 1979, January, 1980 and April, 1981 respectively. Pending Government's decision on the restructuring and re-organisation, the General Society and the Governing Body of the Institute have not been reconstituted. Since these bodies have to approve the Annual Reports including audited statements of accounts, it has not been possible to lay before the two Houses these reports. These bodies would be reconstituted after Government has taken a final decision on the Report of the Committee for restructuring of the activities of the Institute, and thereafter the Government would be in a position to lay the Annual Reports, including audited statements of accounts, before Parliament for the years 1977-78 to 1980-81."

The statements laid on the Table on 2 February, 1980 and 27 April, 1981 are at Appendix-I and II.

1.3 The Ministry of Education and Culture, on being asked as to whether the Indian Institute of Advanced Study, Simla had been advised to make provisions in their Rules for laying the Annual Reports and audited accounts on the Table of the House stated as under :

"The Institute was advised on January, 11, 1978 to make provision in its Rules for laying its Annual Reports and Audited Accounts on the Table of the House.

The Governing Body of the Institute at its meeting [held on January 28, 1978] resolved to incorporate the following provision in the Rules of the Institute :

Rule 61 : The Annual Reports of the proceedings of the Society shall be prepared by the Governing Body for the information of the Central Government, UGC and the Members of the Society. A draft of the Annual Report and the Audited statements of the Annual Accounts together with the Audit Report of the Society, shall be placed at the Annual General Meeting of the Society for its consideration and approval. Thereafter, the same shall be placed before both the Houses of Parliament within 9 months of the close of the accounting year."

1.4 Asked to explain as to why the Annual Report for 1977-78 could not be compiled and the accounts for that year could not be audited by 1 September, 1979 (the date by which the Institute was proposed to be wound up), the Ministry of Education and Culture stated :

"The Draft of the Annual Report for the year 1977-78 was prepared by the Institute in November, 1978. The Audited Accounts for that year were also available by then. However, as required in Rule 61 of the Rules of the Institute, these documents had to be placed before the Annual General Meeting of the Society of the Institute for consideration and approval.

The Government had, in September, 1977, appointed a Committee to review the functioning of the Institute. The Committee submitted its Report in April, 1978. Pending consideration of recommendations made in the Report, no meeting of the Governing Body or the Society of the Institute was convened after the close of the year 1977-78. Hence, the Annual Report and the Audited Accounts for 1977-78 could not be placed before the meeting of the Society for approval before they were placed on the Table of Parliament. Eventually the final decision taken by the Government on June 1, 1979 on the Report of the Review Committee was to close down the Institute from September 1, 1979."

1.5 Regarding the Report of the Committee set up by the Government for restructuring the Institute, the Ministry of Education and Culture intimated :

“The decision that the Institute should continue was taken by the Government in April, 1980. It was also decided that an Expert Committee should be appointed to recommend measures for restructuring the Institute. The Committee was appointed in September, 1980. The Report of the Committee was submitted to the Government in April, 1981.

The recommendations made by the Committee on reorganisation and restructuring of the Institute have been examined. These have now to be submitted to the Cabinet for approval. The reconstitution of, the Governing Body etc. can be considered only after the final decision on the restructuring of the Institute is taken by the Cabinet.”

1.6 So far as the question regarding functioning of the Institute without the General Society and the Governing Body was concerned, the Ministry stated :

“The term of office of the nominated members of the General Society and the Governing Body expired on May 31, 1980. However, it was decided that these bodies should be reconstituted only after the Government have taken a decision on the reorganisation and restructuring of the Institute. The Society has only a small number of ex-officio members on it, who will not constitute the quorum for holding an Annual General Meeting.

Article VI of the Memorandum of Association of the Institute provides that the Central Govt. may issue such directions to the Society or the Institute as it may consider necessary for the furtherance of the objects of the Society or the Institute. In pursuance of this provision, the Institute is functioning in respect of its day to day activities under the directions of the Central Government. This provision, however, does not authorise the Central Government to approve the Annual Report and the Audited Accounts on behalf of the Society.”

1.7 As regards the present position of the Annual Reports and Audited Accounts of the Indian Institute of Advanced Study, Simla for the years 1977-78 to 1980-81, the Ministry of Education and Culture stated :

“The accounts for all these years have been audited by the Accountant General, Himachal Pradesh. The Audited Accounts are available with the Institute. Though there have been no significant academic activities at the Institute since 1979, the Institute has been advised to prepare the Annual Report from 1977-78 onwards and keep them ready for submission to the General Society and the Governing Body soon after they are reconstituted.

The Ministry propose to place the Annual Reports and Audited Accounts for all these years as soon as they are formally approved by the Governing Body and the General Society of the Institute.”

1.8 Rule 16 (i) and 36 of the Rules and Regulations of the Institute provide as follows :

“16 (i) The Annual General Meeting of the Society shall be held at such time, date and place as may be determined by the President.

36. The Governing Body shall hold at least four meetings in a year and not more than four months shall elapse between any two meetings of the Body.”

1.9 At their sitting held on 4 November, 1982, the Committee on Papers laid on the Table considered the matter and decided to invite the representatives of the Ministry of Education and Culture to hear them in the matter.

1.10 At their sitting held on 25 January, 1983, the Committee on Papers laid on the Table heard oral evidence of the representatives of the Ministry of Education and Culture on the subject.

1.11 During evidence, on being enquired as to when the above Institute was set up and when the Ministry of Education took a decision to lay the Annual Reports and Audited Accounts of the Institute on the Table of the House, the Joint Secretary, Ministry of Education stated that the Institute was set up as an autonomous body and was registered in 1964. It started functioning in October, 1965. He further stated that the Ministry of Education took decision for laying the Annual Reports and Audited Accounts of the Institute in January, 1978 and in the same month an amendment was made in the Memorandum of Association of the Institute providing for laying of its Annual Reports and Audited Accounts on the Table of the House.

1.12 Explaining the circumstances why the Ministry could not lay any Annual Report and Audited Accounts so far, the witness stated :

"There are two parts in the amended rule. Part one of the rule says that the report will be prepared and got approved from the governing body and sent to UGC and the Government. The second part says that such a report along with the audited accounts shall also be put up before the annual general meeting of the Society and after being approved by the annual general meeting, as far as possible, within nine months of the close of the financial year, shall be placed before Parliament. The basic difficulty about placing the report before Parliament is that for the last few years there is no constituted Society and there is no Governing Body for this Institute. Last time, the Society re-constituted was in June, 1977. The Society's term expired at the end of May, 1980. Thereafter, there were certain developments relating to various suggestions on restructuring of the Society. Government felt it is better that the society and Governing Body are re-constituted as per the Expert Committee's recommendations. The Institute is functioning without governing body. Unless the Governing Body is constituted we cannot get the report. We have asked the Institute that they should keep the draft report ready. They have kept it ready. As soon as the Society and the Governing Body are reconstituted, necessary action would be taken."

1.13 In reply to a question whether any Annual Report/Audited Accounts of the Institute had been laid on the Table so far, the representative of the Ministry stated. "It has not been possible for us to prepare such reports and lay them before Parliament."

1.14 As regards the day-to-day functioning of the Institute, the witness informed that under Clause 6 of the Memorandum of Association, the Central Government could issue directions for the furtherance of the objectives of the Society and the Institute. He also informed that the Ministry of Law had opined that the "direction under Clause 6 does not take the place of approval of report by the Society and Governing Body."

1.15 Asked whether some *ad hoc* Committee could be set up to approve the Annual Report and Audited Accounts of the Institute, the witness replied that there was no provision in the Rules for setting up such a Committee.

1.16 As regards the circumstances under which Government decided to close down the Institute and the circumstances which led the Government to decide against the closure of the Institute, the witness stated :

"There were criticisms on the functioning of the Institute ; government then appointed a committee under the Chairmanship of Prof. A.K. Das Gupta to go into the 'functioning of the Institute' and they made

recommendations on the restructuring of the Institute. The Committee said that there is hardly any justification for the institute to function in its present form ; they have not recommended closure. They said it should be re-structured. They said that the nature of activities should be changed. Finally, in June, 1979, Government decided to close the Institute from 1st September.....When the decision for the closure of the Institute from September, 1979 was announced, there were lots of representations from the academic circles. The basic point is that the Institute for Advanced Studies itself is a sort of an Institute for fundamental Research similar to the Institute for Advanced Studies at Princeton and "All Souls College" in Oxford. There is no reason why it should be closed down altogether even if there might have been allegations. So, the Government took this into account and in September, 1979, Government decided to hold the implementation of the decision in abeyance. Now, that was a period of interim Government. Thereafter, in April, 1980, the new Government considered the situation and the new Government basically reversed the decision of closure of the Institute. The basic decision was that the Institute should continue to function. Now, in what way the Institute should continue to function, for that, an Expert Committee was appointed. This was the position in April, 1980 and the circumstances under which the Government decided to stop the closure of the Institute."

1.17 On an enquiry as to why the Governing body and the Society had not been reconstituted, the witness stated :

"I will explain the developments, from 1980 onwards. Earlier there was the Das Gupta Committee. After the new Government came, it decided in April, 1980 that an expert Committee will be appointed. That Committee was formed in September, 1980 because the composition and terms of reference etc. have to be finalised. Therefore, I want to state that it is not as if the Government is not serious. The Government is making efforts. Somehow, the circumstances and the procedures are such that we have taken time. In April 1981, we received the report of the Kripalani Committee. The report is very voluminous. In Government, there is a system that whenever a Committee's report is received—I am only mentioning the procedure because these are internal matters and I request you to appreciate the situation—it has to go to the empowered committee of Secretaries. They finalised the report in September, 1981 but there were certain matters of policy involved in processing that report. Therefore, it took some time. Then we were also required to consult the various Ministries which are involved—the Ministry of Finance, the Ministry of Law, Planning Commission, etc. After going

through this procedure, we finalised our Cabinet note and Cabinet took the decision. It is difficult for me to give a particular date but I would like to say that we are very keen that it should begin to start functioning as early as possible and the society and the Governing Body should be re-constituted."

Explaining further, the witness stated :

"Government decision regarding re-organisation of the Institute has been available to us substantially in August, 1982. The restructuring of the Institute involves 2-3 specific actions. We are first of all required to finalise the composition of the Society. Thereafter, since there is a linkage in the composition of the society and the Governing Body, therefore, after the Society's composition is finalised, we have to finalise the composition of the Governing Body. Then we are also required to appoint a full-time Director. As at present, there is no full-time Director in the Institute."

1.18 On further probe, the witness stated ".....There were two successive Review Committees and there were two Governments' decisions and so on. All I say is that we shall make an attempt to do something if possible within one year."

1.19 Asked whether any Annual General Meeting of the Institute was held during 1977-78, the witness replied in the negative. Regarding the reasons for not holding the Annual General Meeting, he informed that in June, 1977, when the Das Gupta Committee was appointed, there arose some uncertainty about the future nature of activities of the Institute. The Report of the Committee was available in April, 1978. It was felt that the meeting of the Society could be convened only after the Government had considered the Report. Thus, there was a sort of lull in the activities of Institute.

1.20 As regards the meetings held by the Governing Body of the Institute during the years from 1977-78 to 1980-81, the witness informed that the Governing Body had held three meetings in 1977-78 ; and one meeting during 1979-80. In these sittings, the day-to-day functions of the Institute were discussed. No sitting was held during 1978-79 and 1980-81.

1.21 The witness informed the Committee that as per convention, the President of India was the President of the Institute and the Union Minister of Education chaired the meetings of the Governing Body. The meetings of the Society were normally held in Rashtrapati Bhavan in Delhi and that of the Governing Body either in Delhi or Simla. Under the Rules, the strength of the Society was between 30 and 40 of which 12 members were required to

constitute quorum for holding a meeting of the Society. During 1978-79 and 1979-80, the strength of the Society was 37. Similarly, the total strength of the Governing Body was 8 members under the Rules of the Institute and 4 members constituted quorum for a sitting of the Governing Body. He further informed that the term of the Society expired on 1 June, 1980, and since then the Society had not been constituted and therefore, the question of any meeting being held after that date did not arise.

1.22 When pointed out that under the Memorandum of Association of the Institute, there were four ex-officio members on the Governing body of the Institute and the meeting of the Governing body could be held by those members for the purpose of approving the Annual Report and accounts of the Institute, the witness stated :

“There are two bodies. One is the Society and the other is the Governing Body. The quorum for holding the meeting of the Governing Body is only four. We have to see whether ex-officio members can constitute Governing Body. In the case of the Society there are five ex-officio members and, therefore, it will be difficult to constitute a quorum to convene a valid meeting of the Society. In the case of Governing Body, there are three ex-officio members and, as such, they do not constitute a quorum.”

1.23 The Committee pointed out that despite the lull in the activities of the Institute, lakhs of rupees were given as grants to the Institute during the years 1977-78 to 1980-81 under plan and non-plan heads and enquired as to how the money granted to the Institute was utilised. The witness stated that the principal heads under which the amount was utilised, were :

- (a) Maintenance of buildings (that is the Rashtrapati Niwas Complex and Estate) ;
- (b) Salaries of administration and supporting staff ;
- (c) Expenditure on activities including salaries of fellows, library, publications etc.

1.24 Regarding the procedure followed by the Ministry while sanctioning the grants, the witness stated :

“Now, normally, for every year, the Government decides the ceiling of the grant for the Institute both under the Plan and non-plan. As at present since there are no new activities of the Institute, there is no plan

grant for the Institute and so there is a non-plan ceiling of the grant which is given to the Institute and it is released in four quarterly instalments during the course of the year. The last instalment is released on the basis of the audited accounts of the previous one."

1.25. Asked about the present position of the Annual Reports and audited accounts of the Institute for the years 1977-78 to 1980-81, the witness informed that the auditing of accounts for 1977-78 to 1980-81 had been completed by A.G., Himachal Pradesh and the English version of draft Annual Reports for those years was also ready. He also informed that soon after the constitution of the Society and the Governing Body, the said Annual Reports and audited accounts would be got approved and laid on the Table of the House.

1.26 On 17 March, 1983, the Minister of Education and Culture laid on the Table of Lok Sabha a statement showing reasons for not laying the Annual Report and Audited Accounts of the Indian Institute of Advanced Study, Simla for the years 1977-78 to 1981-82. The statement reads as follows :

"The Indian Institute of Advanced Study, Simla is an autonomous body registered under Societies Registration Act and is fully financed by the Government of India. Its Memorandum of Association and Rules did not make any provision that its Annual Reports, alongwith audited accounts should be placed on the Tables of both Houses of Parliament. However, on the recommendations of the Committee on Papers laid on the Table, the Institute was advised to make a provision in their Rules under which the Annual Reports and Audited Accounts of the Institute, after approval by its General Body, should be placed before the two Houses.

In June, 1979, the Government had decided that the Institute should be wound up with effect from 1st September, 1979. This decision was later reviewed and it was decided that the Institute should continue to function, subject to reorganisation and restructuring of its programme and activities. An Expert Committee was appointed to recommend details of restructuring the Institute. On the basis of the recommendations of the Expert Committee, a reorganisation scheme for the Institute has been approved by the Government and follow-up action to implement the decision is in progress.

