

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

(SIXTH LOK SABHA)

FIFTH REPORT

[Presented on 6th May, 1978]



**LOK SABHA SECRETARIAT
NEW DELHI**

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TO
FIFTH REPORT OF COMMITTEE ON
PAPERS LAID ON THE TABLE

(Presented on 6.5.1978)

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**COMPOSITION OF THE COMMITTEE ON
PAPERS LAID ON THE TABLE**

(1977-78)

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SECRETARIAT

Shri K. K. Saxena—Chief Examiner of Bills and Resolutions.

Shri N. N. Mehra—Senior Table Officer.

*Nominated w.e.f. 20-2-1978 *vice* Shri Zulfiquarulla resigned from the Committee.

INTRODUCTION

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

2. On examination of certain papers laid during the Sixteenth, and Seventeenth sessions (Fifth Lok Sabha) and First, Second and Third sessions (Sixth Lok Sabha) the Committee have come to certain conclusions in regard to delay in laying of (i) Annual Reports of the Damodar Valley Corporation and (ii) Audited Accounts together with Auditor's Report thereon of the Employees' State Insurance Corporation.

3. On the 8th November, 1977, the Committee took evidence of the representatives of the Ministries of Energy and Finance regarding delay in laying before Parliament Annual Reports of the Damodar Valley Corporation.

4. The Committee wish to express their thanks to the Ministries of Energy and Finance for furnishing information desired by the Committee.

5. The Committee considered and adopted this Report at their sittings held on the 20th April and 4th May, 1978.

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

NEW DELHI;

May 5, 1978.

Vaisakha 15, 1900 (Saka).

KANWAR LAL GUPTA,

Chairman,

Committee on Papers laid on the
Table.

CHAPTER I

DELAY IN LAYING BEFORE PARLIAMENT ANNUAL REPORTS OF THE DAMODAR VALLEY CORPORATION

The Annual Reports together with the Annual Accounts and Audit Reports thereon of the Damodar Valley Corporation for the years 1972-73 and 1973-74 were laid on the Table of Lok Sabha on 19-5-1976 and 19-8-1976 respectively, under section 45(5) of the Damodar Valley Corporation Act, 1948. Statements indicating the reasons for delay in laying the documents in both the cases were also laid.

1.2. Section 45 of the Damodar Valley Corporation Act, 1948 lays down:

- “45. *Annual Report*.—(1) The Corporation shall prepare, in such form as may be prescribed, an annual report within six months after the end of each financial year giving a true and faithful account of its activities during the previous financial year, with reference to.....
(i) irrigation; (ii) water supply * * * *
- (2) The annual report shall also give a true and faithful account of the income and expenditure during the previous financial year, the net amounts attributable to each of the three main objects and the distribution of the capital cost between the three participating Governments and show the progressive totals from the inception of the Corporation and the upto date financial results.
- (3) The payments provisionally made by each of the three participating Governments on the basis of the budget estimates shall be adjusted as soon as possible in accordance with the allocation made in the annual report.
- (4) Printed copies of the annual report shall be made available to each of the three participating Governments by the 15th day of October, each year.
- (5) The annual report shall be laid before Parliament and the State Legislatures concerned as soon as may be after it is prepared.”

1.3. Rules 25 and 31 of the Damodar Valley Corporation Rules, 1948 read as under :

- “25. Within six months of the end of each financial year, the annual accounts, prepared in the forms prescribed in

Annexure II to these rules, showing the financial results of irrigation, electricity and flood control schemes with such subsidiary accounts as may be necessary, shall be placed before the Corporation, and after the accounts have been duly passed, communicated to the participating Governments and the Audit Officer.

31. The Audit Officers shall certify to the correctness of the Annual Accounts prepared by the Corporation and append to the certificate an audit report. The annual accounts so certified and the audit report shall, after counter-signature by the Comptroller and Auditor General, be submitted with three additional copies to the President. One copy shall be retained by the Central Government and one copy each shall be sent to the other two participating Governments. The Audit Report shall be printed along with the Annual Report and Annual Accounts."

1.4. In the statements showing reasons for delay laid on the Table, delay in laying of both the Reports for 1972-73 and 1973-74 has *inter alia* been explained as under:

"There has been delay in the submission of the Annual Report of the Damodar Valley Corporation to the Parliament. This is very much regretted. Apart of the delay is due to the present requirement that the Audit Report shall be printed along with the Annual Report and Annual Accounts....."

1.5. Asked to clarify the facts regarding delay, the Ministry of Energy have informed that "according to a time table prescribed in consultation with the Comptroller and Auditor General of India, the annual accounts are required to be supplied by the Corporation to Audit by the 31st August....."

1.6. No review by the Government on the Reports of the Damodar Valley Corporation was laid on the Table. When asked to explain the position in that regard, the Ministry have *inter alia* stated:

"Copies of the Report are placed before both Houses of Parliament in accordance with the provisions the DVC Act. In the past no review was presented with these Reports..... However, copies of the Report are made available to each Member."

1.7. In order to know the stage-wise progress in compilation and audit of accounts and bringing out of Annual Reports for 1972-73,

1973-74 and 1974-75 and the steps taken by the Ministry to eliminate delays in laying the Reports before Parliament, the Ministry of Energy were requested to furnish requisite information in regard thereto. In their reply dated 6-12-1976 the Ministry of Energy stated:

“Stage-wise progress of preparation of the Annual Report for the years 1972-73, 1973-74 and 1974-75 is given in the statement enclosed (Appendix-I). No schedule of date has been prescribed for action at different stages in the preparation of Annual Accounts and Audit Reports.

Section 45 of the Damodar Valley Corporation Act provides that the Corporation shall prepare an annual report within six months after the end of each financial year, which should give *inter-alia* true and faithful account of the income and expenditure during the previous financial year. Printed copies of the Annual Report shall be made available to each of the three Participating Governments by the 15th day of October each year and the Report shall be laid before the Central and Provincial Legislatures concerned as soon as may be after it is prepared. Further, Rule 31 of the Damodar Valley Corporation Rules, 1948, stipulates that the Audit Report shall be printed along with the Annual Report and Annual Accounts. Thus the Damodar Valley Corporation's report contains the Annual Report, Statements of Accounts and the Audit Report.

The delay in the publication of the Annual Reports for the years 1972-73, 1973-74 and 1974-75 has been mainly due to the time taken in the finalisation of the Audit Report which is a protracted process. Also considerable time has been taken in the printing of the Annual Report after it is received from the Audit.

It has been urged on the part of the D.V.C. that DVC Act did not stipulate inclusion on the Audit Report along with the financial statements appended to the Annual Report. This provision was made subsequently by way of an amendment to Rule 31 of the DVC Rules in terms of which the Audit Report is required to be printed along with the Annual Report and the Annual Accounts. It is owing primarily to this requirement that the publication of the Annual Report is delayed.

Concerted effort is being made now to cut down the delays and finalise the Annual Report within the stipulated

period of 9 months. The Annual Report for 1972-73 was received from the Corporation more than three years after the close of the financial year. This period was reduced to 2 years and 4 months in the case of accounts for 1973-74 and 1 year and 8½ months in the case of accounts for 1974-75. It is expected that the Annual Report for 1975-76* would be ready for presentation to the Parliament in March 1977, i.e., within a period of one year of the close of the financial year. As a result of the concerted measures taken it is hoped that it should be possible to present the Annual Reports for 1976-77 onwards within the stipulated period of 9 months. However in case this is found to be unworkable necessary action will be taken to amend the relevant provisions in the DVC Act suitably to provide for sufficient time for the presentation of the Annual Report."

