

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

(SIXTH LOK SABHA)

EIGHTH REPORT

[Action taken by Government on the Recommendations/Observations of the Committee on Papers laid on the Table made in the third and fourth Reports (Fifth Lok Sabha)]

(Presented on the 15th May, 1978)



**LOK SABHA SECRETARIAT
NEW DELHI**

*May, 1978/Vaisakha, 1900 (Saka)
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CORRIGENDA
TO
Eighth Report of Committee on
Papers Laid on the Table

(Presented on 15.11.1978)

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

(1977-78)

Shri Kanwar Lal Gupta—Chairman

MEMBERS

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

SECRETARIAT

**Shri K. K. Sexena—Chief Examiner of Bills and
Resolutions.**

Shri N. N. Mehra—Senior Table Officer.

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

INTRODUCTION

1, the Chairman of the Committee on Papers laid on the Table having been authorised by the Committee to present the Report on their behalf, present this their Eighth Report on the action taken or proposed to be taken by Government on certain recommendations/ observations of the Committee on Papers laid on the Table made in the Third and Fourth Reports (Fifth Lok Sabha).

2. The matters covered by this Report were considered by the Committee at their sitting held on 20th April, 1978.

3. The Committee considered and adopted this Report at their sitting held on the 9th May, 1978.

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

NEW DELHI;

May 11, 1978

Vaisakha 21, 1900 (Saka).

KANWAR LAL GUPTA,

Chairman,

Committee on Papers laid on the
Table

CHAPTER I

IMPLEMENTATION OF RECOMMENDATIONS MADE IN PARAS 2.32—2.34 OF FOURTH REPORT (FIFTH LOK SABHA) OF THE COMMITTEE ON PAPERS LAID ON THE TABLE

The Committee on Papers laid on the Table in para 2.32 of their Fourth Report (Fifth Lok Sabha) had made the following observation:—

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

1.2. In their action taken note dated 25-7-1977, the Ministry of Agriculture and Irrigation have stated as under:

“The eleven defaulting State Corporations referred to by the Committee whose Annual Reports have not been laid are as follows:—

S. No.	Name of the State Agro-Industries Corporations	Year from which Reports are due
1.	Andhra Pradesh	1972-73
2.	Assam	1967-68
3.	Bihar	1972-73
4.	Gujarat	1974-75
5.	Jammu and Kashmir	1973-74
6.	Karnataka	1974-75
7.	Kerala	1973-74
8.	Madhya Pradesh	1974-75
9.	Orissa	1968-69
10.	Punjab	1972-73
11.	West Bengal	1973-74

The latest position in respect of these Corporations is as follows:—

1. ANDHRA PRADESH:

The Annual Report of the Corporation for the year 1972-73 has been forwarded to both Houses of Parliament on 13th October, 1976.

2. ASSAM:

The Annual Reports for the years 1967-68, 1968-69, 1969-70 and 1970-71 have been forwarded to both Houses of Parliament on 4th November, 1976.

3. BIHAR:

The accounts of the Corporation for the year 1972-73 has been recently adopted at the General meeting held on 11-6-77 and the Corporation is taking expeditious steps to have the same printed for laying on the Table of Parliament.

4. GUJARAT:

The Annual Report of the Corporation for the year 1974-75 has since been received in the Department in Aug., 1976. Steps are being taken to lay the same on the Table of Parliament in the Budget Session.

5. JAMMU & KASHMIR:

The copies of the Annual Report for the year 1973-74 have been received during August, 1976. On account of certain deficiencies, the same could not be laid. The Corporation is taking expeditious steps to rectify the deficiencies.

6. KARNATAKA:

The annual Report for the year 1974-75 has been adopted and the printed copies of the Report were furnished to the Department of Agriculture on 31-3-1977. The same will be laid on the Table during the Budget Session of the Parliament.

7. KERALA:

The Annual Report for the year 1973-74 has been forwarded to both Houses of Parliament on 11th October, 1976. The printed copies of the Report for the year 1974-75 have been received on 16-2-1977 for laying in the Budget Session of the Parliament.