Pending Government's decision on the restructuring and reorganisation, the General Society and the Governing Body of the Institute have not

been reconstituted. Since these bodies have to approve the Annual Reports including audited statement of Accounts, it has not been possible to lay these reports before the two Houses. Therefore, statements explaining reasons for not laying the Annual Reports and Audited Statements of Accounts of the Institute for the years 1977-78, 1978-79, 1979-80 and 1980-81 were laid on the Table of the Houses in February, 1979, January, 1980, April, 1981 and March, 1982 respectively.

In pursuance of the approved reorganisation scheme, steps have been initiated to reconstitute the Society and the Governing Body. It will, however, take some more time before these bodies are fully reconstituted and their meetings convened. In these circumstances, it has not been possible to lay on the Table the Annual Report and the Audited Accounts of the Institute for the year 1981-82."

1.27 The Committee are concerned to note that the Ministry of Education and Culture under whose administrative control the Indian Institute of Advanced Study, Simla functions, have not so far laid on the Table of the House any Annual Report/Audited Accounts of that Institute. The Committee note that in January, 1978, the Indian Institute of Advanced Study, Simla had made provisions in its Rules for laying its Annual Reports and Audited Accounts on the Table of the House within nine months of close of the accounting year but there has never been an occasion when those provisions had been followed. The Committee feel that it is of no use framing rules without observing them.

1.28 The plea taken by the Ministry of Education and Culture that the Annual Reports and Audited Accounts of the Indian Institute of Advanced Study, Simla for the years from 1977-78 to 1981-82 have not been laid on the Table so far because there was uncertainty about the future of the Institute and that the General Society and Governing Body of the Institute were not reconstituted, is not tenable. The mere fact of the future of the Institute being uncertain, does not absolve the Ministry of Education and Culture of their responsibility. Even if the Institute had been closed, it was the responsibility of the Ministry to lay the Annual Reports and Accounts of the Institute for the past years during which the Institute had been sanctioned grants. The slackness on the part of the Ministry of Education and Culture is evident from the fact that the strength of the General Society and the Governing Body of the Institute was full till 31 May, 1980 but these bodies never met during the period from the close of the year 1977-78 upto 31 May, 1980 despite the extant provisions in the Rules of the Institute for holding of the Annual General Meeting and the Meetings of the Governing Body. Had the General Society and Governing Body held their respective meetings during that period, the Annual Reports and Audited Accounts of the Institute for at least two years viz 1977-78 and 1978-79, would have been approved and laid on the Table of the House.

1.29 Now that a reorganisation scheme for the Indian Institute of Advanced Study, Simla has been approved by the Government putting at rest all the doubts about the uncertain future of the Institute, the Committee desire the Ministry of Education and Culture to make sincere and concerted efforts for reconstituting the General Society and the Governing Body of the Institute so that the Institute being an important Institution of National character, functions effectively and efficiently and its Annual Reports and Audited Accounts for all the years from 1977-78 to 1982-83 are laid on the Table of the House without any further delay. The Committee hope that the Ministry would be very careful in future in the matter of laying of Annual Reports and Audited Accounts of the Institute, in time.

CHAPTER II

DELAY IN LAYING THE ANNUAL REPORTS AND AUDITED ACCOUNTS OF THE NATIONAL FEDERATION OF INDUSTRIAL CO-OPERATIVES LIMITED, NEW DELHI

2.1 The Annual Reports of the National Federation of Industrial Co-operatives Limited for the years 1977-78, 1978-79 and 1979-80 were laid on the Table of Lok Sabha on 2 December, 1981 alongwith a statement explaining the reasons for delay and Review. The financial year of the Co-operatives ends on 30 June every year. In terms of the recommendation made in paragraph 3.5 of the First Report (Fifth Lok Sabha) the above Reports involve delay of 32 months, 20 months and 8 months respectively.

2.2 The statement explaining the reasons for delay reads as follows :

“It is regretted that delay in laying the Annual Reports of the National Federation of Industrial Cooperatives Ltd. New Delhi, on the Table of the House, is mainly due to the following reasons :

The Annual Reports of the above Federation for the years 1977-78, 1978-79 and 1979-80 were not laid on the table of the House earlier as accounts of the Federation have not so far been audited by the Statutory Auditors appointed by the Central Registrar of Cooperative Societies. It was considered that it would be appropriate to lay on the table of the House both the annual reports and the audit reports of National Federation of Industrial Cooperatives Ltd. However, as the audit of accounts of the Federation has not yet been completed, the annual reports alone of National Federation of Industrial Cooperatives Ltd., for the years 1977-78, 1978-79 and 1979-80 are being laid on the Table of the House.”

2.3 As the Audited Accounts of the Federation for the years from 1977-78 to 1979-80 had not been laid on the Table of the House, the Ministry of Industry were requested to furnish information regarding the reasons therefor.

2.4 Regarding compilation of accounts of the National Federation of Industrial Co-operatives Limited, New Delhi for the years 1977-78 to 1979-80, the Ministry stated :

“The Compilation of accounts of the National Federation of Industrial

1.29 Now that a reorganisation scheme for the Indian Institute of Advanced Study, Simla has been approved by the Government putting at rest all the doubts about the uncertain future of the Institute, the Committee desire the Ministry of Education and Culture to make sincere and concerted efforts for reconstituting the General Society and the Governing Body of the Institute so that the Institute being an important Institution of National character, functions effectively and efficiently and its Annual Reports and Audited Accounts for all the years from 1977-78 to 1982-83 are laid on the Table of the House without any further delay. The Committee hope that the Ministry would be very careful in future in the matter of laying of Annual Reports and Audited Accounts of the Institute, in time.

CHAPTER II

DELAY IN LAYING THE ANNUAL REPORTS AND AUDITED ACCOUNTS OF THE NATIONAL FEDERATION OF INDUSTRIAL CO-OPERATIVES LIMITED, NEW DELHI

2.1 The Annual Reports of the National Federation of Industrial Co-operatives Limited for the years 1977-78, 1978-79 and 1979-80 were laid on the Table of Lok Sabha on 2 December, 1981 alongwith a statement explaining the reasons for delay and Review. The financial year of the Co-operatives ends on 30 June every year. In terms of the recommendation made in paragraph 3.5 of the First Report (Fifth Lok Sabha) the above Reports involve delay of 32 months, 20 months and 8 months respectively.

2.2 The statement explaining the reasons for delay reads as follows :

“It is regretted that delay in laying the Annual Reports of the National Federation of Industrial Cooperatives Ltd. New Delhi, on the Table of the House, is mainly due to the following reasons :

The Annual Reports of the above Federation for the years 1977-78, 1978-79 and 1979-80 were not laid on the table of the House earlier as accounts of the Federation have not so far been audited by the Statutory Auditors appointed by the Central Registrar of Cooperative Societies. It was considered that it would be appropriate to lay on the table of the House both the annual reports and the audit reports of National Federation of Industrial Cooperatives Ltd. However, as the audit of accounts of the Federation has not yet been completed, the annual reports alone of National Federation of Industrial Cooperatives Ltd., for the years 1977-78, 1978-79 and 1979-80 are being laid on the Table of the House.”

2.3 As the Audited Accounts of the Federation for the years from 1977-78 to 1979-80 had not been laid on the Table of the House, the Ministry of Industry were requested to furnish information regarding the reasons therefor.

2.4 Regarding compilation of accounts of the National Federation of Industrial Co-operatives Limited, New Delhi for the years 1977-78 to 1979-80, the Ministry stated :

“The Compilation of accounts of the National Federation of Industrial

Cooperatives Limited for the years 1977-78, 1978-79 and 1979-80 were completed by the Federation and duly verified by the internal auditors almost immediately after the completion of the years in question. These were also placed before the Board of Directors and the Annual General Body Meeting as per the statutory requirements and duly accepted by these bodies."

2.5 So far as the question of delay in auditing the accounts of the Federation is concerned, the Ministry of Industry stated :

"The Statutory auditors are appointed by the Central Registrar of Cooperative Societies for auditing the accounts of the Federation. The statutory auditors for auditing the accounts for the years 1975-76 to 1977-78 were appointed in the year 1979 by the Central Registrar of Cooperative Societies. The auditing of accounts for 1976-77 was taken up by the statutory auditors but it could not be continued as the relevant documents were seized by the C.B.I. in connection with an inquiry instituted against late Shri G.S. Madan, IES, the then Managing Director of the Federation. The records in question were released by the C.B.I. only in the month of October, 1981. The statutory auditors have completed auditing of accounts upto 1976-77 and 1977-78 and it is expected that the reports would be submitted very shortly. The Central Registrar of Cooperative Societies has not yet appointed statutory auditors for the year 1978-79 onwards. The Central Registrar has been requested to appoint the statutory auditors."

2.6 Explaining the reasons for not laying the Annual Reports for the years 1977-78 to 1979-80 earlier, the Ministry stated :

"The NFIC Ltd. is a cooperative society. Instructions were not very clear whether Annual Reports and Audit Reports of this Federation are to be laid before the Lok Sabha. On receipt of Department of Parliamentary Affairs Office Memorandum No. 28(7)/81-Leg. dated the 16th April, 1981 it became clear that the Annual Reports and Audit reports of the Federation are to be placed before Parliament.

Immediately thereafter, the work of laying the reports of the Federation before Parliament was taken up in hand."

2.7 The Annual Report for the year 1980-81 of the Federation was laid on the Table of Lok Sabha on 30 April, 1982, after a delay of 1 month. In the delay statement laid along with the Report, the reasons for delay have

been explained as follows ;

“It is regretted that delay in laying the Annual Reports for the year 1980-81 of the National Federation of Industrial Cooperatives Limited, New Delhi, on the Table of the House, is mainly due to the following reasons :

The annual reports for 1980-81 was considered in the 17th Annual General Meeting of the National Federation of Industrial Cooperatives Limited, held on 25.1.82.

This report covers the period upto 30th June, 1981. The translation of the report into Hindi took a little time and hence it could not be laid on the Table of the House within prescribed period of 9 months.”

2.8 The Annual Report of the Federation for the year 1981-82 was laid on the Table of Lok Sabha on 17th August, 1983, after a delay of 4½ months. In the delay statement laid alongwith the Report, the reasons for delay have been explained as follows :

“The delay in laying the annual report for the year 1981-82 of the National Federation of Industrial Cooperatives Limited, New Delhi, on the Table of the House, is mainly due to the following reasons :

The annual report for 1981-82 was considered in the Annual General Meeting of the National Federation of Industrial Cooperatives Limited held on 16th April, 1983.

This report covers the period upto June, 1982. The translation of the report into Hindi took sometime and hence it could not be laid on the Table of the House within the prescribed period of nine months.”

2.9 At their sitting held on 6 January, 1984, the Committee on Papers laid on the Table considered the matter and decided to invite the representatives of the Ministry of Industry to hear their views on the subjects.

2.10 On 24 January, 1984, the Committee heard the representatives of the Ministry of Industry in the matter of delay in laying the Audited Accounts of the Federation.

2.11 When asked, during evidence, why the Annual Reports and the Audited Accounts of the Federation were not laid together on the Table of the House, the Secretary, Ministry of Industry stated that there were certain problems in the early finalisation of the accounts. One of them was that during the course of auditing the accounts for the year 1976-77, the relevant documents

were seized by C.B.I. because there were certain allegations against the then Managing Director of the Federation, who, unfortunately died. Despite the fact that there was very close follow up on the part of the Federation and the Ministry to get these papers back, the CBI were able to return those papers only on 12 October, 1981 which contributed towards delay in finalisation of the accounts of the subsequent years because as per accounting practice if the accounts of a certain year were not prepared/finalised, it was not possible to prepare/finalise the accounts for the subsequent years. The Second cause of delay was that the Central Registrar of the Co-operative Societies did not appoint the Statutory Auditors as promptly as he should have despite several letters at various levels. Thirdly, the Auditors also took some time because for four years those papers remained held up by the C.B.I.

2.12 On being asked when the Audited Accounts of the Federation for the years from 1977-78 to 1981-82 would be laid on the Table of the House, the witness stated that the accounts upto 1981-82 were already completed, verified by the internal Auditors and approved by the Board of Directors and the General Body but remained to be cleared by the Statutory Auditors.

2.13 When asked whether the Central Registrar of the Cooperative Societies was answerable to the Ministry and whether he was told that the audit of the Federation was required to be completed in time, the witness replied in affirmative.

2.14 On being probed further, the Managing Director of the National Federation clarified that according to the By-laws of the Federation, the Ministry of Industry was one of the shareholders and held 92% of the share capital of the Federation. Although there was nothing in the bye-laws which empowered the Government to interfere or give directions yet the Ministry of Industry exercised sufficient control over the Federation.

2.15 On being asked the Ministry of Industry informed the Committee that the following time schedule had been drawn up in consultation with the Statutory Auditors viz M/s. H. Mahendru & Company for clearing the backlog of the audit of the accounts of the Federation:

| <i>Year</i> | <i>Audit to be cleared by</i> |
|-------------|-------------------------------|
| 1978-79 | 31st May, 1984. |
| 1979-80 | 31st December, 1984. |
| 1980-81 | 30th June, 1985. |
| 1981-82 | 31st December, 1985. |

It was also informed that the auditing of the accounts for the year 1977-78 had been completed by the Statutory Auditors and would be laid on the Table of the House in due course.

2.16 The Committee are concerned to note that although the Annual Reports of the National Federation of Industrial Cooperatives Limited, New Delhi for the years 1977-78, 1978-79, 1979-80, 1980-81 and 1981-82 have already been laid on the Table of Lok Sabha yet the Audited Accounts of that Federation in respect of those years are still to be laid. The Committee regret to find that apart from the CBI which seized records of the Federation for the year 1976-77 and kept the same for quite some time, the Central Registrar of Cooperative Societies who is responsible for the appointment of statutory auditors, did not act promptly on requests made to him for the appointment of statutory auditors. The Committee would like the Ministry of Industry to impress upon the Central Registrar of Cooperative Societies the need for early appointment of statutory auditors so that the accounts of the Federation are not only audited in time but also laid on the Table of the House within the stipulated period of nine months of close of the accounting year.

2.17 From the time schedule drawn up by the Ministry of Industry in consultation with the statutory auditors for auditing of Accounts for the years 1977-78 to 1981-82 the Committee find that the statutory auditors would take 6 months in each case. The Committee feel that since the accounts of all the years have been finalised by the internal auditors the time given to the statutory auditors for carrying out their audit is not reasonable. If that schedule is followed the Committee apprehend that the accounts of the Federation for the future years would never be laid on the Table in time. The Committee, therefore, recommend that the time schedule as drawn up should be reconsidered and revised so that the auditing of accounts of the Federation by the statutory auditors is completed within the minimum possible time and in no case it should exceed 3 months. The Committee would also like to suggest that efforts be made to resolve queries, if any, raised by the Audit promptly through personal contacts and discussions with the auditors instead of resorting to protracted correspondence.