1.8. Giving clarification on the point as to whether the provisions of Section 45 of the Damodar Valley Corporation Act, 1948 and Rules 25 and 31 of the Damodar Valley Corporation Rules, 1948 are incompatible, the Ministry of Energy have stated:

"It is true that Section 45 of the DVC Act and Rule 25 of the DVC Rules are not compatible with Rule 31 of the DVC Rules. The Act did not stipulate inclusion of the Audit Report along with the financial statements appended to the Annual Report. This was introduced subsequently by way of an amendment to Rule 31 of the DVC Rules. Though no time has been prescribed for the Audit to audit the accounts and submit the Audit Report thereon after the annual accounts have been prepared and submitted to them, it is accepted that both the Annual Accounts and the Annual Report including the Audit Report cannot be completed simultaneously within 6 months of the close of the financial year."

1.9 In the case of the Annual Reports of the Corporation for the years 1974-75 and 1975-76 laid on the Table of Lok Sabha on 6-4-1977 and 22-6-1977 respectively, the reasons for delay given in the statements showing reasons for delay laid on the Table in both the cases are *inter alia* as under:

"There has been considerable delay in the past in the submission of the Annual Report of the Damodar Valley Corporation to the Parliament. This is very much reg-

* Laid on 22-6-1977.

retted. A part of the delay is due to the fact that the Audit Report is to be furnished with Annual Report and preparation of the Audit Report takes time. Time taken in printing has also contributed to the delay."

1.10. Noticing that considerable delay was involved in laying the Reports of Damodar Valley Corporation the Committee invited the representatives of the Ministry of Energy to hear their views on the matter on 8-11-1977.

1.11. During evidence, drawing attention to delay of 28½ months, 20 months and 16 months in laying the Annual Reports of Damodar Valley Corporation for the years 1972-73, 1973-74 and 1974-75, respectively, the Committee enquired whether there was any time limit prescribed for completion of audit, submission of the Report to Government and for laying the Report before Parliament. The representative of the Ministry of Energy replied:

"I would say that indeed inordinate delay has taken place in the past. A delay of 28, 20 and 16 months is unconscionable."

Referring to the recommendation of the Committee made in para 3.5 of their First Report (Fifth Lok Sabha) 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, the witness informed the Committee that:

".....subsequent to this direction, a schedule has been drawn up through mutual agreement between the DVC, Management and the Audit authority because this process involves compilation of accounts, preparation of the Audit Report thereon, the comments of the Management on the various Audit comments, finalisation of the Audit Report by the local Audit authority and authorisation of the Report by the C. & A.G. and finally, printing and submission of the Report to Parliament.

Looking at the older cases to which you drew my attention, I found that in almost all stages there was delay, but more particularly the delay has been in submission of clarifications to Audit and the Audit giving their comments and, more than that, in printing of the documents. In some cases it has taken even a year to do this. As a result of experience and following the direction of the Committee, a schedule has been drawn up but, even then—even after mutual consultation with the Audit

Authority—they are able to submit it only on 31st January instead of 31st December. I have mentioned it to the Chairman DVC that we can make some more effort at trying to curtail the time taken in printing and getting clarifications accepted by Audit and try to stick to the dates suggested by the Committee, namely 31st December.”

1.12. When asked about the position in respect of the Annual Report for 1976-77, the witness stated that there was a delay of about 14 days in observing the schedule. When enquired whether they would now adhere to the schedule, the Chairman, Damodar Valley Corporation replied that they would try to cut down printing time. On this point the representative of the Ministry of Energy informed the Committee that they would be able to place the Report before Parliament by the Budget Session, instead of by 31st December as recommended by the Committee.

1.13. On being asked whether any schedule was chalked out in the past, the representative of the Ministry stated that the schedule was drawn only last year, after the direction given by the Committee in para 3.5 of their First Report (Fifth Lok Sabha) regarding laying of Report and accounts within 9 months was received. Since no time limit was prescribed before that, the Committee enquired whether the Ministry had any justification for these unduly long delays. The witness, in reply, stated:

“I have no justification at all to offer, because documents lose their validity if they are placed late. Parliament scrutinizes the accounts and gives suitable instructions to the Corporation. That purpose is frustrated by the delays.”

1.14. When questioned about the extent of responsibility of the Ministry, the Damodar Valley Corporation and the Audit in delay in laying the Reports, the witness replied that in 1972 they had, in consultation with the C&AG and Damodar Valley Corporation, drawn up a schedule with the idea that the report for the year should be given in April of the subsequent year. He added that they found a great deal of operational difficulties but they were able to reduce delay considerably.

1.15. Regarding strict observance of the time schedule fixed in 1972, the representative of the Corporation informed the Committee that so far as submission of accounts was concerned Damodar Valley Corporation was sticking to the time but the issue comments by audit took as long as 8 months up to 1973-74. As regard fur-

nishing of comments by Audit the representative of the Ministry of Finance informed the Committee that the Audit had agreed to a time schedule even though the C&AG officials were most reluctant. He undertook to take up the matter of curtailment in the period of 8 months for raising audit objections with C & AG's officers.

1.16. When enquired about his reactions to the past delays on the part of the Audit, the witness replied:

"I do not think the Finance Ministry has been pursuing this particular point with the C&AG where there is a delay on the part of his organisation in carrying out the local audit. Therefore for each organisation we shall have an agreed schedule for carrying out the audit".

1.17. On an enquiry whether after fixing the schedule in 1972, any correspondence was exchanged between the Ministry and Damodar Valley Corporation or with Audit to adhere to the schedule, the representative of the Corporation replied that the period of 8 months earlier taken by Audit to raise objections was reduced to 2 months.

1.18. Subsequently, in a note furnished to the Committee on 21 January, 1978, the Ministry of Energy intimated:

"Many reminders were issued to the D.V.C./C. & A.G. for expediting the submission of the Annual Report for different years from time to time. However, the following communications made a pointed reference to the need for keeping up the schedule which had been agreed to in discussion between the D.V.C. and the C. & A.G. in 1972:—

1. D.O. letter No. 1(8)/73-PE, dated 26th October, 1973 from Shri P. K. Ramanujam, Director, Ministry of Irrigation & Power to Shri B. S. Raghavan, General Manager & Secretary, DVC, Calcutta. (Appendix-II)
2. Letter No. 1(19)/74-PE dated the 2nd June, 1975 from the Department of Power, Ministry of Energy, New Delhi to General Manager & Secretary, D.V.C. Calcutta with copy to C&AG, New Delhi (Appendix-III).
3. D.O. letter No. PLC/1(a)Pt.III/2012, dated the 3rd June, 1976 from Shri A. K. M. Hasan, General Manager & Secretary, DVC to Smt. Otima Bordia, Joint Secretary, Department of Power, Ministry of Energy, New Delhi. (Appendix IV)".

1.19. Quoting from the observations (reproduced below) made in the Audit Report on the accounts of D.V.C. for 1972-73 (page 232) the Committee invited the views of the representative of the Ministry thereon:

"13. Internal Audit:

Internal Audit work for the year 1972-73 could not be carried out according to the annual programme for the year. Out of 140 units to be covered as per annual programme for internal audit, only 67 units were actually covered in internal audit during the year. The Corporation did not assign any reason as to why the audit could not be completed according to the audit programme.

No manual outlining the scope and programme of work of internal audit has been finalised as yet (August, 1974) though it was stated by the Corporation in September, 1972 that the manual was under finalisation."