8. MADHYA PRADESH:

The printed copies of the Annual Report for the year 1974-75 have since been received on 16-2-1977 in the Department for laying in the Table of Parliament. The same will be laid in the ensuing Budget Session.

9. ORISSA:

The Annual Reports of the Corporation for the year 1968-69 and 1969-70 have been forwarded to both Houses of Parliament on 19th October, 1976. The printed copies of Annual Report for the year 1970-71 in English only have been received recently. The same will be laid on the Table of Parliament in the Budget Session.

10. PUNJAB:

The Annual Report of the Corporation for the year 1972-73 has been forwarded to both Houses of Parliament on 8th October, 1976.

11. WEST BENGAL:

The Annual Report for the year 1973-74 has been forwarded to both Houses of Parliament on 12th October, 1976.

Thus in all ten Annual Reports of these Corporations have been forwarded for laying on the Tables of Parliament during October/November, 1976. Some more copies of the Annual Reports of these Corporations have also been since received. These Corporations are now taking expeditious steps to finalise all the pending annual reports in terms of the recommendations of the Committee."

1.3. The following Table prepared on the basis of information gathered from Lok Sabha Bulletin Part-I indicates at a glance the position of laying of Annual Reports of the Agro-Industries Corporations in some of the States:—

Name of the State	Year	Date of laying before Lok Sabha
1. Orissa	1968-69 } 1969-70 } 1970-71	28-10-1976 5-8-1977
2. Punjab	1972-73	25-10-1976
3. Andhra Pradesh.	1972-73 1973-74	25-10-1976 25-7-1977

Name of the State	Year	Date of laying before Lok Sabha
4. Kerala	1973-74	25-10-1976
	1974-75	25-7-1977
	1975-76	22-12-1977
5. West Bengal	1973-74	25-10-1976
	1974-75	19-12-1977
6. Assam	1967-68	7-11-1977
	1968-69	
	1969-70	
	1970-71	
7. Karnataka	1974-75	8-8-1977
	1975-76	19-12-1977
8. Madhya Pradesh	1974-75	25-7-1977
9. Maharashtra	1975-76	25-7-1977
10. Rajasthan	1975-76	25-7-1977
11. Tamil Nadu	1975-76	18-7-1977
12. Gujarat	1974-75	5-8-1977
	1975-76	
13. Himachal Pradesh	1975-76	5-8-1977
14. Uttar Pradesh	1975-76	5-8-1977

1.4. The Minister of Agriculture and Irrigation laid on the Table of Lok Sabha on 12-12-1977, a statement (Appendix I) showing reasons why the Annual Reports and Accounts of the State Agro-Industries Corporations in 12 States could not be laid within the stipulated period.

1.5. The Committee on Papers laid on the Table in paras 2.33 and 2.34 of their Fourth Report (Fifth Lok Sabha) have recommended as follows:—

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

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

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

1.6. The Ministry of Agriculture and Irrigation in their action taken note dated 25-7-1977 have stated as under:—

"The Department of Agriculture has taken steps to ensure that the defaulting Corporations do their best to avail themselves of the relaxation made by the C. & A.G. However, some of the following State Agro-Industries Corporations have reported as follows:—

(I) ASSAM:

The audited accounts of the Corporation for the year 1971-72 was certified by the statutory Auditors on 16th August, 1976. The Statutory Auditor for the year 1972-73 of the Corporation was appointed by the Company Law Board during December, 1976. The Statutory

Auditors have not started the audit on the dispute over fees upto 7-3-1977.

(II) PUNJAB:

The Statutory auditors were appointed by the Company Law Department for the year 1973-74 during February, 1976. The Statutory Auditors could not certify the accounts till third week of January, 1977. In the circumstances the Corporation has expressed its inability to stick to the time schedule for finalisation of the accounts.

(III) RAJASTHAN:

The appointment of the Statutory auditors for the year 1975-76 was made by the Department of Company Affairs on 17-3-1976. The auditors could not commence their work till 20th August, 1976. From the past experience of the Corporations, the auditors take approximately 5 months to complete their work.