2.18 The Committee hope that the Ministry would take requisite steps in the matter and also keep a close rapport with the Federation to ensure early finalisation and auditing of the accounts.

2.19 The Committee trust that after clearing the backlog, the Annual Reports and Audited Accounts of the National Federation of Industrial Cooperatives Limited, New Delhi would be laid on the Table of the House together and within nine months of close of the accounting year as per

recommendation made by the Committee on Papers laid on the Table in paragraph 3.5 of their First Report (Fifth Lok Sabha).

2.20 The Committee regret to point out that the statements of reasons for delay laid alongwith the Annual Reports of the National Federation of Industrial Cooperatives Limited, New Delhi for the years 1980-81 and 1981-82 are misleading as these do not bear any mention of the position of the Audited Accounts of the Federation in respect of those years which had not been laid on the Table of the House. Since the Audited Accounts of the Federation had not been laid on the Table of the House, it was but imperative that the House was apprised of the position relating thereto. The Committee are constrained to observe that the statements of reasons for delay is devoid of full facts and have not been prepared with due care. The Committee need hardly point out that it is the responsibility of the Ministry concerned to ensure that in such cases, the facts stated in the statement of reasons for delay cover both the Annual Report and Audited Accounts of an organisation so that the House may identify the stages where the delay occurred and suggest remedial measures, wherever necessary. The Committee, therefore, desire the Ministry of Industry to be more careful in this regard, in future.

CHAPTER III

DELAY IN LAYING AUDITED ACCOUNTS OF THE SCHOOL OF BUDDHIST PHILOSOPHY, LEH-LADAKH FOR 1978-79, 1979-80 AND 1980-81

3.1 The Audited Accounts of the School of Buddhist philosophy, Leh-Ladakh for the years 1978-79, 1979-80 and 1980-81 were not laid on the Table of the House within the stipulated period of 9 months. The Minister of State in the Ministry of Education and Social Welfare, in pursuance of the recommendation of the Committee on Papers laid on the Table contained in paragraph 1.16 of their First Report (Fifth Lok Sabha) had laid on the Table of Lok Sabha on 15 April, 1982 a statement explaining reasons for not laying the said Audited Accounts of the School. The statement read as under :

“The School of Buddhist Philosophy, Leh is an autonomous organisation under the Department of Culture. It was established in 1959 to impart education in modern and classical Tibetan Studies on the monastic pattern. It is registered as an autonomous organisation under the J & K Societies Registration Act 1998 (1941 A.D.). The School is now managed by a duly constituted Board of Management and is fully financed by the Government of India.

It was decided that from 1978-79 onwards the accounts of the School should be audited by the Comptroller & Auditor General of India under Section 20(1) of the CAG's (DPC) Act, 1971. Due to certain changes in the set-up of the administration of the School in June, 1979, the accounts of the School could not be prepared in time for submission to the AG, J & K. Due to weather condition during winter in Ladakh, the audit of the accounts of the School for the year 1978-79 and 1979-80 was deferred till July, 1980 and was simultaneously taken up by the AG, J & K in August, 1980. The draft Audit Report was received from the AG in the last week of September, 1980 or comments on the various observations/points raised therein. Comments of this Department were sent to the AG in the last week of November, 1980. In the meantime, certain issues arose in connection with the certification of the accounts for the year 1979-80, because the accounts had been certified by the Chartered Accountants and the AG enquired into the circumstances under which the accounts were certified by the Chartered Accountant. After this issue was settled, AG intimated in March, 1981

that due to certain discrepancies and non-availability of certain records like paid vouchers, payment records etc. pertaining to the year 1978-79, it was not possible for him to verify the balances carried over to 1979-80 accounts. The AG, therefore, advised that the accounts may be recast with reference to the original records and the AG also desired that in accordance with the instructions issued by the Ministry of Finance, the School may prepare, in addition to the receipt and payment account, an income and expenditure account and a balance sheet as well.

The receipt and payment accounts for 1978-79 were recast by the School and sent to the AG in August, 1981. As regards preparation of income and expenditure statements, and balance sheets, which involved preparation of certain schedules and School staff being deficient in this aspect of accounting, it was decided to engage a Chartered Accountant for the preparation of these documents. The Chartered Accountant engaged by the School has already agreed to visit the School at Leh to do the work. However, due to weather during winter in Ladakh he could not do so during this winter and is expected to go there during March-April, 1982 for the purpose. It has, therefore, not so far been possible to get the audit of the accounts of the School for the year 1978-79, 1979-80 and 1980-81 completed by the AG (J&K).

The School has been directed that all efforts may be made to complete the accounts with reference to original records and the statements as required by the AG (J&K) at the earliest possible. The audited accounts together with audited report thereon relating to the years 1978-79, 1979-80 and 1980-81 will be laid on the Table of the two Houses of Parliament as soon as accounts of the School are finalised as required by AG, audit of the accounts completed and audit report thereon received from the A.G., J&K.

The Annual Report together with 'Review' on the working of the School of Buddhist Philosophy, Leh, Ladakh for the year 1981-82 has already been laid on the Table of the Lok Sabha on 25th February, 1982 and on the Table of the Rajya Sabha on 5.3.1982."

3.2. On being asked how far the changes in the set-up of the administration of the School in June, 1979 affected the finalisation of accounts and their auditing, the Ministry of Education and Culture stated as under :

"Uptil 1977-78, the accounts of the School were audited by a Chartered Accountant. It was decided that from 1978-79 onwards, the audit of the

Accounts of the School be entrusted to the A.G., J&K under Section-20(1) of the C.A.G.'s (DPC) Act, 1971.

Usually the A.G. Srinagar deutes audit party to Ladakh in June-July after Leh-Srinagar road is open for traffic.

In June, 1979, Shri Tashi Paljor Lecturer in the Department of Buddhist Studies, Delhi University was appointed to the post of Principal of the School. Shri M.L. Mattoo, holding the charge of the Principal started absenting himself from Headquarters after the appointment of Shri Tashi Paljor as Principal. Subsequently Shri Mattoo was suspended, and a writ petition was filed by him against the appointment of Shri Paljor, consequently there was no administrative Officer in the School. Because of all these, accounts for 1978-79 could not be prepared in time. Thereafter accounts for 1978-79 and 1979-80 were submitted to the A.G. in July 1980 and audit for these two years was taken up by the A.G. J&K in August, 1980. The A.G., J&K advised that the accounts may be recast with reference to original records and also receipt and payment account, income and expenditure account and a balance sheet be prepared and resubmitted."

3.3 When asked whether the Audited Accounts of the School for the year 1977-78 were laid on the Table of the House and how do the Government propose to clear the backlog, the Ministry of Education and Culture informed as follows :

"The audited accounts of the School for the years 1977-78 were laid on the Table of Rajya Sabha on 21.2.1979 and Lok Sabha on 26.2.1979.

The School have since recast the accounts for the year 1978-79, 1979-80 and 1980-81 with the help of a Chartered Accountant. Accounts have been submitted to the A.G. *vide* their letter No. SBP/1-8/79-80 dated 8-5-1982."

3.4 The Committee on Papers laid on the Table considered the matter at their sitting held on 2 December, 1982 and decided that the comments of the Comptroller and Auditor General of India might be invited on the position stated by the Ministry as regards the delay in auditing of the accounts of the school.

3.5 On a reference made to them, the Office of the C & A.G. furnished a factual note in the matter as follows :

“The audit of the accounts of the School of Buddhist Philosophy, Leh-Ladakh was entrusted in August 1978, to the Comptroller & Auditor General of India with effect from the accounts of 1978-79. Despite repeated reminders by the Accountant General, Jammu, & Kashmir, the accounts of the school were not made available for audit till July, 1980 and Government advised the Accountant General in June 1980 to take up the audit from the last week of July, 1980. The audit was conducted in August 1980 and a preliminary report was issued by the Accountant General in September, 1980.

It was noticed that whereas the accounts for 1978-79 had not been audited by any auditor, the accounts made available for 1979-80 had already been audited and certified by a firm of Chartered Accountants. The matter as to how accounts for 1979-80 came to be certified by Chartered Accountants when (i) accounts for 1978-79 had not been audited and (ii) the Comptroller and Auditor General had been appointed auditors, came up for examination and this issue was not pursued after January, 1981 when Government clarified that the Chartered Accountants had checked the accounts for certain internal purposes and that the Comptroller and Auditor General would be the auditor to certify the annual accounts.

The preliminary report issued by the Accountant General in September 1980 drew attention to several basic defects, as a result of which it was not possible for audit to be certain that the correct accounts were made available for audit. Some of the Major irregularities in the preliminary report were as under :

- (i) Several withdrawals from the Bank to the extent of Rs. 32, 933-in 1978-79 and Rs. 7,159/ in 1979-80 as per bank pass book did not find place in Cash book.
- (ii) Opening Cash balance in accounts of 1979-80 varied from the closing balance in accounts of 1978-79.
- (iii) A receipt book bearing Nos. 0001 to 0100 was not available for audit.
- (iv) No reconciliation of bank balance as per cash book and pass book had been conducted.
- (v) The Principal of the school alleged that the original cash book had been substituted by a “fabrication” one by the Accountant.

(vi) Payees' receipts for payments to the extent of Rs. 3.31 lakhs were not made available to audit.

(vii) General receipt books, counterfoils of Challans and cheque books and certain other basic records of 1978-79 had not been made available for audit.

The basic records were thus not available and in their absence, it was not possible for audit to state that the accounts represented a true and fair picture, subject to remarks in the audit report. Hence the matter was reported to Government in March, 1981 by the Accountant General at the instance of this office.

The matter regarding making available missing records, revision of accounts, etc. was thereafter under correspondence and discussion between the school, Accountant General and Government. In the meantime the School compiled accounts for 1980-81 and 1981-82 as well and made them available for audit in August 1982. Though accounts for all years were thereafter audited, it was noticed that the basic incorrectness and unreliability of accounts of 1978-79 still continued and the missing records had not been made available to enable audit to be sure that a reliable account for past periods had been compiled. We have, therefore, advised the Accountant General to bring the matter to the notice of the Government.

Since the accuracy of the subsequent years' accounts depended on the accuracy of the year's opening cash balance (arrived at on a correct assessment of the previous year's transaction) we have not been able to certify the accounts of the subsequent years as well even though their audit has been completed."

3.6 At their sitting held on 7 September, 1983, the Committee on Papers laid on the Table considered the reasons given by the Ministry of Education and Culture in regard to delay in laying before Parliament the Audited Accounts of the School of Buddhist Philosophy, Leh-Ladakh for the years 1978-79 to 1981-82 and decided that the representatives of that Ministry might be called to appear before them to explain the delays.

3.7 At their sitting held on 1 November, 1983, the representatives of the Ministry of Education and Culture (Department of Culture) appeared before the Committee to give oral evidence on the subject.

3.8 On being enquired as to when the School of Buddhist Philosophy

Ladakh was set up, its objects and the amount of grants given to the School during the years 1978-79 to 1982-83 the Additional Secretary, Deptt. of Culture explained :

“The School of Buddhist Philosophy was set up in 1959. It was fully financed by the Department of Culture since 1962. The objectives of the School are to impart intensive study of Buddhist Philosophy along with ancient shastras. It is for the study of Hindi, Sanskrit, English and Buddhist languages ; study of modern subjects : translation of old Buddhist manuscripts and to provide facilities of research in Ladakh specially on such areas of textual material which is no longer available in the rest of India and is available only in the Monasteries of Ladakh and the collection and preservation of other material and research relating to Buddhist Archaeological sites of Ladakh.

The grants given to the Institution in 1978-79, 1979-80, 1980-81, 1981-82 and 1982-83 were Rs. 3.92 lakhs, 6.84 lakhs, 6.82 lakhs, 9.02 lakhs and 11.10 lakhs respectively.”

3.9 On being asked about the reasons for not laying on the Table of the House, the audited accounts of the School for the years 1978-79, 1979-80, 1980-81 and 1981-82, the witness stated that the Annual Reports for these years had already been laid on the Table but the Audited Accounts could not be laid because upto 1977-78 the accounts of the School were audited by the Chartered Accountants. In July, 1978 the Government decided that the accounts of all the autonomous bodies would be audited by the C & A.G. Accordingly, the A.G. J & K was requested to audit the accounts of the School. In 1978-79 the Auditors went to the School, prepared accounts and raised queries which could not be fully resolved. The same situation arose in the case of the accounts for the year 1979-80. The Audit did not agree to the form of accounts already in vogue and suggested preparation of accounts in another form which was complied with. In 1980-81, the accounts were again prepared. The Audit expressed some doubts about the accounts pertaining to the year 1977-78. This caused delay in laying the Audited Accounts. The witness informed that the accounts which had since been completed in consultation with the Auditors, would be laid on the Table of the House in December, 1983.

3.10 When asked about the nature of irregularities pointed out by the Auditors in the accounts for the year 1977-78, the witness stated :

“It appears that some amounts have remained irreconciled. For example they said that a certain case balance should have been shown.

That is not available in the accounts that have been prepared. Similarly, they have not been able to reconcile some figures in the acquaintance rolls as some records were not available. It is likely that payments might have been made but the acquaintance rolls are not there. So these are the amounts which should be considered doubtful amounts at the moment."

3.11 On being informed that the closing balance for 1977-78 was at variance with the opening balance for 1978-79, the Committee enquired about the reasons as to how the Auditor General, Jammu & Kashmir could finalise the accounts for the subsequent years. The witness stated :

"The Chartered Accountant had given the accounts for 1977-78. It was in 1978-79 that the Auditor General, Jammu & Kashmir looked into them and raised some questions. That is why, the accounts could not be finalised for the subsequent years and even now the position is that the Audit Report has placed certain amount for further investigation and that is in suspense. This will continue until it is investigated.

× × ×

× × ×

× × ×

Because of a slight doubt about the closing balance for 1977-78 and its variance with the opening balance for the year 1978-79, the other accounts could not be finalised, and, therefore, it was only after the visit of the Hon'ble members on 27th June, 1983 (*i.e.* Committee on Papers laid on the Table, Rajya Sabha) and on their recommendation that we requested the A.G. to prepare an Audit Report and an accounts statement, keeping these amount in suspense."

3.12 On any enquiry the witness informed the Committee that the delay had also occurred due to changes in the administrative set up of the School. The Committee then asked the witness to furnish a note in the matter.

The detailed note furnished by the Ministry of Education and Culture is at *Appendix III*.

3.13. The Audited Accounts of the School for the years 1978-79 to 1981-82 were laid on the Table of Lok Sabha on 22 December, 1983 together with a statement explaining the reasons for delay.

3.14 The Committee note that the Audited Accounts of the School of Buddhist Philosophy, Leh-Ladakh for the years 1978-79, 1979-80 and 1980-81 which should have been laid on the Table of Lok Sabha by 31 December, 1979, 31 December, 1980 and 31 December, 1981, respectively, were actually laid on 22 December, 1983 *i. e.* with the delay ranging from 2 to 4 years.