The representative of the Ministry stated:

"The schedule drawn was between D.V.C. and Audit. An earnest effort appears to have been started on this only following the observations made in the First Report of the Committee. This is a fact."

1.20. On enquiry by the Committee whether the requirement 'the statement of the results of Audit for each month shall be presented to the Corporation' is being followed, the Chairman, Damodar Valley Corporation stated "No, Sir." He, however, promised to ask the Audit to adhere to this requirement.

1.21. On enquiry by the Committee whether the schedule would be strictly adhered to in future, the representative of the Ministry stated that they would try to lay the Annual Report together with the Audit Report within 9 months, as recommended by the Committee, but they had not yet been able to reach an agreement with the C&AG about completing the process by 31st December.

1.22. As regards laying on the Table the 'Review' on the Report, the witness stated:

"In the past, no review had been done. Here again, just like any other public sector undertaking, I think the Ministry

should review and bring out highlights about what the happenings of the year have been and what the outlook is like. This is what has been done in any other public sector undertaking. It does not appear to have been done in the past years. Now the question has been specifically asked as to what the view of the Ministry is. The Ministry's view is that a review will be done and we shall place that review along with the annual report accompanied by a memorandum from the Ministry authenticated by the Minister."

1.23. When asked to explain the part played by the Ministry in preparing a 'Review' on the Report, the witness stated:

"It goes through the performance of the Corporation during the previous year and sees whether any targets which were laid down had been fulfilled and if so, to what extent they had been fulfilled; if they had not been fulfilled, what are the reasons for the same; if there has been any shortcoming in any year, what is it that is responsible for it. This is number one. Apart from personnel and labour relations, we also draw attention to any marked irregularity which had been noticed in the previous year and to what extent there have been improvements in the general working of the Corporation. It will necessarily be a review because the report will catalogue all that has happened. It will only be a sort of a broad assessment of the performance of the Corporation in a very brief compass."

1.24. The Committee note that the Annual Report of the Damodar Valley Corporation for the year 1976-77 had not been laid before Parliament till the end of December, 1977, the time by which it was required to be laid as per recommendation of the Committee made in para 3.5 of the First Report (Fifth Lok Sabha).

1.25. The Committee are unhappy to note that despite the provisions of Section 45 of the Damodar Valley Corporation Act, 1948 that the Annual Report of the Corporation shall be made available to the three participating Governments by the 15th October each year and as soon as, thereafter, laid before Parliament and State Legislatures concerned, the Annual Reports of the Damodar Valley Corporation for the years 1972-73, 1973-74, 1974-75 and 1975-76 were laid on the Table of Lok Sabha as late as 19-5-1976, 19-8-1976, 6-4-1977 and 22-6-1977, respectively, i.e. after 37½ months, 28½ months, 24

months and 15 months of the close of the accounting year to which they pertained.

1.26. On examination of the statements showing reasons for delay laid along with the Reports of Damodar Valley Corporation, the Committee note that one of the reasons for delay, which was common in all the cases, was the requirement that the Audit Report should contain the Annual Accounts and Annual Report. The Committee also note that Damodar Valley Corporation Act, 1948 is silent about this requirement and it is Rule 31 of the Damodar Valley Corporation Rules which lays down that the Audit Report shall be printed along with the Annual Accounts and Annual Report. The Committee fail to understand as to why instead of taking steps to remove the obstacles coming in the way of presenting in time the Reports before Parliament, the Ministry have been repeating the same reasons for delay again and again. The Committee wish to point out that large sums of money are granted by Parliament for being spent on the Corporations and bodies like Damodar Valley Corporation. It is, therefore, imperative that Parliament is informed in time if those sums are properly utilised for the purpose for which they were sanctioned. The very purpose of requirement about submission of Reports and Accounts is defeated if at the time of voting the Demands for Grants out of which funds are made available to the Corporation, the latest report on the working and audited accounts of the Corporation are not available to Members.

1.27. The Committee note that the provision of Section 45 of the Damodar Valley Corporation Act, 1948 and Rules 25 and 31 of the Damodar Valley Corporation Rules, 1948 are not compatible and this fact has also been admitted by the Ministry of Energy. The Committee are surprised to note that since 1948 when the Damodar Valley Corporation Rules came into being, neither the Ministry concerned nor the Damodar Valley Corporation itself made any attempt to remove the incompatibility between the provisions of the Act and Rules. The Committee would like the Ministry to go into this aspect deeply to find out when this incompatibility first came to notice and why no steps could be taken earlier to set the position right.

1.28. The Committee recommend that each Ministry should undertake periodical review of the provisions in the Acts, Rules, Regulations, Articles of Association etc. regarding compilation and laying before Parliament of Reports and Accounts of Corporations, Companies or autonomous bodies and take urgent steps to remove any lacunae and to incorporate suitable provisions therein to ensure that Reports and Accounts thereof are compiled and laid before Parlia-

ment within the prescribed time. So far as the Damodar Valley Corporation Act and Rules are concerned, they should also be amended in order not only to remove any inconsistency between various provisions but also to bring them in accord with the recommendations made by this Committee in their reports regarding timely submission of Reports and Accounts.

1.29. The Committee note that according to an arrangement between the Corporation and C. & A. G., the accounts of Damodar Valley Corporation are required to be submitted to the Audit by the 31st August every year. Although the accounts of the Corporation for the years 1972-73, 1973-74 and 1974-75 were prepared more or less by the due date, the Audit took 8 months in issuing their comments on the accounts for both the years 1972-73 and 1973-74 and 5 months in the case of accounts for 1974-75. At the same time, the Corporation took about 5 months time in each case in furnishing replies to the Audit. The Committee further note that the time taken in printing of Reports has also been a factor contributing to the delay. During evidence the representative of the Ministry also admitted that these three stages, namely, issue of comments by the Audit, furnishing replies to audit objections by the Corporation and printing of Reports contributed maximum to the delay. The Committee feel that the delay in laying the Reports could have been minimised if the Ministry were more vigilant and had made an earnest attempt earlier to identify the stages where the delay occurred and had taken remedial measures in regard thereto.

1.30. The Committee note that according to the revised time schedule laid down by the Ministry in April, 1976 for compilation of accounts, finalisation of Audit Report thereon by the Audit and printing of the Reports etc., the Ministry would receive the copies of the Reports for laying after one year of the close of the accounting year. The Committee find that this time schedule is not in consonance with the recommendation of the Committee made in paragraph 3.5 of their First Report (Fifth Lok Sabha). The Committee are, therefore, of the opinion that the time schedule laid down by the Ministry should be further amended after consultation with the Ministry of Finance and C. & A. G; in such a manner that after the close of the accounting year the Corporation may have 3 months at its disposal to compile its annual accounts and send them to the Audit for auditing and during the next 6 months all other stages like issue of comments by Audit, furnishing replies by the Damodar Valley Corporation to queries raised by the Audit, printing and translation of reports and accounts etc. should be gone through and the Reports should be laid before each House of Parliament by the 31st December every year.

1.31. The Committee further note that the Annual Audit Report of Damodar Valley Corporation for the year 1976-77 has not been laid before Parliament by the due date i.e., 31st December, 1977: Further in terms of recommendation of the Committee made in para 3.5 of their First Report (Fifth Lok Sabha) a statement indicating the reasons why the Report could not be laid within the prescribed time, has also not been laid before the House soon after commencement of the Fourth Session of Lok Sabha which commenced on February 20, 1978. The Committee have inevitably to conclude that the recommendations made by this Committee are not receiving serious attention and respect which they deserve.