(IV) JAMMU & KASHMIR:

The Statutory auditors were taking unduly long time in certifying the accounts of the Corporation for the year 1974-75.

(V) HARYANA:

The Statutory auditors were appointed by the Department of Company Affairs on 3-5-1976 for the year 1975-76. Accounts are under audit upto 11-3-1977. The accounts were never certified by the auditors in time, resulting in delay in the adoption of the accounts within the prescribed period."

1.7. The Department of Company Affairs vide their O.M. No. 3|2| 78/IGC dated 20-1-1978, while furnishing action taken by them on the recommendations contained in paras 2.33 and 2.34 of Fourth Report (Fifth Lok Sabha) have stated as under:

Para 2.33:

The action in this regard is to be taken by the administrative Ministries and the concerned Government Companies to organise accounting system in such a way that the accounts are completed and finalised within the period as provided for in section 210 read with section 166 of the Companies Act, 1956 and the Department of Company Affairs as such has no control over the matter. How-

ever, the Regional Directors and the Registrars of Companies are keeping a watch over the compliance of the provisions of the companies Act by Government Companies relating to the holding of annual general meeting and placing of balance-sheet and profit and loss accounts thereat.

Para 2.34:

The Procedure laid down by the Comptroller and Auditor General as explained in the written note furnished to the Committee on 7-10-1976 (Appendix II) is still being followed. The question as to whether any further change is to be made in that procedure for expediting the appointment of auditors, so that the accounts are finalised and the balance sheet and the profit and loss accounts are laid before the Annual General Meeting of the Companies without delay is being reviewed in consultation with the Comptroller and Auditor General of India. In this connection, it has been brought to the notice of the Comptroller and Auditor General for consideration whether—

- (i) in respect of public sector enterprises which are engaged in the manufacture of sophisticated engineering products involving specialised technology and production processes, the change of auditors may be effected after four years or five years instead of three years as at present; and
- (ii) in cases where a change of auditors is to be effected and there has been considerable delay in finalising and auditing the accounts of a particular year, the new auditor may be appointed in the second quarter of the financial year (for which a new auditor has to be appointed) in spite of the fact that the accounts of the previous financial year has not been finalised.

1.8. The Committee find that out of the 11 Agro-Industries Corporations commented upon by them in para 2.32 of their Fourth Report (Fifth Lok Sabha) the Annual Reports for the years upto 1974-75 in the case of only 5 Corporations namely, Gujarat, Karnataka, Kerala, Madhya Pradesh and West Bengal have been laid on the Table of Lok Sabha so far. The Annual Reports for the year 1971-72 and onwards of Agro-Industries Corporations in Assam and Orissa, the Annual Report for the year 1972-73 and onwards of the Corporation in Bihar, the Annual Reports for the year 1973-74 and onwards of the Corporations in Jammu & Kashmir and Punjab

and the Annual Report for the year 1974-75 of Agro-Industries Corporation in Andhra Pradesh are still to be laid before Parliament. The Committee further finds that none of the Agro-Industries Corporations has been able to lay its latest Annual Report i.e. for 1976-77 within the stipulated period of 9 months of the close of its accounting year.

1.9. On perusal of the statement showing reasons why the Annual Reports and Accounts of the State Agro-Industries Corporations in 12 States could not be laid on the Table within the stipulated period, which was laid on the Table of Lok Sabha on 12-12-1977 and the information furnished by the Ministry of Agriculture and Irrigation, the Committee note that the reasons for delay in laying the reports of various Corporations have been attributed to certain procedural delay like the delay in appointment of statutory auditors by the Department of Company Affairs, delay in audit by the staff of local office of Accountant General of respective State, delay in the receipt of comments of Comptroller and Auditor General, delay in convening the meeting for adoption of Reports at the Annual General Meeting of the Corporation, printing and translation of the Reports etc.