3.15 The Committee do not appreciate the reasons advanced by the Ministry of Education and Culture that the introduction of a new system of getting the accounts audited by the Accountant General, Jammu & Kashmir from the year 1978-79 in lieu of the earlier system of having the accounts audited from the Chartered Accountants, caused abnormal delay in finalising the accounts of the School. The Committee are also not convinced by the reasons advanced by the Ministry that the change in the set up of the Administration of the School had resulted in inordinate delay in having the accounts of the School audited.

3.16 The Committee are surprised to find that certain basic records such as Receipt Book, Cash Book, Payees' Receipt, General Receipt Books, Counterfoils of challans, Cheque Books etc. for the year 1978-79 had not been maintained in the School and hence were not made available to A.G. J & K for audit. These irregularities are of a serious nature involving financial implications and the Committee take serious note of them. The Committee feel that had the Ministry been vigilant from the beginning such a lapse would not have taken place in the said school. The Committee hope that the Ministry would pay serious attentions to this matter in order to obviate any scope for such irregularities in future.

3.17 The Committee also trust that the Ministry would lay on the Table of House the Annual Report, Audited Accounts and Audit Report thereon of the School together in future to enable the Members of Parliament to assess the performance of the School in its true perspective.

CHAPTER IV

DELAY IN LAYING AUDIT REPORTS OF COFFEE BOARD FOR GENERAL FUND ACCOUNTS FOR 1978-79, 1979-80 AND 1980-81 AND POOL FUND ACCOUNTS FOR 1977-78 AND 1978-79 (COFFEE SEASON).

4.1 In paragraph 3.5 of their First Report (Fifth Lok Sabha), presented to Lok Sabha on 8th March, 1976, the Committee on Papers laid on the Table recommended as under :

“The Committee are of the opinion that normally the Annual Report and audited accounts of autonomous organisations should be presented to Parliament together to enable the House to have a complete picture of the working of that body. This decision should not be taken to imply that laying of reports and accounts could be delayed to any length of time. The Committee recommend that the Annual Report together with audited accounts and audit report thereon for a particular year should be laid on the Table within 9 months of close of the accounting year unless otherwise stipulated in the Act or rules under which the organisation has been set up. To comply with this requirement proper time schedule should be laid down for compilation of Annual Report and accounts and their auditing. The Committee feel that normally a period of 3 months would be sufficient for compilation of accounts and their submission to audit; the next 6 months might be given for auditing of accounts; for printing of the report and sending it to Government for laying. If for any reason the report, audited accounts and audit report cannot be laid within the stipulated period of nine months, the Ministry, should lay within 30 days of expiry of the prescribed period or as soon as the House meets, whichever is later, a statement explaining the reasons why the report and accounts could not be laid within the stipulated period.”

4.2 In terms of the above recommendation, the Audit Report of the Coffee Board for 1978-79, 1979-80 (General Fund) and 1977-78 (Pool Fund) were laid on the Table of Lok Sabha on 11 December, 1981 and Audit Report for 1980-81 (General Fund) and Pool Fund (1978-79) were laid on the Table of Lok Sabha on 13 August, 1982, i.e. after a delay of 23½ months for 1978-79, 11½ months for 1979-80 and 7½ months for 1980-81. Since the Ministry of Commerce could not lay the said Reports within the stipulated period, that

Ministry laid on the Table of Lok Sabha on 11 December, 1981 and 13 August, 1982, two statements explaining the reasons therefor, in compliance with the above recommendation of the Committee. The statement read as follows:

(1) Statement for 1978-79 and 1979-80 (General Fund) and 1977-78 (Pool Fund).

"I General Fund

The delay in submission of General Fund Accounts is due to the heavy backlog in submitting earlier reports. Board has since introduced various improvements in the system of accounting and have since overtaken the backlog. A statement showing the details of accounts (pertaining to general fund) submitted to audit office is shown below :—

| Accounts for the year ended on | Accounts due at Audit Office | Actual date of submission to Audit. | Extent of delay. |
|--------------------------------|------------------------------|-------------------------------------|-----------------------|
| 31.3.1977 | 30.6.77 | 7.12.78 | 17 months 6 days |
| 31.3.1978 | 30.6.78 | 20.8.79 | 13 months 20 days. |
| 31.3.1979 | 30.6.79 | 26.6.80 | 11 months 26 days |
| 31.3.1980 | 30.6.80 | 30.6.80 | No delay |
| 31.3.1981 | 30.6.81 | 15.6.81 | No delay. |

H. Pool Fund

The out-dated accounting procedure adopted by the Board from many years past was keeping the pool fund accounts open even upto a period of 22 months with the result that the compilation and final submission of accounts were invariably delayed. The Marketing Committee of the Board in its 190th meeting held on 28th February 1980 have approved to the accounting period being limited to twelve months only from the January 1980 season onwards. It is hoped that the new system evolved would reduce the delay further. A statement showing the details

of the accounts (pertaining to Pool Fund) submitted to audit office is given below:

| Season | | Period in month | Due date for sub- mission to audit | Actual date of submission | Extent of Delay |
|--------|----------|-----------------------|---|---|--------------------|
| From | To | | | | |
| 1.1.75 | 30.9.76 | 21 | 31.12.76 | 7.9.77 | 8 months 7 days |
| 1.1.76 | 30.9.77 | 21 | 31.12.77 | 14.9.78 | 8 months 14 days |
| 1.1.77 | 31.10.78 | 22 | 31.1.78 | 25.7.79 | 5 months 25 days |
| 1.1.78 | 30.9.79 | 21 | 31.12.79 | 30.10.80 | 9 months 23 days |
| 1.1.79 | 31.10.80 | 22 | 31.1.81 | Still to be completed. | 5 months so far. |
| 1.1.80 | 31.12.80 | 12 | 31.3.81 | To be taken up after 1979 accounts are taken up | |

(2) Statement for 1980-81 (General Fund) and 1978-79 (Pool Fund)

“Final accounts of the Coffee Board (for General Fund, 1980-81 and for Pool Fund, 1978-79) were closed and submitted to audit only on 30.9.1981 owing to the delay on the part of the field units in submitting various returns and information to the Coffee Board. Accountant General, Karnataka, in turn, sent the audit reports to Government only in February, 1982 without its Hindi version.

Hindi version as well as the required number of additional copies were then got prepared. Meanwhile, Budget Session of Parliament came to a close Hence these reports are being placed on the Table of both the Houses of Parliament during its monsoon session.”

4.3. When enquired in April, 1982 whether the Board had laid down any time schedule for finalisation of different stages of the accounts and their laying before Lok Sabha, the Ministry of Commerce informed that the Board adopted several measures to avoid delay and as a result, the General Fund Account from 1979-80 were being sent to Audit on or before the due dates. It was further stated that in respect of Pool Fund Accounts, the delay was being brought down and with the expected closure of accounts for the season 1980-81 due on 1.4.1982 very shortly, there would be no arrears.

4.4 On being asked what checks were being exercised by the Ministry to ensure that the accounts of the Board do not go into arrears, the Ministry

of Commerce intimated that necessary checks were being exercised by the Ministry both at the level of Plantation Division as well as the Finance Division to ensure that the Reports are presented to Parliament in time. It had been a usual practice to review the position about the laying of Annual Reports/Accounts, etc. of the Organisations under the Ministry on the Table of both the Houses of Parliament during the inter-session periods and the defaulting organisations were reminded accordingly.

4.5 In reply to a question whether the Ministry had ever enquired from the Board why it took the Board 17 months, 13½ months and 12 months in submitting the accounts for the years 1976-77, 1977-78 and 1978-79 to the Audit when these were due for submission by 30.6.1977, 30.6.78 and 30.6.79 the Ministry of Commerce stated that there were no record to show whether the Ministry had enquired from the Board regarding delay in submission of the accounts of those year to the Audit.

4.6 The Audit Report of the Coffee Board General Fund Accounts for the year 1981-82 was laid on the Table of Lok Sabha on 16 December, 1983.

4.7 At their sitting held on 6 January, 1984, the Committee on Papers laid on the Table considered the reasons given by the Ministry of Commerce in regard to delay in laying Audit Reports of Coffee Board for General Fund Accounts for the years 1978-79 to 1980-81 and Pool Fund Account for 1977-78 and 1978-79 (Coffee Season) and decided that the representatives of that Ministry might be called to appear before them to explain the delays.

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

4.9 On being enquired during evidence, about the idea behind keeping two separate funds of Coffee Board namely General Fund and Pool Fund, the Additional Secretary, Ministry of Commerce stated that in terms of Section 30 of the Coffee Act, 1942 read with Rule 34(1) and (2) of the Coffee Rules, 1955, the Board is required to maintain two separate funds, a General Fund and a Pool Fund. The General Fund covered the expenses of the Board, on measures undertaken for promoting agricultural and technological research in the interest of the Coffee Industry in India ; grants for the development of Coffee estates ; expenses on promotion and sale of coffee and increasing their consumption in India and elsewhere ; expenses for securing better working conditions and the provision and improvement of amenities and incentives for workers in coffee estates. All sums realised from sales by the Board of Coffee from surplus pool would be credited to the Pool Fund. In view of the provi-

sions made in the Coffee Act, it was not possible for the Coffee Board and the Ministry to switch over to any other system for maintaining the accounts of the Board.

4.10 When asked to state the circumstances that led the Audit to give only one Audit Report for two years *i.e.* 1978-79 and 1979-80 whereas the accounts of the Coffee Board are compiled for each year separately, the witness informed that the General Fund Accounts for the year 1978-79 were sent to the Accountant General on 11.11.1980. Thereafter the Pool Fund Accounts for 1979-80 was sent to him on 2.2.1981. The Pool Fund Accounts for 1977-78 was sent on 23.10.1980. In that way three accounts reached the Accountant General by February, 1981. One Audit Report in respect of all the three accounts was therefore, prepared and furnished by the Auditors.

4.11 As regards the reasons for the General Fund Accounts for a year accompanying the Pool Fund Accounts of an earlier year and the measures taken to streamline the accounts, the Chairman, Coffee Board indicated that the entire Coffee in the country is delivered by the Coffee Board and the sale proceeds came into the Coffee Pool. The payment to the growers was made out of the sale proceeds of the Coffee in the Pool and it could only be done after the Coffee was sold. In the past the difficulties that had been experienced was that at the end of the financial year, Coffee Board was left over with a small percentage of Coffee, say 10% or so, with the result the Board was not able to finalise the accounts till all the Coffee was sold. Another difficulty was that the General Fund accounts of the Board were being sent in piecemeal for audit. So the first step that was taken was to streamline the accounts or to consolidate it within the Board and send a consolidated form of accounts to Audit.

4.12. On being asked what steps have been taken by the Ministry to see that the process was expedited and the reports submitted in time, the Additional Secretary, Ministry of Commerce stated that two important steps had been taken. The first major step was that there had been a redefinition and understanding about the pool Accounts. Earlier to it, until after all the Coffee of the production season was sold, the Board had to keep the accounts open. Therefore, the production season's accounts were kept for 20 months, 18 months and 19 months. The marketing Committee and the Board had taken the decision in February, 1980 that they would go by the Calendar year in finalising the accounts. The second step that had been taken was to keep a Audit Party in the Coffee Board itself who would submit one set of consolidated account instead of two, in June. So instead of two sets of audit there would be only one set of Audit. The finalisation of General Fund Accounts

were tightened up. The Pool Fund Accounting procedure had been simplified by restructuring the accounting period to one calendar year. The target would be to supply both the General Fund and the previous calendar year's Pool Fund Account with the annual report which would give a comprehensive picture of the affairs of the Coffee Board.

4.13 When asked if that was the decision of the Marketing Committee and the Board then, why till 1980, no step was taken to consolidate the accounts and to prepare or compile the accounts for that accounting year during the financial year and get them audited whereas the recommendation of the Committee on Papers laid on the Table was made in 1976, the witness stated that there was no problem about following the time schedule for the General Fund Account and to get that audited by the Audit. The decision was that the Annual Accounts should be so presented ; in case of Pool Funds, the accounts would have to be on the basis of the Calendar year because it so happened that the Coffee was produced from January onwards and it took about 12 months. So the General Fund Accounts of the Financial year and the Pool Fund Accounts of the previous Calendar year would be presented to Parliament within the desires of the Marketing Committee and the Board.

4.14 On a question why the decision was not taken by the Marketing Committee and the Board before 1980 when the recommendation of the Committee on Papers laid on the Table dated back to 1976, the Chairman, Coffee Board stated that the matter was considered by the Coffee Board, certain proposals were formulated and they were to be discussed with the Comptroller and Auditor General of India. That took some time because various accounting principles had been raised. There was some carry over stock. The question was at what value did the Board assess those stocks and when it was taken to the accounts of the following year, was it to be treated as a matter of fact, a sale? It is a fact that it took about 2-3 years for the Board to resolve those fundamental differences of accounting procedures. Thereafter the C & A.G. had accepted the position that the Pool Fund Accounts for the previous year would be placed along with the Administrative Report for the next year as well as the audited accounts of the General Fund for the same year. It was really because of the peculiar nature of the crop. He further stated that the Coffee was grown and harvested but, in the first half of the year, plucking did not take place regularly as was done in the case of Tea. The proceeds were distributed after sale because the amount was the grower's money. The product belonged to the growers and Board made the payments in four or five instalments. Ultimately reconciliation of how much was due to a planter and for his crop, could only be done if the Board had full figures of the exact quantity of Coffee that was sold and the price at which it was sold and the grade that it had. The witness further explained

that the crop had to be paid not only in terms of quality but also in terms of their grades which the grower had given to the Board. There were different prices fixed for each grade and the weighed average price had to be worked out for the whole year. These were the real difficulties which were realised by C. & A.G. and that was why he had agreed that the previous year's Pool Fund accounts ought to be clubbed up with the next years' General Fund accounts and the Administrative Report.

4.15 When enquired as to why it took 9 months for the Coffee Board to submit the accounts for the crop season (1.1.1978 to 30.9.1978) to the Audit, the witness stated as under :

“Under delay is a fact. For that the explanation is this. When you look at 1977-78 and when you are thinking of 31.3.78, then we would have the accounts ready by 30th June which the Committee has allowed. They have allowed three months for the preparation of the accounts. In this particular case, you referred to the Pool Fund Account for 1978-79. The Pool Fund Account was kept open upto 30.9.79. The Accounts were not closed until 30th September. And if you reckon from the date of the closure of the account, then the submission of the account to the Audit is still delayed. It will sound so enormous if you view it from 31.3.1979. If you will see the actual date of submission of the compiled account to the date of 23.10.80, what the Audit has done is that from 30.9.79 till October, 1980, they have taken about a year. If you look at it from the point of view of the submission of accounts in June 1979, it comes to 2½ years. 1978-79 is even worse. If you refer to 1978-79 financial year, then we have to expect the accounts in June, 1979 and the accounts were kept open until 30.10.80. If you look at it from 31.10.1980, then, the delay is not so much.”