1.32. The Committee would, therefore, reiterate their recommendation made in para 3.5 of First Report (Fifth Lok Sabha) which is as follows:—

“The Committee are of 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 the audited accounts and audit report thereon for a particular year would 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.”

The Committee hope that positive steps would now be taken by the Ministry in implementing the above recommendation in letter and spirit.

1.33. The Committee note that the Audit in Audit Report on the accounts of Damodar Valley Corporation for 1972-73 has observed at page 232:

“Internal Audit work for the year 1972-73 could not be carried out according to the annual programme for the year. Out of 140 units to be covered as per annual programme for internal audit, only 67 units were actually covered in internal audit during the year. The Corporation did not assign any reason as to why the Audit could not be completed according to the audit programme.

No manual outlining the scope and programme of work of internal audit has been finalised as yet (August, 1974) though it was stated by the Corporation in September, 1972 that the manual was under finalisation.”

1.34. The Committee would like to point out that unless care is taken to lay down proper procedures and schedules at every stage, submission of Reports and Audited Accounts are bound to get delayed. The Committee are not convinced with the explanation given by the representative of the Ministry that “the schedule was between DVC and Audit”. The Committee cannot appreciate the stand of the Ministry that they do not interfere if the agreed time schedule as between DVC and Audit is not complied with by either of these two. The Committee are of the opinion that the Audit Report should be critically examined in the Ministry and any irregularities pointed out by the Audit should be mentioned in the ‘Review’ along with remedial measures taken with a view to assure the House that no such irregularity would be repeated in future. This will also enable the House to judge whether the steps taken are adequate or if anything further is to be done.

1.35. The Committee would like to reiterate their recommendation made in para 3.8 of Second Report (Sixth Lok Sabha) and hope that the Ministry of Energy will critically examine Annual Reports/ audited statements of accounts of the Damodar Valley Corporation and lay along with the Reports their own assessment in the form of ‘Review’ giving salient points of achievements, total funds of the Government involved, how far the Corporation has achieved the objects for which it was set up and what are the salient features of its future programme. Where the Report or the Audit Report mentions any serious irregularity or any other matter of importance which needed corrective action or further enquiry, it was expected that Government should make a mention thereof in the ‘Review’ together with the action taken. However, where information on

all the aforesaid matters is already available in the report and Government have nothing to add thereto, Government should, in accordance with the recommendation made by the Committee in para 4.18 of their Second Report (Fifth Lok Sabha), lay on the Table along with Report a statement saying that they are in agreement with the report and hence no 'Review' is being laid.

CHAPTER II

DELAY IN LAYING THE AUDITED ACCOUNTS TOGETHER WITH AUDITOR'S REPORT THEREON OF THE EMPLOYEES' STATE INSURANCE CORPORATION

2.1. The Audited Accounts (both Hindi and English versions) of the Employees' State Insurance Corporation for the year 1975-76 together with the Audit Report thereon were laid on the Table of Lok Sabha on 17th November, 1977 under Section 36 of the Employees State Insurance Act, 1948 which reads as under:

"36. The annual report, the audited accounts, of the Corporation, together with the auditor's report thereon under section 34 and the budget as finally adopted by the Corporation shall be placed before Parliament and published in the Official Gazette."

A statement explaining the reasons for delay was also laid along with the accounts.

2.2. Rule 41 of the Employees' State Insurance (Central) Rules, 1950 dealing with the Annual Report and Audited Accounts of the Corporation further provides as under:

"41. *Authentication of annual accounts and reports—*
The annual accounts together with the auditors' report thereon and the annual report on the work and activities of the corporation as adopted by the Corporation shall be authenticated by affixing the common seal of the Corporation and four copies thereof shall be submitted to the Central Government not later than the first of March next following the close of the financial year concerned for being placed before the Parliament:

Provided that if the auditors' report is not received by the 1st December following the financial year to which it pertains, the annual accounts together with the auditors' report thereon shall be submitted to the Central Government separately from the annual report on the work and activities of the Corporation."

The Annual Report of the Employees' State Insurance Corporation for 1975-76 was laid on the Table of Lok Sabha on 5th April, 1977.

2.3. In the delay statement laid on 17th November, 1977 along with the audited accounts the Ministry of Labour have stated:

"Under Rule 41 of the Employees' State Insurance (Central) Rules, 1950, the Employees' State Insurance Corporation is required to submit its annual accounts together with auditor's report thereon to the Central Government not later than the first March, following the close of the financial year concerned for being placed before the Parliament.

The copies of the audit report of the Corporation for the year 1974-75 were placed before Parliament in April, 1977. The audit report for the year 1975-76 was also due for being placed before the Parliament in March/April, 1977. However, the report was received from the A.G.C.R. only in June, 1977. It was considered and adopted by the Corporation at its meeting held on 25th October, 1977, which was its first meeting to be held in the financial year 1977-78. Hence, the delay in laying of the report."

2.4. The Committee note that the laying of the audited accounts together with the Audit Reports Pertaining to earlier years has also been delayed and these have been laid on the Table long after their due dates of laying. The following table shows the extent of delay in laying the reports before Parliament for the years 1972-73, 1973-74 and 1974-75:—

Year	Date of receipt of Audit Report from A.G.C.R.	Date of adoption of the Report by the Corporation	Due Time for laying [as laid down in Rule 41 of Employees' State Insurance (Central) Rules, 1950]	Dates when laid on the Table of Lok Sabha	Delay involved (on the basis of Rule 41)
1	2	3	4	6	6
1972-73	9-1-1976	23-2-1977	March/April, 74	6-4-1977	36 mon ths
1973-74	12-8-1976	23-2-1977	March/April, 75	6-4-1977	24 months
1974-75	9-11-1976	23-2-1977	March/April, 76	6-4-1977	12 months

2.5. In the statement, laid on the Table of Lok Sabha on 6-4-1977, (Appendix V) showing reasons for delay in laying the Reports for the above mentioned years, it was *inter-alia* mentioned:

“...the delay in the laying of the reports before the Parliament is mainly due to late receipt of audited accounts from the Accountant General. There has also been some delay in consideration of the reports by the Corporation. This is because the E.S.I.C. was reconstituted in April, 1976 and the non-official members of the Standing Committee were elected afresh by the Corporation at its 1st meeting held in July, 1976. The audited accounts were taken up for consideration by the Standing Committee/E.S.I.C. in their subsequent meetings.”

2.6. The Committee are unhappy to note that laying of the audited accounts together with the Audit Reports of the Employees' State Insurance Corporation for the years 1972-73, 1973-74 and 1974-75 has been badly delayed and these were laid on the Table of Lok Sabha on 6th April, 1977 under Section 36 of the Employees' State Insurance Act, 1948, after 48 months, 36 months and 24 months, respectively, of the close of the financial year to which the reports pertained. The Committee further note that the audited accounts and Audit Report thereon for 1975-76 were laid on the Table on 17-11-1977, again after 20 months of the close of the financial year. The Committee feel that even if the period of delay is calculated on the basis of the time schedule laid down under Rule 41 of the Employees' State Insurance (Central) Rules, 1960 (i.e. from the first of March next following the close of the financial year concerned) it comes to 36 months, 24 months and 12 months in the case 1972-73, 1973-74 and 1974-75 reports, respectively, and 8 months in the case of 1975-76 report. The Committee feel that such recurring delays are indefensible. The Committee are sorry to say that the Corporation has failed to follow even its own time schedule prescribed in Rule 41 of the Employees' State Insurance (Central) Rules, 1950 in making the annual accounts together with the auditor's report thereon and the annual report on the work and activities of the Corporation available to the Central Government for being placed before Parliament.