1.10. The Committee also note that the Department of Company Affairs have taken certain steps to ensure that holding of annual general meetings of the Corporations are not delayed and that auditing of accounts may be expedited by appointing new auditors, where necessary. The Committee are of the view that the Ministry of Agriculture and Irrigation should be quite watchful and vigilant so that the measures taken by the Department of Company Affairs may prove effective and the progress of Reports is not hampered on account of any avoidable circumstances. The Ministry should, therefore, remain in constant touch with the Agro-Industries Corporations to watch the progress of their Annual Reports and suggest remedial measures as and when necessary. The Committee hope that the Annual Reports which are still to be laid would be laid without further delay.

CHAPTER II

ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS MADE BY THE COMMITTEE ON PAPERS LAID ON THE TABLE IN THEIR THIRD AND FOURTH REPORTS (FIFTH LOK SABHA)

2.1. The recommendations/observations made in the Third and Fourth Reports (Fifth Lok Sabha) of the Committee on Papers laid on the Table on which Government have taken action have been shown in a statement at Appendix—III. The other recommendations/observations which have not been included in Chapter—I and Appendix—III were narrative in character.

2.2. The Committee note with satisfaction the action taken by the Government on their recommendations/observations made in their Third and Fourth Reports (Fifth Lok Sabha) as indicated in Appendix—III.

NEW DELHI;

May 11, 1978;

Vaisakha 21, 1900 (Saka)

KANWAR LAL GUPTA,

Chairman,

Committee on Papers laid on the
Table.

APPENDIX I..

(Vide Para 1.4 of Chapter-I)

F. No. 5-4/77-MY(AI)

Authenticated
Minister (Agro. & Irri.)

Statement showing reasons why the annual reports and accounts of the State Agro-Industries Corporations in Twelve states could not be laid with in the stipulated period.

The State Agro-Industries Corporation have been constituted in Seventeen major States, as a 'Company' under the Companies Act, 1956 and are "State Government" undertakings in which the Central Government holds equity shares upto a maximum of 50 per cent. The Annual Reports and accounts in respect of twelve of these Corporations could not be laid with in a period of nine months of the completion of the financial year. Specific reasons for not laying of the reports against each of these Corporations are attached in the Annexure. However efforts are being made by these Corporations to finalise and adopt the annual reports expeditiously and lay the printed copies of the report in the Tables of both Houses of Parliament. All the defaulting Corporations have been requested to ensure that both English and Hindi versions of their reports are submitted to this Ministry expeditiously for laying in Parliament.

A time-bound programme for the early finalisation of the annual accounts of these corporations has also been circulated to the Corporations and the matter is being pursued vigorously by the Government. However, on account of certain inherent delays like the delay in the appointment of statutory auditors by the Company Affairs Department, audit by the staff of local office of Accountant General of the respective state, delay in the receipt of comments of comptroller and Auditor General, convening the meeting for adoption at the Annual General meeting of the Corporation, printing and translation of the Reports etc. etc., these Corporations could not proceed in the matter expeditiously. However, allout efforts are being taken now by these defaulting corporations and it is expected that the corporations will be able to finalise the reports early.

ANNEXURE

S. No.	Name of the State Agro-Ind. Corpn.	Period of the reports to be laid	Reasons for delay
1	Andhra Pradesh	1973-74 to 75-76	The printed copies of the Annual Report in English & Hindi for the year ending June 1974 have been furnished during January, 1977 to the Ministry of Agriculture for laying in Parliament after adoption on 6-12-1976. The same is being laid separately. As the adoption of the reports for the previous years were delayed, the accounts of the subsequent years could not be audited by Statutory Auditors within the specified period. However, the Corporation, is taking steps to expeditiously finalise all the pending reports.
2	Assam	1971-72 to 75-76	The appointment of the statutory auditor for the audit of accounts for the year 1971-72 was made on 8-1-1976 and the auditor certified the accounts on 16-8-76. The staff of the Accountant General have completed the audit on 30-11-76 and the comments of Comptroller and Auditor General is awaited till 7-3-77. The Corporation is taking further steps to collect the comments of C&AG and to convene the Annual General meeting expeditiously after the receipt of the comments of C&AG. The accounts of the subsequent years could not be finalised on account of the delay in the adoption of the report for earlier years.
3	Bihar	1972-73 to 75-76	There was delay in the adoption of accounts for the year 1972-73 on account of delay in audit of accounts of earlier years. The Corporation is taking expeditious steps to finalise all the pending accounts. A firm of Chartered Accountants was appointed as internal auditors who have since audited accounts upto the year 1975.
4	Gujarat	1974-75 to 1975-76.	The Corporation has furnished the printed copies of Annual Reports in English and Hindi for laying in Parliament and the same is being laid separately. For the year 1975-76, statutory auditors for one of the Corporations subsidiary (Gujarat Agro-Marine Products Ltd.) were appointed much after the close of the year and consequently there has been delay. The Corporation has, however, taken all efforts to adopt the accounts and furnished printed copies expeditiously during June, 1974-75.