4.16. On being asked the witness assured the Committee that Annual Report for the year 1982-83 and the General Fund Account of the same year would be laid on the Table of the House in the Budget Session of 1984 but it would not be possible to lay the Pool Fund Accounts of 1982-83 in the said Budget Session. It would be laid later on as and when it is audited by the Auditors.

4.17 The Committee are concerned to note that it took for the Coffee Board 17 months, 13½ months and 12 months in submitting the accounts for 1976-77, 1977-78 and 1978-79 to the Audit whereas these were due for submission by 30 June, 1977, 30 June, 1978 and 30 June, 1979 respectively and the Ministry of Commerce did not remind the Coffee Board during the delay period. The Committee note with regret that the recommendation of the

Committee on Papers laid on the Table contained in paragraph 3.5 of their First Report (Fifth Lok Sabha), presented to Lok Sabha on 8 March, 1976, was not complied with either by the Ministry or the Coffee Board. Had the Ministry and the Coffee Board been serious in following the aforementioned recommendation of the Committee, there would not have been such abnormal delays.

4.18 The Committee trust that a time bound programme will be drawn up by the Ministry of Commerce in consultation with the Coffee Board, to ensure strict observance of the norms prescribed by the Committee for laying the Annual Reports and Audited Accounts of the Board before Parliament, in time, in future.

4.19 The Committee are constrained to observe that had the Marketing Committee and the Board taken a decision before February, 1980 to go by the Calendar year in finalising the accounts and keeping one set of audit instead of two and simplifying the Pool Fund accounting procedure by restructuring the accounting period to one Calendar year, there would not have been such abnormal delays at least at the stage of compilation of accounts and their auditing. The Committee hope that the Ministry and the Board would follow the decision thus arrived at by the Marketing Committee and the Board and see that both the General Fund and previous year's Pool Fund Accounts are laid before Parliament together with the Annual Report with a view to present a comprehensive picture of the affairs of the Coffee Board.

CHAPTER V

DELAY IN LAYING ANNUAL REPORTS OF THE KARNATAKA CASHEW DEVELOPMENT CORPORATION LIMITED FOR THE YEARS 1978-79 TO 1980-81

5.1. The Annual Reports of the Karnataka Cashew Development Corporation Limited for the years 1978-79, 1979-80 and 1980-81 Weve laid on the Table of Lok Sabha on 11 April, 1983 alongwith statements (Appendices IV, V and VI) of reasons for delay and 'Review' of Government thereon.

5.2 In terms of the recommendation of the Committee on Papers laid contained in paragraph 4.16 of their Second Report (Fifth Lok Sabha). the Annual Reports for the years 1978-79, 1979-80 and 1980-81 should have been laid on the Table of the House by 31 December, 1979, 31 December, 1980 and 31 December, 1981, respectively.

5.3 On being asked whether the Ministry of Agriculture were aware of the difficulties faced by the Corporation in getting the Report translated and printed in Hindi and whether permanent arrangements were made for translation of the Reports of the Corporation, the Ministry stated :

"The matter was pursued at every stage with the Corporation. The Corporation was asked from the very beginning to send Hindi version of the Annual Reports alongwith the English version. In fact, the matter was taken at the level of the Chief Secretary and later a particular reference was made through the demi-official letter addressed to Secretary, Food and Forest Department, Government of Karnataka. The problem of having Hindi translation quickly was also discussed by the representatives of this Ministry on the general body of the Corporation in its meeting held in December, 1982. In fact, in response to our request even though the Corporation made a number of attempts, they could not obtain suitable persons for translating the copies into Hindi. Despite this, they have now made informal arrangements for getting the English version translated into Hindi."

5.4 The Ministry of Agriculture gave the following reasons for taking 13 months time instead of 3 months after close of the accounting year, in compiling the accounts for the year 1979-80 :

"The Corporation was formed only on 14-2-1978. The registered office was situated in Bangalore whereas the fields were situated far away.

Moreover, there were no separate accounts staff for maintaining the accounts of the Karnataka Cashew Development Corporation. This Corporation was functioning alongwith its sister concern Karnataka Forest Plantation Corporation Limited and the accounts work was done by the staff of the Karnataka Forest Plantation Corporation Limited. Thus the finalisation of this Corporation's accounts was delayed alongwith the accounts of the Karnataka Forest Plantation Corporation Limited which is a big concern."

5.5 As regards percentage of equity participation of the Central and State Governments in the Corporation, the Ministry of Agriculture furnished the following information :

"The percentage of equity participation of the Centre and the State Government is 30.55 and 69.45 respectively as on 31-3-1983. In this connection, it would be worthwhile to point out that the scheme entitled 'Equity participation in the Karnataka Cashew Development Corporation' which was in the Central Sector till 1978-79 was transferred to the State Sector, as a result of the policy decision taken by the National Development Council in which the State Government also give their concurrence. As a result of this decision, the responsibility of providing financial support to the Karnataka Cashew Development Corporation for equity participation was totally of the State Government. It was because of this reasons that Government of India did not make any equity participation beyond 1978-79. The total amount contributed by the Central Government stands at the same figure i.e. Rs. 44 lakhs which was contributed during 1977-78 and 1978-79."

5.6 Para 2.1 of Annual Report of the Corporation for the year 1980-81 reads as under:

"The Government of India has not paid the balance of Rs. 44 lakhs equity even though due and instead have written, that in accordance with the recent policy of the Govt. of India, financing the Central Sector schemes have been transferred to the State Government and the Corporation is required to obtain the Govt. of India Share Capital from the State Government. This matter is being pursued with the State Govt. and Govt. of India."

The Ministry of Agriculture were asked to intimate the year from which the above said policy became effective and the impact of that policy on the laying of Annual Reports of the Corporation on the Table of the House. the

Ministry informed as under :

“The decision came into effect from the year 1979-80. The issue raised here is important. As already explained above, the scheme is now totally in the State sector. The Government of India have decided not to make any further share capital, contribution on the basis of the decision of the National Development Council which was concurred in by the State also and was part of an overall policy decision to transfer Central/Centrally sponsored schemes to the State sector alongwith corresponding plan resources. Today the Government of India's share capital contribution stands at only 30.55% and is likely to go down further, as the State contribution is increased for meeting the additional requirements of the Corporation. For all practical purposes, therefore, the Karnataka Cashew Development Corporation is laid only before the State Assembly. Therefore, it is felt there is no need of placing the Annual Report before the Parliament.

In fact this point was raised in a letter which was addressed to Rajya Sabha Secretariat *vide* this Ministry's Office Memorandum No. 12-10/82 CA I dated 18-8-82. It may again be stressed that in the circumstances stated above, this particular Corporation may be exempted from the requirement of submitting the Annual Reports before the Parliament. However, we have already taken action for obtaining the reports for 1981-82 and the Corporation has also been directed to see that there is no delay in submission of Annual Reports in future.”

5.7. Under the provisions of Section 617 of the Companies Act, 1956, Government Company means a Company in which not less than 51% of the paid up share capital is held by the Central Government or by any State Government or partly by Central Government and partly by one or more State Governments and includes a company which is subsidiary of a Government Company thus defined.

Section 619A(1) of the Companies Act, 1956 reads as follows :

“Where the Central Government is a member of a Government company, the Central Government shall cause an annual report on the working and affairs of that company to be—

- (a) prepared within 3 months of its annual general meeting before which the audit report is placed under sub-section (5) of section 619 ; and
- (b) as soon as may be after such preparation, laid before both Houses of Parliament, together with a copy of the audit report and any comments upon, or supplement to the audit report, made by the C & A.G.”

5.8 At their sitting held on 7 September, 1983, the Committee on Papers laid on the Table considered the reasons given by the Ministry of Agriculture in regard to delay in laying the Annual Reports of the Karnataka Cashew Development Corporation Limited for the year 1978-79 to 1980-81 and decided that the representatives of that Ministry might be called to appear before them to explain the delay.

5.9 At the sitting of the Committee held on 1 November 1983 the representatives of the Ministry of Agriculture appeared before the Committee to give oral evidence on the subject.

5.10 When asked during evidence to explain the difficulties which caused abnormal delay in submitting the Annual Reports of the Corporation the representatives of the Ministry stated :

“This Corporation was set up in February, 1978. So, in the first year, they did not have much difficulty in finalising the accounts. The accounts were initially compiled within a period of less than three months or so. But when it was started as a sort of sister concern of another big existing Corporation, that is, Karnataka Forest Development Corporation, the two Corporations were together and the staff was common. That is why till the separation of these two Corporations, there were not much difficulties. But when the staff of the two Corporations were separated, the Headquarters of this Corporation was shifted from Bangalore to Mangalore. That also presented some difficulty in bringing up the accounts etc. In the old Corporation they maintained the Commercial accounting system. They did not initially get adequate knowledge of this system of accounting and they were not familiar with the commercial accounting system and that is why this got delayed. Then the very nature of work which the Corporation was doing was difficult, that is taking up very small areas of isolated patches where they have rehabilitated the existing cashew nut plantations, taking up new plantations in isolated different patches which resulted in 14 or 15 disbursing points. All this resulted in delay. But subsequently arrangements were made to do it more quickly.”

5.11 As regards the relationship between the Karnataka Cashew Development Corporation and the Karnataka Forest Plantation Corporation, the witness stated that there was no financial connection between the two Corporations and that since the work was not much when the Corporation was started, the work had to be carried on with the existing staff of the other Corporation.

5.12 As regards the reasons for seeking exemption from the require-

ment of laying of the Annual Reports of the Corporation on the Table of the House, the witness stated :

...“We are quite aware of the legal position about the submission of the Annual Report. The Comptroller and Auditor General of India had written to the Department of Parliamentary Affairs and it was in that connection that we had said that we have not asked for exemption formally.

× × ×

× × ×

× × ×

I regret that the wording has not been very happy in that letter. What we meant to convey was that it is very substantially a state venture. We would continue to place the Report on the Table of the House irrespective of the quantum of share, the statutory obligation is there.”

5.13 Asked to state the arrangements made for translation of Annual Reports of the Corporation, the witness stated that the Corporation had made permanent arrangement to make Hindi version available simultaneously.

5.14 On being asked to explain the reasons for delay in compiling the accounts of the Corporation for the years 1979-80 and 1980-81, the witness stated that initially the Karnataka Cashew Development Corporation did not have adequate accounting personnel and had to utilise the services of the technical hands of the Karnataka Forest plantation Corporation for accounting purposes and they gave a secondary preference to this work. He, however, assured the Committee that since the Corporation had now appointed accounts knowing staff including Chartered Accountants there would be no difficulty in the maintenance and compilation of these accounts in future.

5.15 Asked to state the position about the Annual Report of the Corporation for the year 1981-82, the witness informed the Committee that the accounts as adopted by the Board of Directors on 17 September, 1983 had been submitted to C & A.G. for obtaining his comments early and for being placed before the Annual General Meeting for their approval. He assured that the Annual Report for 1981-82 would positively be laid on the Table by March, 1984.

5.16 The Committee then pointed out that in case the Annual Report was not laid on the Table within the prescribed period of 9 months after close of the accounting year, the Ministry should lay a statement of reasons for delay within 30 days from the expiry of the prescribed period and if the House was not in session the statement should be laid within 7 days of reassembly of the House. The witness admitted that the Ministry had not

laid on the Table any such statement in the Past. He assured the Committee that the Committee's guidelines in that regard would be followed in future.

5.17 The Committee are unhappy to note that the Annual Reports of the Karnataka Cashew Development Corporation for the years 1978-79, 1979-80 and 1980-81 were laid on the Table of Lok Sabha with an inordinate delay of 39½ months, 27½ months and 15½ months respectively.

5.18 From the statement laid by the Ministry of Agriculture, the Committee note that in the case of Annual Report for the year 1978-79, the accounts were compiled in time *i.e.* within 3 months of the close of the accounting year but the Corporation took 3 years after approval of the Report in translating the Annual Report. The explanation given by the Ministry that though the corporation made a number of attempts, they could not obtain suitable persons for translating the copies in Hindi, is hardly convincing. The Committee feel that the Ministry of Agriculture did not make sincere efforts in getting the translation work done in time and have the Annual Reports laid on the Table of the House within 9 months from the close of the accounting year already prescribed by the Committee. The Committee hope that the Ministry would be more careful in this regard in future.

5.19 The Committee find that the Corporation took 13 months instead of 3 months recommended by the Committee on Papers laid on the Table, in compiling the accounts for the year 1979-80 and one year in translating the Annual Report. Similarly it took 6 months in compiling the accounts for 1980-81 and 3½ months in translating the Annual Report. The justification given by the Ministry of Agriculture that since the Karnataka Cashew Development Corporation was functioning along with its sister concern Karnataka Forest Plantation Corporation Limited and the accounts were maintained by the staff of Karnataka Forest Plantation Corporation Limited, the finalisation of accounts was delayed alongwith the accounts of that Corporation, is hardly convincing. The Ministry should have seen that the accounts of the Karnataka Cashew Development Corporation which was a separate organisation was maintained independently with a view to have the compilation of their accounts done within 3 months from the close of the accounting year as already recommended by the Committee on Papers laid on the Table in paragraph 3.5 of their First Report (Fifth Lok Sabha).

5.20 The Committee desire that in order to comply with the aforementioned recommendation of the Committee on Papers laid on the Table, a proper time bound programme should be drawn up by the Ministry in consultation with the Karnataka Cashew Development Corporation for compilation of

accounts, their auditing, adoption, translation, printing and sending to the Ministry for laying on the Table of the House, in time.

5.21 The request made by the Ministry of Agriculture to exempt the Corporation from the requirement of laying the Annual Reports on the Table of the House on the ground that the Government of India's share capital contribution stands at only 30.55% and is likely to go down further thus making the Corporation totally a state venture, is not acceptable as it is already provided in Section 619A(1) of the Companies Act, 1956 that where the Central Government is a member of a Government Company, the Central Government shall cause an annual report on the working and affairs of that Company to be prepared and laid before both the Houses of Parliament together with a copy of the audit report. The Committee would, therefore, advise the Ministry to continue laying the Report of the Karnataka Cashew Development Corporation irrespective of the fact that the Central Government do not have majority of the shares in the Corporation.

CHAPTER VI

LAYING BEFORE PARLIAMENT THE ANNUAL REPORT AND AUDITED ACCOUNTS OF THE ORGANISATIONS RECEIVING GRANTS FROM GOVERNMENT.

6.1. The Committee on Papers laid on the Table have, in paragraphs 1.12 and 1.14 of their Second Report (Sixth Lok Sabha) recommended as under :

“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.”

“1.14 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.”