2.7. From the delay statements laid alongwith the audited accounts for 1972-73, 1973-74 and 1974-75 on the Table on 6-4-1977 and for 1975-76 on 17-11-1977 the Committee note that the Corporation took more than 13 months, 6 months, 3 months and 4 months, respectively, to consider and adopt the reports after their receipt from A.G.C.R.

2.8. The Committee are constrained to observe that the Ministry of Labour who are administratively responsible for the affairs of the Employees' State Insurance Corporation did not take any tangible steps to avoid these inordinate delays and failed to pursue the matter with the Corporation even when it is provided in Rule 41 of the Employment State Insurance (Central) Rules, 1950 that the annual report on the work and activities of the Corporation shall be submitted to the Central Government not later than the first of March, next following the close of the financial year concerned for being placed before the Parliament.

2.9. The Committee feel that the aforesaid delays could have been avoided if the Corporation and the Ministry of Labour had been watchful and had pursued the matter with the Accountant General Central Revenues with due promptitude.

2.10. The Committee are also unable to appreciate the rationale behind prescribing full one year's time under Rule 41 of the Employees' State Insurance (Central) Rules, 1950 for the Corporation to submit its annual accounts together with the Auditor's report thereon and the annual report on the work and activities of the Corporation to the Central Government for being placed before the Parliament. The Committee are of the view that the real purpose of laying the Annual Report and audited accounts together before Parliament is to keep Parliament fully apprised of the activities of the Corporation and this purpose is defeated if these documents are laid separately and also not within a reasonable time of the close of the financial year of the Corporation.

2.11. The Committee, therefore, reiterate their earlier recommendation made in para 3.5 of their First Report (Fifth Lok Sabha) that the Annual Report together with the audited accounts and audit report thereon of the Corporation for a particular year should in future be laid before Parliament together, every year, within a stipulated period of 9 months after the close of the financial year to enable the Parliament to have a complete picture of the working of the Corporation. To achieve that end the Committee recommend that the Ministry of Labour, being the administrative Ministry concerned with the affairs of the Employees' State Insurance Corporation, might consider the feasibility of amending the relevant provisions of the Act and Rules framed thereunder to bring them in conformity with the recommendations of this Committee.

2.12. The Committee further recommend that in order to avoid delay in laying the Annual Report, audited accounts and audit

report thereon together before Parliament, in future, the Ministry of Labour should keep itself in constant touch with the Corporation and draw some time schedule in consultation with them in order to ensure timely submission of these documents to the Ministry so that these are laid before Parliament within 9 months of the close of the financial year. The Ministry should also ensure that laying of the Annual reports and accounts of the Corporation do not fall into arrears in future.

2.13. As regards delay in auditing of the accounts the Committee suggest that the Ministry of Labour may take up the matter with the Finance Ministry/Audit authorities to devise suitable methods and lay down proper time schedules to ensure auditing of accounts and clearance of audit objections with a specified time, not exceeding six months in any case.

NEW DELHI;

May 5, 1978

Vaisakha 15, 1978 (Saka).

KANWAR LAL GUPTA,

Chairman,

Committee on Papers laid
on the Table.

APPENDIX I

(Vide Para 1.7 of Chapter—1)

Statement showing the stage-wise progress of preparation of the Annual Reports of the Damodar Valley Corporation for the years 1972-73, 1973-74 and 1974-75.

S. No.	Stages of the Report	1972-73	1973-74	1974-75
1.	Submission of annual accounts by the Corporation to the Audit	1-9-73	6-9-74	9-9-75
2.	Issue of comments on the annual accounts by the DCA to the Corporation.	29-4-74	13-5-75	1-2-76
3.	Furnishing of reply to the DCA on the Accounts.	9-10-74	17-9-75 & 31-10-75	25-6-76
4.	Receipt of Consolidated draft Audit Report from the DCA by the Corporation.	15-11-74	12-6-75	4-3-76
5.	Date of discussion of draft audit Report between the DCA and DVC Management.	No discussion owing to sudden illness & demise of the then Chairman Lt. Genl. P. S. Bhagat.	29-9-75	28-7-76
6.	Receipt of approved Audit Report from the CRG along with audited annual accounts.	28-5-75 (English version)	19-4-76 (English version)	24-9-76 (English version)
7.	Transmission of Annual Report to the Ministry	25-3-76	31-7-76 (English version) 13-8-76 & 23-8-76 (Hindi version)	Expected by 10-12-76
8.	Date of placing the Annual Report in Lok Sabha and Rajya Sabha.	LS:9-5-76 RS: 20-5-76	19-8-76 Both L.S. & R.S.	L.S.: 6-4-77

APPENDIX II

(Vide Para 1.18 of Chapter I)

D.O. No. 1(8)/73-P.E.

P. K. Ramanujam,
Director.

GOVERNMENT OF INDIA
MINISTRY OF IRRIGATION AND POWER

Shram Shakti Bhavan, Rafi Marg,
New Delhi, the 26th October, 1973.

Dear Shri Raghavan,

This is with reference to delay in the preparation of Annual Reports of the D.V.C. The time schedule for finalisation of Annual and Audit Report of the D.V.C. was communicated to this Ministry vide Corporation's letter No. PLC-I/1/AR-67-68 Printing 69-8013, dated the 6th December, 1971. It was indicated in the time schedule that the Reports could be ready for printing by the 30th November, each year. According to this schedule the Report for 1971-72 should have gone for printing by the 30th November, 1972. This Report, is however, not ready as yet. Similarly, the position of the Report for the year 1972-73 also is not known. Since the delay in printing of the Report may become a subject of criticism in Parliament, I request you kindly to look into the matter and issue instructions to expedite the Reports.

Yours sincerely,

Sd./- P. K. Ramanujam

Shri B. S. Raghavan,
General Manager & Secretary,
Damodar Valley Corporation,
Bhabani Bhavan, Alipore,
Calcutta-27.

APPENDIX III

(Vide Para 1.18 of Chapter I)

IMMEDIATE

No. 1(19)/74-P.E.

**GOVERNMENT OF INDIA
MINISTRY OF ENERGY
(Deptt. of Power)**

New Delhi, the 2nd June, 1975.

To

The General Manager & Secretary,
Damodar Valley Corporation,
Bhabani Bhawan, Alipore,
Calcutta-27.

(Attention: Shri K. P. Ghosh)

Subject: Annual Report of the Damodar Valley Corporation and
Audit Report for 1972-73.

Sir,

I am directed to refer to letter No. PLC-I/1/Ar-72-73/Genl./73-1611, dated 13th May, 1975 on the above subject and to request that the present position of the printing of the Annual Report may kindly be indicated.

In this connection it has to be pointed out that there has been considerable delay in receipt of the Annual Report of the D.V.C. The Minister for Energy has expressed his concern regarding this and has desired that the report should be presented to the Parliament without undue delay. Copy of his minutes in this regard is enclosed.

Section 45 of the DVC Act provides that the Corporation shall prepare an annual report within six months after the end of each financial year and printed copies of the annual report shall be made available to each of the three participating Governments by the 15th day of October each year. In the recent past the Corporation has not been able to adhere to the statutory provisions in the Act and there has been invariably delay.