S. No.	Name of the State Agro-Ind. Corpn.	Period of the reports to be laid	Reasons for delay
5	Haryana	1975-76	The accounts of the corporation are under audit. Allot efforts are being taken by the Corporation to finalise the accounts and furnish the printed copies of the Report for laying the same in Parliament expeditiously.
6	Jammu & Kashmir	1973-74 to 75-76	The Corporation has furnished copies of the report for the year 1973-74 during August, 1976 to Government of India for laying. On account of certain deficiencies, the same could not be laid. The accounts for the year 1974-75 is still under audit. The Corporation is taking expeditious steps to adopt the same after audit of the accounts and furnish printed copies to the Government of India for laying in Parliament. The audit of accounts for the year 1975-76 will be taken up only after finalisation of the accounts for previous year.
7	Karnataka	1974-75 to 75-76	The printed copies of the report for the year 1974-75 have been furnished to Govt. of India on 31-3-1977, for laying in Parliament and the same is being laid separately. The Corporation is taking expeditious steps to finalise the report for the year 1975-76 and furnish the printed copies of the report to Govt. of India for laying.
8	Kerala	1974-75 to 75-76	The Corporation has furnished on 16-2-77 printed copies in English only for the year 1974-75 to Govt. of India for laying in Parliament and the same is being laid separately. The report for the year 1975-76 has been adopted recently and efforts are being taken to print the same expeditiously.
9	Madhya Pradesh	1974-75 and 75-76	The Corporation has been furnished printed copies of the report in English and Hindi during February, 1977 for laying in Parliament. The Corporation is taking steps to finalise the accounts for the year 1975-76 expeditiously.
10	Orissa	1970-71 to 75-76	The Corporation has forwarded English version of the Report for the year 1970-71, recently for laying in Parliament. The same

is being laid separately. The Corporation is taking necessary steps to finalise the accounts for subsequent years. The accounts for the year 1971-72 has been certified by Statutory Auditors in January, 1977 and the appointment of auditors for the year 1972-73 has been taken up.

The report for the year 1973-74 is being adopted by the company after completion of audit etc. All out efforts are being taken to finalise the reports for subsequent years expeditiously and lay in Parliament.

The report for the year 1974-75 is under print and the Corporation is taking steps to furnish the same shortly. The annual accounts for the year 1975-76 are under audit and as soon as the same is completed, the Corporation will take further steps to adopt and print the same.

11 Punjab 1973-74 to 75-76

12 West Bengal 1974-75 and 75-76

APPENDIX II

(Vide Para 1.7 of Chapter-I)

*Extracts taken from Ministry of Law, Justice and Company Affairs
(Department of Company Affairs) O.M. No. 15/52/76-IGC,
dated the 7th October, 1976.*