6.2. The organisations which receive grants from the Consolidated Fund of India and whose Annual Reports/Audit Reports are not laid on the Table of the House, are as under :

I. National Institute of Rural Development

The Audited Accounts of the National Institute of Rural Development are laid on the Table but the Annual Report is not laid on the pretext that it forms part of the Annual Report of the Ministry of Rural Development whereas in paragraph 3.5 of their First Report (Fifth Lok Sabha), the Committee on Papers laid on the Table have recommended that normally the Annual Report and Audited Accounts of autonomous organisations should be

presented to Parliament together to enable the House to have a complete picture of the working of that body.

II. J & K Horticulture Produce Marketing and Processing Corporation, Srinagar.; and.

III. The Rehabilitation Plantations Limited, Punalur.

Under the provisions of section 617 of the Companies Act, 1956, Government Company means a company in which not less than 51% of the paid up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments and includes a company which is subsidiary of a Government company thus defined.

Section 619A(1) of the Companies Act, 1956 reads as under :

“Where the Central Government is a member of a Government company, the Central Government shall cause an annual report on the working and affairs of that company to be—

- (a) prepared within 3 months of its annual general meeting before which the audit report is placed under sub-section (5) of section 619 ; and
- (b) as soon as may be after such preparation lay before both Houses of Parliament together with a copy of the audit report and any comments upon, or supplement to the audit report, made by the C. & A.G.

In 1980-81, 40% of the paid up share capital in the J & K Horticulture Produce Marketing and Processing Corporation was held by the Government of India, 50% by the State Government and the remaining 10% by the fruit growers. Similarly, in the Rehabilitation Plantation Limited, Government of India held 40.5% and the State Government 59.5% of the paid up share capital in the year 1981-82. The Annual Report and Accounts of these Companies are not laid on the Table of the House, because according to the Ministry these Companies are State Government Corporations and majority of shares are held by the State Governments concerned.

IV. Cooperative Canteen Societies

The Department of Atomic Energy runs a number of Cooperative Canteen societies and gives financial assistance to them. If the financial assistance given to these cooperative canteen societies is put together it runs into many lakhs of rupees. For instance in 1979-80 and in 1980-81 it amounted to Rs. 13,09,480.91 and Rs. 16,45,284.62 respectively.

V. Himalayan Mountaineering Institute, Darjeeling ; and

VI. Nehru Institute of Mountaineering, Uttarkashi.

The Himalayan Mountaineering Institute, Darjeeling and the Nehru Institute of Mountaineering, Uttarkashi are Societies registered under the Societies Registration Act, 1860.

The Government sanctioned the following grants to the Himalayan Mountaineering Institute, Darjeeling.

| Year | Grant sanctioned |
|---------|------------------|
| 1979-80 | Rs. 3,17,325/- |
| 1980-81 | Rs. 3,63,149/- |

The net expenditure on the Institute after deducting all the receipts including annual contributions received from some State Governments is shared in the following manner between the Government of India and Government of West Bengal :

| | Capital | Recurring/non-recurring |
|----------------------------------|--------------|-------------------------|
| Government of West Bengal | 30% | 50% |
| Ministry of Defence | 2/3rd of 70% | 2/3rd of 50% |
| Ministry of Education | 1/3rd of 70% | 1/3rd of 50% |

As regards the control exercised by the Central Government over the Himalayan Mountaineering Institute, Darjeeling, the Ministry of Defence stated as under :

“The Superintendence, direction and control of the affairs and concerns of the Institute vest in the Executive Council of which the Prime Minister is the President and the Chief Minister, West Bengal is the Vice-President. The Council includes representatives each from the Ministry of Defence, the Ministry of Education and Culture and Government of West Bengal. The representatives of the Ministry of Defence and the Government of West Bengal act as Secretaries of the Institute. It is also proposed to include representatives of the Ministry of Finance in the Executive Council of the Institute. The day to day functioning of the Institute is under the direct charge of the two Secretaries of the Institute. One Secretary is nominated by Government of India and other by the Government of West Bengal.”

In the Nehru Institute of Mountaineering, Uttarkashi, the Government sanctioned grants as mentioned below :

| Year | Grant Sanctioned |
|---------|------------------|
| 1979-80 | Rs. 3.56,513/- |
| 1980-81 | Rs. 3,52,632/- |

The net expenditure on the Institute after deducting all receipts is shared in the following manner between the Government of India and the Government of Uttar Pradesh :

| | Capital | Recurring/non recurring |
|-----------------------------|---------|---|
| Government of Uttar Pradesh | 50% | 50% of first Rs. 6 lakhs and 100% beyond Rs. 6 lakhs. |
| Ministry of Defence | 50% | 50% of Rs 6 lakhs whichever is less. |

The share of recurring/non-recurring expenditure of the Ministry of Defence was Rs. 2 lakhs per annum upto 1977-78. It was raised to Rs. 3 lakhs per annum during 1978-79 to 1980-81. and to Rs. 4 lakhs per annum during 1981-82. The ceiling has been further raised to Rs. 6 lakhs from 1982-83.

Regarding the nature of control exercised by the Ministry of Defence over the Nehru Institute of Mountaineering, Uttarkashi, the Ministry stated as follows :

“The superintendence/direction and control of the affairs and concerns of the Institute vest in the Executive Council of which the Defence Minister is the President and the Chief Minister of Uttar Pradesh is the Vice-President. The Council includes three representatives of the Ministry of Defence. The Chief Secretary of U.P. and the representatives of the Ministry of Defence act as Secretaries of the Institute. It is also proposed to include a representative of the Ministry of Finance in the Executive Council. The day to day functioning of the Institute is under the direct charge of the two Secretaries of the Institute. One Secretary is nominated by Government of India and the other by the Government of Uttar Pradesh.”

As regards the reasons for not laying before Parliament the Annual Reports and Audited Accounts of the Himalayan Mountaineering Institute, Darjeeling and the Nehru Institute of Mountaineering, Uttarkashi, the Ministry of Defence has stated as under :

“The net expenditure of the Institute is shared between the Government of India and the respective State Governments. Besides, H.M.I. also gets some grants from some other State Governments. The Institutes are registered private bodies in their respective States and therefore, at best one may say, the State Legislature would be concerned with their accounts and annual reports. In this connection, it may also be mentioned that the staff of the Institutes is subject to the rules and regulations of the respective State Governments for the purposes of discipline, control and pay etc. Since these are private registered bodies normally they should not be made responsible to the Parliament. Further, since Executive Councils of these Institutes are represented by the Prime Minister (in the case of H.M.I.), Defence Minister (in the case of N.I.M. Chief Ministers of the State Government concerned in addition to M.P.s., Minister of State Government (in the case of H.M.I.) and other responsible members like Shri H.C. Sarin, Defence Secretary, Chief Secretary, U.P. (in the case of N.I.M.) and high officials and the Executive Councils go through the Audit Reports of the Institutes in great detail every year, it is felt that there is no reason to burden the Parliament with responsibility again.....”

VII. Coal Mines Provident Fund Organisation

This is an autonomous body under the control of the Ministry of Energy. During the years 1979-80 and 1980-81 the Organisation received grants of Rs. 9.77 lakhs and Rs. 11.00 lakhs, respectively. Their Annual Report and accounts are not laid on the Table, as there are no statutory provisions for the same, but are presented to the Central Government. A chapter on the activities of the organisation is included in the Annual Report of the Ministry.

The Ministry have stated that in the absence of any statutory provisions, the annual reports/accounts of the Organisation are not being laid on the Table of the House.

VIII. Indian Council for Cultural Relations, New Delhi

This is an autonomous body created by a resolution dated 21.8.1949 of the Ministry of Education. It came into existence on 27.11.1949. It was registered under the Societies Act on 13.3.1957. The Government grants sanctioned to this organisation in 1979-80 and 1980-81 were as under :

| <i>Year</i> | <i>Grants Sanctioned</i> |
|-------------|---------------------------|
| 1979-80 | Rs. 169.20 lakhs (91.67%) |
| 1980 81 | Rs. 190.68 lakhs (90.91%) |

According to the Ministry of External Affairs, the Annual Reports and accounts of the Council are not laid on the Table of the House because there is no provision in the Constitution of the Council for the purpose. The administrative control is exercised by the Ministry of External Affairs by way of specific provisions in the Constitution of the Council as given below :

- (i) Appointment of posts, the scale of pay of which exceed Rs. 2,000/- p.m. will be filled in consultation with the Government of India.
- (ii) The Foreign Secretary to the Government of India shall be Ex-officio Vice-President of the ICCR.
- (iii) The Financial Adviser of the Ministry of External Affairs, Government of India shall be the Financial Adviser of the Council.

6.3 The Committee on Papers laid on the Table considered the above matter at their sitting held on 7 September, 1983.

6.4 The Committee find from the information furnished by the concerned Ministries and Departments of the Government of India that the organisations like (i) National Institute of Rural Development ; (ii) J.K. Horticulture Produce Marketing and Processing Corporation, Srinagar; (iii) Rehabilitation Plantation Limited, Punalur; (iv) Co-operative Canteen Societies ; (v) Himalayan Mountaineering Institute, Darjeeling ; (vi) Nehru Institute of Mountaineering Uttarkashi; (vii) Coal Mines Provident Fund Organisation ; and (viii) Indian Council for Cultural Relations, New Delhi though receive grants from the Consolidated Fund of India yet their Annual Reports and Audit Reports are not laid on the Table of the House.

6.5 In respect of the National Institute of Rural Development, the Committee note that although the Audited Accounts of the Institute are laid on the Table of the House, the Annual Report is not laid. The argument adduced by the Ministry of Rural Development that the Annual Report of the Institute is not laid on the Table because it forms part of the Annual Report of the Ministry, is not at all convincing. The Committee on Papers laid on the Table have already recommended in clear terms in paragraph 3.5 of their First Report (Fifth Lok Sabha) that the Annual Reports and Audit Reports all the autonomous organisations should be laid together so that Parliament has a complete picture of the performance of the organisation and its financial stability. The Committee, therefore, recommend that the Ministry of Rural Development should lay on the Table of the House the Annual Report of the Institute also so that both the documents are available to the Members of Parliament at

the same time. The Committee trust that the Ministry would take necessary steps in this regard.

6.6 In the cases of the J & K Horticulture Produce Marketing and Processing Corporation and the Rehabilitation Plantation Limited, the Committee find that both are Government companies in terms of Section 617 of the Companies Act whose reports are required to be laid before Parliament as well as State Legislatures under Section 619(1) and (2) of the Companies Act, 1956. It is regrettable that inspite of the Statutory provisions, the Annual Reports of none of the aforementioned companies are placed before Parliament. The argument advanced by the Ministry of Agriculture and the Ministry of Rehabilitation that the Annual Reports are not laid before Parliament because the majority of shares are held by the State Governments cannot stand scrutiny in view of the aforementioned statutory provisions. It is a serious lapse on the part of the Ministries concerned to keep Parliament in dark about functioning of these corporations in which Central Government have invested a substantial capital. The Committee recommend that urgent steps should be taken to lay the Annual Reports and Audited Accounts of both the Corporations before Parliament.

6.7 In regard to the Co-operative Canteen Societies run by the Department of the Atomic Energy, the Committee note that the Department of Atomic Energy renders financial assistance to a large number of small co-operative canteen societies under it, at various places in the country. These canteens are run for the welfare of the staff. The Committee feel that the compilation of Annual Reports of each and every canteen would be cumbersome and not commensurate with the labour involved. The Committee, therefore, recommend that the Department of Atomic Energy should include a chapter in respect of all the Co operative Canteen Societies run by it, in its Annual Report indicating the money spent on each of them, during the year.

6.8 The Committee note that the Himalayan Mountaineering Institute, Darjeeling and the Nehru Institute of Mountaineering, Uttarkashi are of national importance getting handsome grants from the Centre as well as from the concerned State Governments. From the information given by the Ministry of Defence it is clear that there is a good amount of involvement of the Central Government in the affairs of these Institutes as officials of the Ministries of the Government of India and of State Governments are represented in the Executive Council. Their Annual Reports and Audited Accounts are, however, not laid before Parliament. The reason given by the Ministry of Defence that these Institutes being registered private bodies in their respective States, the State Legislatures would be appropriately concerned with their Annual Reports and Accounts, is not justified because the net annual expenditure

shared by the Central Government in the Himalayan Mountaineering Institute, Darjeeling and the Nehru Institute of Mountaineering, Uttarkashi is 70% and 50% respectively. Further, the share of recurring and non-recurring expenditure of Ministry of Defence on these Institutes is increasing every year. From Rs. 2 lakhs per annum upto 1977-78 it has been raised to Rs. 6 lakhs from 1982-83. The Committee feel that the Parliament should more appropriately be concerned with the Annual Reports and accounts of these Institutes than the State Legislatures concerned. The Committee, therefore, recommend that the Ministry of Defence should lay before Parliament the Annual Reports and Audited Accounts of both the aforementioned Institutes within 9 months of the close of their accounting year.

6.9 As regards Coal Mines Provident Fund Organisation, the Committee note that it receives substantial grant from the Ministry of Energy, but its Annual Reports and Audited Accounts are not laid before Parliament. The reason advanced by the Ministry that there are no Statutory provisions for doing so, is hardly convincing. The Committee urge upon the Ministry of Energy to follow the recommendations of the Committee on Papers laid on the Table contained paragraphs 1.12 and 1.14 of their Second Report (Sixth Lok Sabha), by amending the Statutes, if necessary, and lay the Annual Report and Accounts of the Coal Mines Provident Fund Organisation before Parliament.

6.10 As far as the Indian Council for Cultural Relations, New Delhi is concerned the Committee note that the council receives more than 90% of its grant from the Centre every year, as is evident from the grants sanctioned during the years 1979-80 and 1980-81. The Committee is unhappy to note that despite such heavy grants given to them, their Annual Report and Audited Accounts are not laid before Parliament. The Committee recommend that the Ministry of External Affairs should impress upon the Council to submit their Annual Report and Audited Accounts for laying on the Table of the House.

NEW DELHI :
2 May, 1984

KRISHNA SAHI,
Chairman,

12 Vaisakha, 1906 (Saka)

Committee on Papers laid on the Table.