It may be pointed out that the manuscript of the Annual Report for the year 1971-72 was sent on 9th March, 1973 but the printed

copies of the same were made available by January, 1975 only. The manuscript of the annual report for 1972-73 were sent on 16th September, 1974, but it is not known when the printed copies would be ready. We are in the month of June, 1975 but even the manuscript of the report for 1973-74 has not been received. In this connection attention is invited to our letter No. 6(9)/69-PE, dated 20th March, 1972 along with which a time schedule suggested by the Comptroller & Auditor General of India was sent to the Corporation. In reply the Corporation in letter No. PLC-a/a/AR-67-68-Printing/69/2117, dated the 30th May, 1972 forwarded a copy of time schedule revised by them and proposed to be tried over a period of one year. It is regretted to note that the Corporation has not intimated the Ministry the result of the trial.

It has to be pointed out that it is necessary that the Statutory provisions should not be violated and strictly adhered to. In case there are practical difficulties, necessary action has to be taken to amend the Act.

It is requested that DVC may make a thorough review of the position and take immediate necessary action in this regard.

Yours faithfully,

Sd/- Rameshwar Nath

Under Secretary to the Govt. of India.

Copy to the Comptroller & Auditor General of India, New Delhi along with a copy of the letter under reference. It is requested that the Audit Report for 1972-73 may be expedited.

Sd/- Rameshwar Nath

Under Secretary to the Govt. of India.

APPENDIX IV

(Vide Para 1.18 of Chapter I)

A. K. M. Hasan, IAS,
General Manager

Damodar Valley Corporation,
Calcutta.

&

Secretary.

Dated June 3, 1976.

D.O. No. PLC/1(a) Pt. III/2012.

Dear Shrimati Bordia,

Please refer to your D.O. letter No. 1(6)/76-P.E. dated the 17th May, 1976, regarding presentation of the Annual Report of the DVC before Parliament.

2. As regards preparation of the audit report, measures necessary for elimination of the delays were discussed by us in detail with the Chief Auditor in March, 1976. Pursuant to the discussion, instructions have been issued in this office Memo No. PLC/1(a) Pt. III/110 dated the 27th April, 1976 (copy enclosed), to the officers concerned, with a copy to the Chief Auditor, so that the revised time table could be strictly adhered to beginning with the accounts for the year 1975-76.

3. As for printing of the report, the major part of the delay was attributable to proof-reading of the text, consisting of the narrative, the annual accounts and the audit report, by various agencies. Arrangements have been made to entrust the job of printing of the Annual Report to an advertising agency, which will undertake full responsibility for proof-reading and printing of the report in time.

4. I would, however, like to reiterate that a lasting solution to the problem of timely publication of the report is the de-linking of the audit report from the annual report as proposed in paras 10 and 11 of my D.O. letter No. PLC/1(a) Pt. III/1549, dated 27th April, 1976, addressed to you.

5. All out efforts are being made to ensure submission of the Annual Report for the year 1973-74 in August, 1976. Regarding the

reports for the subsequent years, viz., 1974-75 and 1975-76, these will be submitted to the Ministry within the time mentioned in your letter under reference.

With the best wishes,

Yours sincerely,

Sd/- A.K.M. Hasan

Smt. Otima Bordia
Joint Secretary to the Govt. of India.
Ministry of Energy (Deptt. of Power)
New Delhi.

DAMODAR VALLEY CORPORATION

Bhabani Bhavan, Alipore,

CALCUTTA-27

No. PLC/1(a) Pt. III/110.

April 27, 1976.

OFFICE MEMORANDUM

SUBJECT: Procedure for disposal of Inspection Reports, Draft Audit paras and Audit Reports—Submission of Annual Report before Parliament.

The following revised schedule for Audit Report and submission of the Annual Report was drawn up on an experimental basis:

- (1) Supply of authenticated annual accounts by the Corporation to the DCA. Upto 31st August.
- (2) Issue of comments on accounts by the DCA to the DVC. Upto 15th September.
- (3) Furnishing of replies by the Corporation. Upto 31st October.
- (4) Issue of Consolidated Audit Report by DCA to DVC for discussion. Upto 15th November.
- (5) Discussion of the Consolidated Audit Report by DCA with the management. Upto 30th November.
- (6) Issue of Consolidated Audit Report by the DCA to the CAG Upto 7th December.
- (7) Approval of the Audit Report by the CAG and issue of the approved report by the DCA to the DVC for printing. Upto 7th January.
- (8) Receipt of Hindi Translation of Audit Report from the CAG Upto 7th February.
- (9) Completion of printing of Audit Report Upto 7th April.
- (10) Placing the Report before Parliament. Upto 15th April.

2. But, unfortunately, even this revised schedule has not been adhered to and the Annual Report for 1972-73 was submitted to the Government of India for placing before Parliament in March 1976. This unsatisfactory position was discussed with the Chief Auditor, Commercial Accounts, DVC, on 9th March, 1976. In consultation with the Chief Auditor, Commercial Accounts DVC, the following procedure has been evolved for dealing with Inspection Reports, Draft Audit Paras and Audit Reports in order to adhere to the revised schedule:—

- (1) The Resident Audit Officer, during the course of their inspection, usually submit Audit Queries, in duplicate, to the Head of the Office concerned in half-margin sheets. The Head of the Office will reply to the Audit queries on

the other half of the note itself and forward one copy to the Resident Audit Officer within 7 days while retaining the other as his office copy. Prompt reply to Audit queries will nip the Audit paragraphs in the bud.

- (2) Before drawing up the final Inspection Report, the Resident Audit Officer invariably discuss the draft Inspection Report with the Head of the Office and get his signature on the draft as a token of discussion. The Head of the Office will sign the draft Inspection Report with the remark "discussed with the Resident Audit Officer". This practice will eliminate the possibility of any Audit objection being recorded in the Inspection Note without the knowledge of the Head of the Office concerned. It is also expected that most of the queries will be satisfactorily settled at the level of the Head of the Office and the Resident Audit Officer.
- (3) On receipt of the Inspection Report containing the objections, which could not be replied to satisfactorily earlier, the Head of the Office will furnish replies to Part IB of the Inspection Report promptly to the Resident Audit Officer through the Head of the Department with a copy of the Deputy Secretary in charge of the Audit Cell at Headquarters. The replies to the Audit objections in Part IB of the Inspection Report promptly to the Resident Audit Officer through the Head of the Department with a copy of the Deputy Secretary in charge of the Audit Cell at Headquarters. The replies to the Audit objections in Part IB of the Inspection Report must be furnished by the Head of report from the Resident Audit Officer.
- (4) The progress of replies to Inspection Reports will be reviewed by the Central Manager and the Chief Auditor, Commercial Accounts, DVC, once in a quarter Department-wise. The Chief Auditor will send an advance intimation of the pending replies. The date and venue of such quarterly review will be fixed in consultation with the Chief Auditor.
- (5) The Draft Paras received from the Director of Commercial Audit/Chief Auditor are required to be replied to within four weeks of receipt of such paras. In order to enable the audit Cell at Headquarters to keep this time schedule, the Head of office concerned and the Head of the Department should not take more than one week each to send their replies to the Audit Cell. The reply should cover all the points raised in the draft para so that any reference back

to the Head of Department/Office is avoided. While forwarding a copy of the Audit Para to the Head of the Department, a copy should invariably be endorsed to the Head of the Office concerned by the Audit Cell (Headquarters) for sending his reply through the Head of the Department with an advance copy to the Audit Cell.

- (6) The Chief Auditor, Commercial Accounts, DVC, has already indicated that in future Audit Paras will be sent to the Secretariat as and when they are ready.
- (7) In order to enable the Corporation to maintain the time schedule mentioned in paragraph 1, the Chief Accounts Officer will ensure that a copy of the Annual Accounts of the Corporation is submitted to the Chief Auditor, Commercial Accounts, DVC, at least by 31st August, without waiting for authentication by the Corporation, starting with the year 1975-76. An authenticated copy will be supplied to the Director of Commercial Audit later. On receipt of the copy of the Annual Accounts, the Resident Audit Officer will issue his draft comments as per the time schedule.

3. All officers concerned are requested to observe the drill with immediate effect so that the revised time schedule can be strictly adhered to beginning with the Accounts of 1975-76.

Sd/- A. K. M. Hasan
General Manager.

APPENDIX V

(Vide Para 2.5 of Chapter II)

Statement indicating reasons for delay in laying the Audited Accounts, together with Auditor's report thereon of the Employees' State Insurance Corporation for the years 1972-73, 1973-74 and 1974-75.

Under Rule 41 of the Employees' State Insurance (Central) Rules, 1950 the Employees' State Insurance Corporation is required to submit its annual accounts together with auditors report thereon to the Central Government not later than the first March following the close of the financial year concerned for being placed before the Parliament.

2. The audit report of the Corporation for the year 1971-72 was placed before the Parliament in December, 1974. The position regarding submission of annual accounts together with the auditors report thereon for the subsequent three years is as given below:—

Year	Date of receipt of Audit Report from the Accountant General, Central Revenues	Date of adoption of the report by the Corporation.
1972-73	9-1-1976	23-2-1977
1973-74	12-8-1976	23-2-1977
1974-75	9-11-1976	23-2-1977

It will be observed from the above that the delay in the laying of the reports before the Parliament is mainly due to late receipt of audited accounts from the Accountant General. There has also been some delay in consideration of the reports by the Corporation. This is because the E.S.I.C. was reconstituted in April, 1976 and the non-official members of the Standing Committee were elected afresh by the Corporation at its 1st meeting held in July, 1976. The audited accounts were taken up for consideration by the Standing Committee/E.S.I.C. in their subsequent meetings.

AUTHENTICATED

New Delhi
The 2nd April, 1977.

Sd/- Ravindra Varma,
Minister for Parliamentary Affairs
and Labour.

APPENDIX VI

Summary of Recommendations/Observations contained in the Report

S. No.	Reference to Para No. of the Report	Summary of Recommendations/Observations
(1)	(2)	(3)
1	1.25	The Committee are unhappy to note that despite the provisions of Section 45 of the Damodar Valley Corporation Act, 1948 that the Annual Report of the Corporation shall be made available to the three participating Governments by the 15th October each year and as soon as, thereafter, laid before Parliament and State Legislatures concerned, the Annual Reports of the Damodar Valley Corporation for the years 1972-73, 1973-74, 1974-75 and 1975-76, were laid on the Table of Lok Sabha as late as 19-5-1976, 19-8-1976, 6-4-1977 and 22-6-1977, respectively, i.e. after 37½ months, 28½ months, 24 months and 15 months of the close of the accounting year to which they pertained.
2	1.26	On examination of the statements showing reasons for delay laid along with the Reports of Damodar Valley Corporation, the Committee note that one of the reasons for delay, which was common in all the cases, was the requirement that the Audit Report should contain the Annual Accounts and Annual Report. The Committee also note that Damodar Valley Corporation Act, 1948 is silent about this requirement and it is Rule 31 of the Damodar Valley Corporation Rules which lays down that the Audit Report shall be printed along with the Annual Accounts and Annual Report. The Committee fail to

(1)	(2)	(3)
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understand as to why instead of taking steps to remove the obstacles coming in the way of presenting in time the Reports before Parliament, the Ministry have been repeating the same reasons for delay again and again. The Committee wish to point out that large sums of money are granted by Parliament for being spent on the Corporations and bodies like Damodar Valley Corporation. It is, therefore, imperative that Parliaments is informed in time if these sums are properly utilised for the purpose for which they were sanctioned. The very purpose of requirement about submission of Reports and Accounts is defeated if at the time of voting the Demands for Grants out of which funds are made available to the Corporation, the latest report on the working and audited accounts of the Corporation are not available to Members.

3 1.27 The Committee note that the provisions of Section 45 of the Damodar Valley Corporation Act, 1948 and Rules 25 and 31 of the Damodar Valley Corporation Rules, 1948 are not compatible and this fact has also been admitted by the Ministry of Energy. The Committee are surprised to note that since 1948 when the Damodar Valley Corporation Rules came into being, neither the Ministry concerned nor the Damodar Valley Corporation itself made any attempt to remove the incompatibility between the provisions of the Act and Rules. The Committee would like the Ministry to go into this aspect deeply to find out when this incompatibility first came to notice and why no steps could be taken earlier to set the position right.

4 1.28 The Committee recommend that each Ministry should undertake periodical review of the provisions in the Acts, Rules, Regulations, Articles of Association etc. regarding compilation and laying before Parliament of Reports and Accounts of

(1)

(2)

(3)

Corporations, Companies or autonomous bodies and take urgent steps to remove any lacunae and to incorporate suitable provisions therein to ensure that Reports and Accounts thereof are compiled and laid before Parliament within the prescribed time. So far as the Damodar Valley Corporation Act and Rules are concerned they should also be amended in order not only to remove any inconsistency between various provisions but also to bring them in accord with the recommendations made by this Committee in their reports regarding timely submission of Reports and Accounts.

The Committee note that according to an arrangement between the Corporation and C.&A.G., the accounts of Damodar Valley Corporation are required to be submitted to the Audit by the 31st August every year. Although the accounts of the Corporation for the years 1972-73, 1973-74 and 1974-75 were prepared more or less by the due date, the Audit took 8 months in issuing their comments on the accounts for both the years 1972-73 and 1973-74 and 5 months in the case of accounts for 1974-75. At the same time, the Corporation took about 5 months time in each case in furnishing replies to the Audit. The Committee further note that the time taken in printing of Reports, has also been a factor contributing to the delay. During evidence the representative of the Ministry also admitted that these three stages, namely, issue of comments by the Audit, furnishing replies to audit objections by the Corporation and printing of Reports contributed maximum to the delay. The Committee feel that the delay in laying the Reports could have been minimised if the Ministry were more vigilant and had made an earnest attempt earlier to identify the stages where the delay occurred and had taken remedial measures in regard thereto.

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- | (1) | (2) | (3) |
|-----|------|--|
| 6 | 1.30 | <p>The Committee note that according to the revised time schedule laid down by the Ministry in April, 1976 for compilation of accounts, finalisation of Audit Report thereon by the Audit and printing of the Reports etc., the Ministry would receive the copies of the Reports for laying after one year of the close of the accounting year. The Committee find that this time schedule is not in consonance with the recommendation of the Committee made in paragraph 3.5 of their First Report (Fifth Lok Sabha). The Committee are, therefore, of the opinion that the time schedule laid down by the Ministry should be further amended after consultation with the Ministry of Finance and C.&A.G. in such a manner that after the close of the accounting year the Corporation may have 3 months at its disposal to compile its annual accounts and send them to the Audit for auditing and during the next 6 months all other stages like issue of comments by Audit, furnishing replies by the Damodar Valley Corporation to queries raised by the Audit, printing and translation of reports and accounts etc. should be gone through and the Reports should be laid before each House of Parliament by the 31st December every year.</p> |
| 7 | 1.30 | <p>The Committee further note that the Annual/ Audit Report of Damodar Valley Corporation for the year 1976-77 has not been laid before Parliament by the due date i.e. 31st December, 1977. Further in terms of recommendation of the Committee made in para 3.5 of their First Report (Fifth Lok Sabha) a statement indicating the reasons why the Report could not be laid within the prescribed time, has also not been laid before the House soon after commencement of the Fourth Session of Lok Sabha which commenced on February 20, 1978. The Committee have inevitably to conclude that the recommendations made by this Committee are not receiving serious attention and respect which they deserve.</p> |
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(1)	(2)	(3)
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8	1.32	The Committee would, therefore, reiterate their recommendation made in para 3.5 of First Report (Fifth Lok Sabha) which is as follows:—
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“The Committee are of 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 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)	(3)
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The Committee hope that positive steps would now be taken by the Ministry in implementing the above recommendation in letter and spirit.