APPENDIX I

(Vide para 2.2 of Chapter I)

STATEMENT EXPLAINING THE REASONS FOR DELAY IN LAYING THE ANNUAL REPORT AND AUDITED ACCOUNTS OF THE INDIAN INSTITUTE OF ADVANCED STUDY, SIMLA FOR THE YEARS 1977-78 AND 1978-79 ON THE TABLE OF THE LOK SABHA

A Statement was laid on the Table of the Lok Sabha in February, 1979, explaining the reasons for not laying on the Table the Annual Report and audited accounts of the Indian Institute of Advanced Study, Simla for the year 1977-78, by the then Minister of Education, Social Welfare and Culture. According to the rules of the Institute the annual report and the Annual audited accounts together with the audited report thereon, have to be placed before the Annual General Meeting of the Society for consideration and approval. Though these documents for the year 1977-78 were ready, they could not be considered by the Society as no meeting of the Society took place during 1979. During that period, the Government was considering proposals for restructuring the Institute on the recommendations of a Committee appointed to review its functioning. As these proposals involved major changes in the structure of the Institute, it was felt that the meetings of the Governing Body and the society should be convened after the final views of the Government were available,

2. In June, 1979, the Government decided that the Institute should be closed down with effect from September 1, 1979. This decision was reviewed in August, 1979 and it was decided to defer its implementation till March 31, 1980, and to consider, in the meanwhile, whether the Institute should be wound up or its functioning improved through suitable measures. Various possibilities for restructuring the Institute are being examined. It is likely that a final decision would be taken before the close of the current financial year. In the absence of a firm indication about the future of Institute, it has not been possible to convene the meetings of the General Society to transact normal and routine business like consideration of Annual Report, audited accounts, etc. The audit of the Institute's accounts for the year 1978-79 has

been completed and the audit report is awaited from the Accountant General, Himachal Pradesh. As far as the annual report is concerned, the Institute had not undertaken any significant programmes during 1978-79 due to the reasons mentioned above. In these circumstances, it has not been possible for the Government to lay on the Table of the Sabha the Annual Report and audited accounts of the Indian Institute of Advanced Study, Simla for the years 1977-78 and 1978-79 within the stipulated period.

APPENDIX—I

(Vide paragraph 2.2 of Chapter I)

STATEMENT EXPLAINING THE REASONS FOR DELAY IN LAYING OF THE ANNUAL REPORT AND AUDITED ACCOUNTS OF THE INDIAN INSTITUTE OF ADVANCED STUDY, SIMLA FOR THE YEARS 1977-78, 1978-79 AND 1979-80 ON THE TABLE OF THE LOK SABHA/RAJYA SABHA

The Indian Institute of Advanced Study, Simla is an autonomous body registered under the Societies Registration Act, and is fully financed by the Government of India. Its Memorandum of Association and Rules do not make any provision that the Annual Report of the Institute, along with Audited Accounts, should be placed on the Tables of both Houses of Parliament. However, on the recommendation of the Committee on Papers laid on the Table, the Institute has been advised to make a provision in their Rules under which the Annual Report and Audited accounts of the Institute, after they are approved by the General Body of the Institute, should be placed before both Houses. Further in accordance with the recommendations of the Committee on Papers laid on the Table, Annual reports and Audited Accounts of Institutions financed from funds voted by Parliament have to be placed before both Houses of Parliament, whether or not there is any specific provision for this purpose in their Rules.

2. A Committee appointed by the Government in September, 1977, to review the functioning of the Institute, submitted its reports in May, 1978. Pending consideration and decisions on the recommendations of the Committee, the Institute did not initiate any new programmes from 1978. No new appointments were made. In fact, even the authorities of the Institute did not hold any meeting pending the Government's decision on the Review Committee's recommendations.

3. In June, 1979, the Government decided that the Institute should be wound up with effect from September 1, 1979. This decision was later reviewed and it has since been decided that the Institute should continue to function subject to reorganisation and restructuring of its programme and activities. An expert Committee has been appointed to recommend the details for restructuring the Institute. The Committee's work is in progress and it is expected that its recommendations would be available shortly.

4. My predecessors have laid on the Tables of both Houses in February 1979 and January 1980, statements explaining the reasons for not laying the Annual Reports and Audited accounts of the Institute for the years 1977-78 and 1978-79. Till the Institute is restructured, and its General Society and Governing Body are reconstituted, the Institute will not be in a position to undertake any new programmes. Meanwhile, the Institute has been incurring the expenditure on the maintenance of the estate, payment of salaries to a skeleton academic staff in position and the administrative staff. The accounts of the Institute for the years 1977-78, 1978-79 and 1979-1980 have been audited by the Accountant General, Himachal Pradesh and Chandigarh. However, pending final decision on the future structure of the Institute, the General Society of the Institute has not been reconstituted, which has to consider and approve the annual report and accounts. For these reasons, it has not been possible for the Government to lay on the Table of the Sabha the Annual Report and the audited accounts of the Indian Institute of Advanced Study, Simla, since 1977-78.

APPENDIX—III

(Vide para 3.12 of Chapter III)

THE NOTE FURNISHED BY THE MINISTRY OF EDUCATION AND CULTURE ON DELAY IN LAYING ANNUAL ACCOUNTS OF THE SCHOOL OF BUDDHIST PHILOSOPHY, LEH-LADAKH.

The School of Buddhist Philosophy (now known as Central Institute of Buddhist Studies), Leh was established in 1959. The School is registered as an autonomous organisation under the J&K Societies Registration Act and is fully financed by the Government of India. The School is managed by a Board of Management and the Additional Secretary in the Department of Culture is the Ex-officio Chairman of the Board. The School is headed by a Principal. The first Principal of the School was Shri Eshey Thupstan who resigned in 1967. He was succeeded by Shri Lochos Rinpoche. He also resigned in 1973. The School has also a post of Administrative Officer. After the resignation of the last Principal in 1973, the School appointed Shri M.L. Mattoo as Principal of the Institution in addition to his duties as the Administrative Officer till the post of Principal was filled on regular basis.

The post was filled in June, 1979 through normal process of selection and Shri Tashi Paljor was appointed as Principal. When Shri Paljor took over the charge of the Principal on 8th June, 1979, Shri Mattoo left without handing over the charge to him. Shri M.L. Mattoo thereafter filed a writ petition in J & K High Court against the appointment of Shri Tashi Paljor. The Court passed an order on 29th October, 1981 quashing the appointment of Principal. As a result of this Shri Tashi Paljor was designated by the Board of Management as Additional Principal.

The qualifications for the post of Principal were reviewed in the light of several complaints and representations received from local Lamas mentioning that head of such institution should possess not only the knowledge of the local language but also essential Buddhist qualifications. The Board of Management in its meeting held on 2nd December, 1981 decided that the head of the Institute should possess qualifications in Buddhist Philosophy as the Institution was fast developing into Research and Training Institution Buddhist Studies.

The post of the Principal with the revised qualifications was again advertised in January, 1982. Shri M.L. Mattoo filed again a writ petition against the filling up the post of the Principal on the basis of the said advertisement and the case is pending in the J & K High Court at present. With a view to run the School affairs smoothly the Chairman of the Board of Management has authorised the Deputy Commissioner, Leh to exercise all powers of the Principal in his capacity as the Vice Chairman of the Board. Shri Tashi Paljor is now working as the Additional Principal.

Shri M.L. Mattoo is getting his regular pay and allowances from the Institute. In the meeting of the Board of Management held on 23rd June, 1983 it was decided to withdraw the additional charge of the post of Principal given to Shri Mattoo in 1973 and henceforth he would function only as Administrative Officer which is his substantive post.

It may be incidentally mentioned here that at the time of the selection of the new Principal in June, 1979, Shri M.L. Mattoo, in his capacity as Drawing and Disbursing Officer, withdrew some amount of which no accounts are available and it is on account of this disputed amount the Audit Report of the Institute was held up since 1978-79.

During the last visit of the Committee of Rajya Sabha on Papers laid in the House, to Leh in June, 1983 it was decided that this disputed amount should be kept in suspense and audited through special audit. Meanwhile the Department of Culture should take up with CAG requesting them to approach AG, J&K to certify the accounts of the Institute for the last four years. The A.G., J&K certified the Audited statement of accounts of the Institute for 1978-79 till 1981-82 and sent their audit report.

The Advocate General of J & K was specially called to Delhi by the Department of Culture and was requested to get in touch with the learned Jammu & Kashmir High Court and get the date of hearing expedited. The Department of Culture have been vigorously pursuing with him to make special efforts to get the date fixed for hearing and the writ petition filed by Shri M.L. Mattoo vacated.

APPENDIX IV

(Vide paragraph 5.1. of Chapter V)

Reasons for delay in compilation and adoption of accounts of Karnataka Cashew Development Corporation Limited for the year 1978-79

Accounts were compiled on 10.6.79 and statutory audit was over by 9.7.79. The comments of Comptroller and Auditor General were received by 21.7.79 and accounts were presented to Annual General Meeting on 30.7.79 i.e. within 4 months of year end. Hence there was no delay in presenting Accounts to Annual General Meeting. There was a delay in printing the Annual Reports in Hindi as in the first place the Corporation was not fully aware of the requirement of Hindi version. In the second place, there was no person readily available who could translate Hindi version. After a great deal of efforts, the Corporation was able to get it translated that also it was done out of personal obligation.

Statement of Reasons for delay for Annual Report

| | <i>1978-79</i> |
|---|----------------|
| 1. Date on which the accounts were compiled by the Corporation. | 10-6-79 |
| 2. Date on which the statutory auditors were appointed. | 28-12-78 |
| 3. Date on which accounts were handed over to them for audit. | 15-6-79 |
| 4. Date on which the accounts were audited by the statutory Auditors. | 9.7.79 |
| 5. Date on which the accounts were referred to the Comptroller and Auditor General. | 21.6.79 |
| 6. Date on which the comments were received. | 21.7.79 |
| 7. Date on which the Annual General Meeting of Corporation approved the accounts. | 30.7.79 |

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|-----|---|---------|
| 8. | Date on which the Annual Report was presented and approved by the Annual General Meeting. | 30.7.79 |
| 9. | Date of preparation of report in Hindi. | 1.8.82 |
| 10. | Date of submission of this report to the Ministry of Agriculture. | 9.8.82 |
| 11. | Reasons for delay submitted to Ministry. | 23.2.83 |

APPENDIX V

(Vide Paragraph 5.1 of Chapter V)

Reasons for delay in compilation and adoption of Accounts of Karnataka Cashew Development Corporation Limited for the year 1979-80

Since this is the first full year of operation of the Corporation, the accounts under Companies Act requirements could be compiled only on 1.5.1981. Since this Corporation was functioning along with Karnataka Forest Plantation Corporation and accounts were maintained by the staff of Karnataka Forest Plantation Corporation the finalisation of this Corporation Accounts was delayed along with the accounts of the Karnataka Forest Plantation Corporation Limited. The accounts were audited by statutory auditors on 8.6.1981 and the comments of Accountant General was received on 24.6.1981. Accounts were presented to the Annual General meeting on 31.7.1981 i.e. 16 months after the year end. Regarding the late submission of Hindi version, non-availability of translation facilities was the main cause of delay.

Statement of reasons for delay for the Annual Report

| | <i>1979-80</i> |
|---|----------------|
| 1. Date on which the accounts were compiled by the Corporation. | 1.5.81 |
| 2. Date on which the statutory auditors were appointed. | 14.9.79 |
| 3. Date on which accounts were handed over to them for audit. | 15.5.81 |
| 4. Date on which the accounts were audited by the Statutory Auditors. | 8.6.81 |
| 5. Date on which the accounts were referred to the Comptroller and Auditor General. | 12.6.81 |
| 6. Date on which the comments were received. | 24.6.81 |

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|-----|---|----------------------|
| 7. | Date on which the Annual General Meeting of Corporation approved the accounts. | Adjourned 31-7-81 |
| 8. | Date on which the Annual Report was presented and approved by the Annual General Meeting. | Adjourned 31-7-81 |
| 9. | Date of preparation of report in Hindi. | 1-8-82 |
| 10. | Date of submission of this report to the Ministry of Agriculture (Hindi version) | 20-8-82 |
| 11. | Reasons for delay submitted to Ministry | 23-2-83 |

APPENDIX VI

(Vide Paragraph 5.1 of Chapter V)

Reasons for delay in compilation and adoption of Accounts of Karnataka Cashew Development Corporation Limited for the year 1980-81.

The accounts were compiled on 30.9.81 within 3 months of completion of previous year's audit and statutory audit was completed only on 21.5.82. The finalisation with statutory auditors took nearly 6 months since certain queries/interpretations were pending. Since this is the first year of formation of new plantations, certain clarifications about accounting treatments were involved. Moreover, the Registered Office of the Corporation was shifted from Bangalore to Mangalore on 1.10.82, and consequently there was a delay, due to the transfer of records. Also the statutory auditors were from Bangalore i.e. out-station.

Statement of Reasons for Delay for the Annual Report

1980-81

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| 1. Date on which the accounts were compiled by the Corporation | 30.9.81 |
| 2. Date on which the statutory auditors were appointed | 29.8.81 |
| 3. Date on which the accounts were handed over to them for audit | 24.10.81 |
| 4. Date on which the accounts were audited by the statutory auditors | 21.5.82 |
| 5. Date on which the accounts were referred to the Comptroller and Auditor General | 27.5.82 |
| 6. Date on which the comments were received | 23.6.82 |
| 7. Date on which the Annual General Meeting of Corporation approved the accounts | 29.9.82 |

8. Date on which the Annual Report was presented and approved by the annual General Meeting. **29.9.82**
9. Date of preparation of report in Hindi. **15.1.83**
10. Date of submission of this report to the Ministry of Agriculture. **1.3.83**

APPENDIX VII

Summary of recommendations/observations contained in the Report

Sl. Reference to Para

No. No. of Report

Summary of recommendations/observations

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1 1.27 The Committee are concerned to note that the Ministry of Education and Culture under whose administrative control the Indian Institute of Advanced Study, Simla functions, have not so far laid on the Table of the House any Annual Report/Audited Accounts of that Institute. The Committee note that in January, 1978, the Indian Institute of Advanced Study, Simla had made provisions in its Rules for laying its Annual Reports and Audited Accounts on the Table of the House within nine months of close of the accounting year but there has never been an occasion when those provisions had been followed. The Committee feel that it is of no use framing rules without observing them.

2 1.28 The plea taken by the Ministry of Education and Culture that the Annual Reports and Audited Accounts of the Indian Institute of Advanced Study, Simla for the years from 1977-78 to 1981-82 have not been laid on the Table so far because there was uncertainty about the future of the Institute and that the General Society and Governing Body of the Institute were not reconstituted, is not tenable. The mere fact of the future of the Institute being uncertain, does not absolve the Ministry of Education and Culture of their responsibility. Even if the Institute had been closed, it was the responsibility of the Ministry to lay the Annual Reports and Accounts of the Institute for the past years during which the Institute had been sanctioned grants. The slackness on the part of the Ministry of Education and Culture is evident from the fact that the strength of the

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General Society and the Governing body of the Institute was full till 31 May, 1980 but these bodies never met during the period from the close of the year 1977-78 upto 31 May, 1980 despite the extant provisions in the Rules of the Institute for holding of the Annual General Meeting and the Meetings of the Governing Body. Had the General Society and Governing Body held their respective meetings during that period, the Annual Reports and Audited Accounts of the Institute for at least two years viz. 1977-78 and 1978-79, would have been approved and laid on the Table of the House.

3. 1.29

Now that a reorganisation scheme for the Indian Institute of Advanced Study, Simla has been approved by the Government putting at rest all the doubts about the uncertain future of the Institute, the Committee desire the Ministry of Education and Culture to make sincere and concerted efforts for reconstituting the General Society and the Governing Body of the institute so that the Institute being an important Institution of National character, functions effectively and efficiently and its Annual Reports and Audited Accounts for all the years from 1977-78 to 1982-83 are laid on the Table of the House without any further delay. The Committee hope that the Ministry would be very careful in future in the matter of laying of Annual Reports and Audited Accounts of the Institute, in time.