9 1.33 The Committee note that the Audit in Audit Report on the accounts of Damodar Valley Corporation for 1972-73 has observed at page 232:

“Internal Audit work for the year 1972-73 could not be carried out according to the annual programme for the year. Out of 140 units to be covered as per annual programme for internal audit, only 67 units were actually covered in internal audit during the year. The Corporation did not assign any reason as to why the audit could not be completed according to the audit programme.

No manual outlining the scope and programme of work of internal audit has been finalised as yet (August, 1974) though it was stated by the Corporation in September, 1972 that the manual was under finalisation.”

10 1.34 The Committee would like to point out that unless care is taken to lay down proper procedures and schedules at every stage, submission of Reports and Audited Accounts are bound to get delayed. The Committee are not convinced with the explanation given by the representative of the Ministry that “the schedule was between DVC and Audit”. The Committee cannot appreciate the stand of the Ministry that they do not interfere if the agreed time schedule as between DVC and Audit is not complied with by either of these two. The Committee are of the opinion that the Audit Report should be critically examined in the Ministry and any irregularities pointed out by the Audit should be mentioned in the ‘Review’ along with remedial measures taken

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with a view to assure the House that no such irregularity would be repeated in future. This will also enable the House to judge whether the steps taken are adequate or if anything further is to be done.

11	1.35	<p>The Committee would like to reiterate their recommendation made in para 3.8 of Second Report (Sixth Lok Sabha) and hope that the Ministry of Energy will critically examine Annual Reports/audited statements of accounts of the Damodar Valley Corporation and lay along with the Reports their own assessment in the form of 'Review' giving salient points of achievements, total funds of the Government involved, how far the Corporation has achieved the objects for which it was set up and what are the salient features of its future programme. Where the Report or the Audit Report mentions any serious irregularity or any other matter of importance which needed corrective action or further enquiry, it was expected that Government should make a mention thereof in the 'Review' together with the action taken. However, where information on all the afore-said matters is already available in the report and Government have nothing to add thereto, Government should, in accordance with the recommendation made by the Committee in para 4.18 of their Second Report (Fifth Lok Sabha), lay on the Table along with Report a Statement saying that they are in agreement with the report and hence no 'Review' is being laid.</p>
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12	2.6	<p>The Committee are unhappy to note that laying of the audited accounts together with the Audit Reports of the Employees' State Insurance Corporation for the years 1972-73, 1973-74 and 1974-75 has been badly delayed and these were laid on the Table of Lok Sabha</p>
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		<p>on 6th April, 1977 under Section 36 of the Employees' State Insurance Act, 1948, after 48 months, 26 months and 24 months, respectively; of the close of the financial year to which the reports pertained. The Committee further note that the audited accounts and Audit Report thereon for 1975-76 were laid on the Table on 17-11-1977, again after 20 months of the close of the financial year. The Committee feel that even if the period of delay is calculated on the basis of the time schedule laid down under Rule 41 of the Employees' State Insurance (Central) Rules, 1950 (i.e. from the first of March next, following the close of the financial year concerned) it comes to 36 months, 24 months and 12 months in the case 1972-73, 1973-74 and 1974-75 reports, respectively, and 8 months in the case of 1975-76 report. The Committee feel that such recurring delays are indefensible. The Committee are sorry to say that the Corporation has failed to follow even its own time schedule prescribed in Rule 41 of the Employees' State Insurance (Central) Rules, 1950 in making the annual accounts together with the auditor's report thereon and the annual report on the work and activities of the Corporation available to the Central Government for being placed before Parliament.</p>
13	2.7	<p>From the delay statements laid alongwith the audited accounts for 1972-73, 1973-74 and 1974-75 on the Table on 6-4-1977 and for 1975-76 on 17-11-1977 the Committee note that the Corporation took more than 13 months, 6 months, 3 months and 4 months, respectively, to consider and adopt the reports after their receipt from A.G. C.R.</p>
14	2.8	<p>The Committee are constrained to observe that the Ministry of Labour who are administratively responsible for the affairs of the Employees' State Insurance Corporation did not</p>

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take any tangible steps to avoid these inordinate delays and failed to pursue the matter with the Corporation even when it is provided in Rule 41 of the Employees' State Insurance (Central) Rules, 1950 that the annual accounts together with the auditor's report thereon and the annual report on the work and activities of the Corporation shall be submitted to the Central Government not later than the first of March, next following the close of the financial year concerned for being placed before the Parliament.

15 2.9 The Committee feel that the aforesaid delays could have been avoided if the Corporation and the Ministry of Labour had been watchful and had pursued the matter with the Accountant General Central Revenues with due promptitude.

16 2.10 The Committee are also unable to appreciate the rationale behind prescribing full one year's time under Rule 41 of the Employees' State Insurance (Central) Rules, 1950 for the Corporation to submit its annual accounts together with the Auditor's report thereon and the annual report on the work and activities of the Corporation to the Central Government for being placed before the Parliament. The Committee are of the view that the real purpose of laying the Annual Report and audited accounts together before Parliament is to keep Parliament fully apprised of the activities of the Corporation and this purpose is defeated if these documents are laid separately and also not within a reasonable time of the close of the financial year of the Corporation.

17 2.11 The Committee, therefore, reiterate their earlier recommendation made in para 3.5 of their First Report (Fifth Lok Sabha) that the Annual Report together with the audited accounts and audit report thereon of the Corporation for a particular year should in future be laid before

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Parliament together, every year, within a stipulated period of 9 months after the close of the financial year to enable the Parliament to have a complete picture of the working of the Corporation. To achieve that end the Committee recommend that the Ministry of Labour, being the administrative Ministry concerned with the affairs of the Employees' State Insurance Corporation, might consider the feasibility of amending the relevant provisions of the Act and Rules framed thereunder to being them in conformity with the recommendations of this Committee.

18 2.12 The Committee further recommend that in order to avoid delay in laying the Annual Report audited accounts and audit report thereon together before Parliament in future, the Ministry of Labour should keep itself in constant touch with the Corporation and draw some time schedule in consultation with them in order to ensure timely submission of these documents to the Ministry so that these are laid before Parliament within 9 months of the close of the financial year. The Ministry should also ensure that laying of the Annual reports and accounts of the Corporation do not fall into arrears in future.

19 2.13 As regards delay in auditing of the accounts the Committee suggest that Ministry of Labour may take up the matter with the Finance Ministry/Audit authorities to devise suitable methods and lay down proper time schedules to ensure auditing of accounts and clearance of audit objections within a specified time, not exceeding six months in any case.