4. 2.16

The Committee are concerned to note that although the Annual Reports of the National Federation of Industrial Cooperatives Limited, New Delhi for the years 1977-78, 1978-79, 1979-80, 1980-81 and 1981-82 have already been laid on the Table of Lok Sabha yet the Audited Accounts of that Federation in respect of those years are still to be laid. The Committee regret to find that apart from the CBI which seized records of the Federation for the year 1976-77 and kept the same for quite some

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time, the Central Registrar of Cooperative Societies who is responsible for the appointment of statutory auditors, did not act promptly on requests made to him for the appointment of statutory auditors. The Committee would like the Ministry of Industry to impress upon the Central Registrar of Cooperative Societies the need for early appointment of statutory auditors so that the accounts of the Federation are not only audited in time but also laid on the Table of the House within the stipulated period of nine months of close of the accounting year.

5. 2.17 From the time schedule drawn up by the Ministry of Industry in consultation with the statutory auditors for auditing of Accounts for the years 1977-78 to 1981-82 the Committee find that the statutory auditors would take 6 months in each case. The Committee feel that since the accounts of all the years have been finalised by the internal auditors the time given to the statutory auditors for carrying out their audit is not reasonable. If that schedule is followed the Committee apprehend that the accounts of the Federation for the future years would never be laid on the Table in time. The Committee, therefore, recommend that the time schedule as drawn up should be reconsidered and revised so that the auditing of accounts of the Federation by the statutory auditors is completed within the minimum possible time and in no case it should exceed 3 months. The Committee would also like to suggest that efforts be made to resolve queries, if any, raised by the Audit promptly through personal contacts and discussions with the auditors instead of resorting to protracted correspondence.
6. 2.18 The Committee hope that the Ministry would take requisite steps in the matter and also keep a close rapport with the Federation to ensure early finalisation and auditing of the accounts.

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7. 2.19 The Committee trust that after clearing the backlog, the Annual Reports and Audited Accounts of the National Federation of Industrial Cooperatives Limited, New Delhi would be laid on the Table of the House together and within nine months of close of the accounting year as per recommendation made by the Committee on Papers laid on the Table in paragraph 3.5 of their First Report (Fifth Lok Sabha).
8. 2.20 The Committee regret to point out that the statements of reasons for delay laid alongwith the Annual Reports of the National Federation of Industrial Cooperatives Limited, New Delhi for the years 1980-81 and 1981-82, are misleading as these do not bear any mention of the position of the Audited Accounts of the Federation in respect of those years which had not been laid on the Table of the House. Since the Audited Accounts of the Federation had not been laid on the Table of the House, it was but imperative that the House was apprised of the position relating thereto. The Committee are constrained to observe that the statements of reasons for delay is devoid of full facts and have not been prepared with due care. The Committee need hardly point out that it is the responsibility of the Ministry concerned to ensure that in such cases, the facts stated in the statement of reasons for delay cover both the Annual Report and Audited Accounts of an organisation so that the House may identify the stages where the delay occurred and suggest remedial measures, wherever necessary. The Committee, therefore, desire the Ministry of Industry to be more careful in this regard, in future.
9. 3.14 The Committee note that the Audited Accounts of the School of Buddhist Philosophy, Leh-Ladakh for the years 1978-79, 1979-80 and 1980-81 which should have been laid on the Table of Lok Sabha by 31 December, 1979, 31 December, 1980 and 31 December, 1981 respectively,

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were actually laid on 22 December, 1983 *i.e.*, with the de'ay ranging from 2 to 4 years.

10. 3.15 The Committee do not appreciate the reasons advanced by the Ministry of Education and Culture that the introduction of a new system of getting the accounts audited by the Accountant General, Jammu & Kashmir from the year 1978-79 in lieu of the earlier system of having the accounts audited from the Chartered Accountants, caused abnormal delay in finalising the accounts of the School. The Committee are also not convinced by the reasons advanced by the Ministry that the change in the set up of the Administration of the School had resulted in inordinate delay in having the accounts of the School audited.
11. 3.16 The Committee are surprised to find that certain basic records such as Receipt Book, Cash Book, Payees' Receipt, General Receipt Books, Counterfoils of challans, Cheque Books etc. for the year 1978-79 had not been maintained in the School and hence were not made available to A.G.J & K for audit. These irregularities are of a serious nature involving financial implications and the Committee take serious note of them. The Committee feel that had the Ministry been vigilant from the beginning, such a lapse would not have taken place in the said school. The Committee hope that the Ministry would pay serious attention to this matter in order to obviate any scope for such irregularities in future.
12. 3.17 The Committee also trust that the Ministry would lay on the Table of the House the Annual Report, Audited Accounts and Audited Report thereon of the School together in future to enable the Members of Parliament to assess the performance of the School in its true perspective.

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| 13. | 4.17 | <p>The Committee are concerned to note that it took for the Coffee Board 17 months, 13½ months, and 12 months in submitting the accounts for 1976-77, 1977-78 and 1978-79 to the Audit whereas these were due for submission by 30 June, 1977, 30 June 1978 and 30 June 1979 respectively and the Ministry of Commerce did not remind the Coffee Board during the delay period. The Committee note with regret that the recommendation of the Committee on Papers laid on the Table contained in paragraph 3.5 of their First Report (Fifth Lok Sabha), presented to Lok Sabha on 8 March, 1976, was not complied with either by the Ministry or the Coffee Board. Had the Ministry and the Coffee Board been serious in following the aforementioned recommendation of the Committee, there would not have been such abnormal delays.</p> |
| 14. | 4.18 | <p>The Committee trust that a time bound programme will be drawn up by the Ministry of Commerce in consultation with the Coffee Board, to ensure strict observance of the norms prescribed by the Committee for laying the Annual Reports and Audited Accounts of the Board before Parliament, in time, in future.</p> |
| 15. | 4.19 | <p>The Committee are constrained to observe that had the Marketing Committee and the Board taken a decision before February, 1980 to go by the Calendar year in finalising the accounts and keeping one set of audit instead of two and simplifying the Pool Fund accounting procedure by restructuring the accounting period to one Calendar year, there would not have been such abnormal delays at least at the stage of compilation of accounts and their auditing. The Committee hope that the Ministry and the Board would follow the decision thus arrived at by the Marketing Committee and the Board and see that both the General Fund and previous year's Pool Fund Accounts are laid before Parliament together with the Annual Report with a view to present a comprehensive picture of the affairs of the Coffee Board.</p> |

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| 16. | 5.17 | The Committee are unhappy to note that the Annual Reports of the Karnataka Cashew Development Corporation for the years 1978-79, 1979-80 and 1980-81 were laid on the Table of Lok Sabha with an inordinate delay of 39½ months, 27½ months and 15½ months respectively. |
| 17. | 5.18 | From the statement laid by the Ministry of Agriculture, the Committee note that in the case of Annual Report for the year 1978-79, the accounts were compiled in time <i>i.e.</i> within 3 months of the close of the accounting year but the Corporation took 3 years after approval of the Report in translating the Annual Report. The explanation given by the Ministry that though the corporation made a number of attempts, they could not obtain suitable persons for translating the copies in Hindi, is hardly convincing. The Committee feel that the Ministry of Agriculture did not make sincere efforts in getting the translation work done in time and have the Annual Reports laid on the Table of the House within 9 months from the close of the accounting year already prescribed by the Committee. The Committee hope that the Ministry would be more careful in this regard in future. |
| 18. | 5.19 | The Committee find that the Corporation took 13 months instead of 3 months recommended by the Committee on Papers laid on the Table, in compiling the accounts for the year 1979-80 and one year in translating the Annual Report. Similarly it took 6 months in compiling the accounts for 1980-81 and 3½ months in translating the Annual Report. The justification given by the Ministry of Agriculture that since the Karnataka Cashew Development Corporation was functioning along with its sister concern Karnataka Forest Plantation Corporation Limited and the accounts were maintained by the staff of Karnataka Forest Plantation Corporation Limited, the finalisation of accounts was delayed alongwith the accounts of that Corporation, is hardly convincing. The Ministry should have seen that the accounts of the Karnataka Cashew Development Corporation which was |

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| | | a separate organisation was maintained independently with a view to have the compilation of their accounts done within 3 months from the close of the accounting year as already recommended by the Committee on Papers laid on the Table in paragraph 3.5 of their First Report (Fifth Lok Sabha). |
| 19. | 5.20 | The Committee desire that in order to comply with the aforementioned recommendation of the Committee on Papers laid on the Table, a proper time bound programme should be drawn up by the Ministry in consultation with the Karnataka Cashew Development Corporation for compilation of accounts, their auditing, adoption, translation, printing and sending to the Ministry for laying on the Table of the House, in time. |
| 20. | 5.21 | The request made by the Ministry of Agriculture to exempt the Corporation from the requirement of laying the Annual Reports on the Table of the House on the ground that the Government of India's share capital contribution stands at only 30.55% and is likely to go down further thus making the corporation totally a State venture, is not acceptable as it is already provided in Section 619A (1) of the Companies Act, 1956 that where the Central Government is a member of a Government Company, the Central Government shall cause an annual report on the working and affairs of that Company to be prepared and laid before both the Houses of Parliament together with a copy of the audit report. The Committee would, therefore, advise the Ministry to continue laying the Report of the Karnataka Cashew Development Corporation irrespective of the fact that the Central Government do not have majority of the shares in the Corporation. |
| 21. | 6.4 | The Committee find from the information furnished by the concerned Ministries and Departments of the Government of India that the organisations like (i) Natio- |

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nal Institute of Rural Development; (ii) J.K. Horticulture Produce Marketing and Processing Corporation, Srinagar; (iii) Rehabilitation Plantation Limited, Punalur; (iv) Co-operative Canteen Societies; (v) Himalayan Mountaineering Institute, Darjeeling ; (vi) Nehru Institute of Mountaineering, Uttarkashi; (vii) Coal Mines Provident Fund Organisation ; and (viii) Indian Council for Cultural Relations, New Delhi though receive grants from the Consolidated Fund of India yet their Annual Reports and Audit Reports are not laid on the Table of the House.

22. 6.5

In respect of the National Institute of Rural Development, the Committee note that although the Audited Accounts of the Institute are laid on the Table of the House, the Annual Report is not laid. The argument adduced by the Ministry of Rural Development that the Annual Report of the Institute is not laid on the Table because it forms part of the Annual Report of the Ministry, is not at all convincing. The Committee on Papers laid on the Table have already recommended in clear terms in paragraph 3.5 of their First Report (Fifth Lok Sabha) that the Annual Reports and Audit Reports of all the autonomous organisations should be laid together so that Parliament has a complete picture of the performance of the organisation and its financial stability. The Committee therefore, recommend that the Ministry of Rural Development should lay on the Table of the House the Annual Report of the Institute also so that both the documents are available to the Members of Parliament at the same time. The Committee trust that the Ministry would take necessary steps in this regard.

23. 6.6

In the cases of the J & K Horticulture Produce Marketing and Processing Corporation and the Rehabilitation Plantation Limited, the Committee find that both are Government companies in terms of Section 617 of the Companies Act whose reports are required to be laid before Parliament as well as State Legislatures under

Section 619A (1) and (2) of the Companies Act, 1956. It is regrettable that inspite of the Statutory provisions, the Annual Reports of none of the aforementioned companies are placed before Parliament. The argument advanced by the Ministry of Agriculture and the Ministry of Rehabilitation that the Annual Reports are not laid before Parliament because the majority of shares are held by the State Governments cannot stand scrutiny in view of the aforementioned statutory provisions. It is a serious lapse on the part of the Ministries concerned to keep Parliament in dark about the functioning of these corporations in which Central Government have invested a substantial capital. The Committee recommend that urgent steps should be taken to lay the Annual Reports and Audited Accounts of both the Corporations before Parliament.

24. 6.7

In regard to the Co-operative Canteen Societies run by the Department of the Atomic Energy, the Committee note that the Department of Atomic Energy renders financial assistance to a large number of small co-operative canteen societies under it, at various places in the country. These canteens are run for the welfare of the staff. The Committee feel that the compilation of Annual Reports of each and every canteen would be combersome and not commensurate with the labour involved. The Committee, therefore, recommend that the Department of Atomic Energy should include a chapter in respect of all the Co-operative Canteen Societies run by it, in its Annual Report indicating the money spent on each of them, during the year.

25. 6.8

The Committee note that the Himalayan Mountaineering Institute, Darjeeling and the Nehru Institute of Mountaineering, Uttarkashi are of national importance getting handsome grants from the Centre as well as from the concerned State Governments. From the information given by the Ministry of Defence it is clear that there is

a good amount of involvement of the Central Government in the affairs of these Institutes as officials of the Ministries of the Government of India and of State Governments are represented in the Executive Council. Their Annual Reports and Audited Accounts are, however, not laid before Parliament. The reason given by the Ministry of Defence that these Institutes being registered private bodies in their respective States, the State Legislatures would be appropriately concerned with their Annual Reports and Accounts, is not justified because the net annual expenditure shared by the Central Government in the Himalayan Mountaineering Institute, Darjeeling and the Nehru Institute of Mountaineering, Uttarkashi is 70% and 50% respectively. Further, the share of recurring and non-recurring expenditure of Ministry of Defence on these Institutes is increasing every year. From Rs. 2 lakhs per annum upto 1977-78 it has been raised to Rs. 6 lakhs from 1982-83. The Committee feel that the Parliament should more appropriately be concerned with the Annual Reports and accounts of these Institutes than the State Legislatures concerned. The Committee, therefore, recommend that the Ministry of Defence should lay before Parliament the Annual Reports and Audited Accounts of both the aforementioned Institutes within 9 months of the close of their accounting year.

26. 6'9

As regards Coal Mines Provident Fund Organisations, the Committee note that it receives substantial grant from the Ministry of Energy, but its Annual Reports and Audited Accounts are not laid before Parliament. The reason advanced by the Ministry that there are no Statutory provisions for doing so, is hardly convincing. The Committee urge upon the Ministry of Energy to follow the recommendations of the Committee on Papers laid on the Table contained in paragraphs 1'12 and 1'14 of their Second Report (Sixth Lok Sabha), by amending the Statutes if necessary and lay the Annual Report and

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| | | Accounts of the Coal Mines Provident Fund Organisation before Parliament. |
| 27. | 610 | As far as the Indian Council for Cultural Relations, New Delhi is concerned the Committee note that the Organisation receives more than 90% of its grant from the Centre every year, as is evident from the grants sanctioned during the years 1979-80 and 1980-81. The Committee is unhappy to note that despite such heavy grants being given to them, their Annual Report and Audited Accounts are not laid before Parliament. The Committee recommend that the Ministry of External Affairs should impress upon the Council to submit their Annual Report and Audited Accounts for laying on the Table of the House. |

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