* * * *

- (i) “. . . the appointment or re-appointment of auditors in Government Companies is made on the advice of the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, similar suggestions as those of Ministry of Agriculture and Irrigation, made at the instance of references received from Governments of Madhya Pradesh, Orissa and Jammu and Kashmir, were examined in consultation with Comptroller and Auditor General of India. The Comptroller and Auditor General took the view that a firm of auditors was recommended by him for appointment for the subsequent year on the basis of its satisfactory performance in respect of the audit of the accounts of the previous year. Moreover, it was also felt by the Comptroller and Auditor General that the opportunity to get the best available person to audit the accounts of a Government company, would be lost, if an auditor was allowed to audit all the accounts presented in a particular period. He was accordingly averse on principle to advise the appointment or re-appointment of auditors for more than one year at a time in a Government company. However, in order to eliminate the arrears, he agreed to initiate action for appointment of auditors for the subsequent year, as soon as the accounts were audited by the statutory Auditors, for the preceding year and a certified copy thereof was made available to him, that is, without waiting for the Accountant General to complete his audit.

The Comptroller and Auditor General of India observed that by this process, if repeated in succession, a Government company could hold a series of meetings of shareholders and present its accounts making it possible for it to clear 3 or 4 years accounts within a period of one year. It was,

therefore, finally decided after full consideration, to give a fair trial to the aforesaid suggestion of Comptroller and Auditor General of India. This decision, together with the observations in this regard made by the Comptroller and Auditor General of India were circulated to all the Regional Directors|Registrars of Companies (our Regional Offices throughout India) for the information of all concerned, specially the defaulting companies.

* * * * *

- (iii) The appointment|re-appointment of auditors is made by the Central Government on the advice of Comptroller and Auditor General of India, under Section 619(2) of the Companies Act, 1956. The Comptroller and Auditor General of India tenders his advice only after he is satisfied that the accounts of the company for the preceding year have been finally adopted in the Annual General Meeting. In order to avoid delays, the Government companies are required to give complete information to the Comptroller and Auditor General of India in a prescribed proforma. . and as soon as the Comptroller and Auditor General tenders his advice, appointment/re-appointment of auditors, is made by this Department without loss of time and generally orders are issued within a fortnight, provided no other complications are involved."

APPENDIX III

[Vide Para 2.1 of Chapter—II]

Statement showing action taken by Government on the Recommendations/Observations of the Committee on Papers Laid on the Table made in their Third and Fourth Reports (Fifth Lok Sabha)

Serial No. of the Report	Summary of recommendations/observations	List of Government's reply/action taken
1	3	4
1 Third Report (5th L.S.)*1.21	<p>The Committee recommend that normally no amount should be drawn from the Contingency Fund to meet the expenditure on a 'New Service' while Lok Sabha is in session and every attempt should be made to get the prior approval of Lok Sabha including the amount in the annual financial statement or the Supplementary Demands for Grants pertaining to that year. However, in exceptional cases when withdrawal of advance from the Contingency Fund becomes inevitable owing to some procedural difficulties like the one that money drawn on Vote on Account' cannot be used for expenditure on a 'New Service', Government should first circulate to Members a statement giving details of the scheme for which money is needed and the circumstances under which approval of Parliament cannot be obtained in the normal course. Thereafter a resolution should be brought to the House by the Minister concerned authorising the Government to withdraw a specified amount from the Contingency Fund of India pending voting on Demands for grants and enactment of the Appropriation Bill. When such a</p>	<p>The Minister of Finance addressed a letter [D.O. No. 1502 FM/77VIP(1) dt. 29-11-77] to the Speaker Lok Sabha explaining certain difficulties being experienced by Government in implementing the recommendation and requesting that the recommendation might be reconsidered.</p>

*The recommendation was reconsidered by the Committee on Papers Laid on the Table at their sitting held on 20-4-1978 in the light of the difficulties being experienced by Government and the opinion given by Attorney General in the matter. For details see Fourth Report (Sixth Lok Sabha).

resolution is brought, the House may show a little indulgence and decide upon the resolution preferably without any detailed discussion.

This recommendation, before finalisation, was placed before the Speaker and was approved by him.

2 Third Report (9th L.S.) 2.12

The Committee need hardly stress that Ministry of Labour should act as the watch dog of the interests of the employees and workers and they must ensure that the Reports on the working of Employees' Provident Funds, and Family Pension Schemes are submitted within the prescribed date and laid on the Table soon thereafter. The Committee feel surprised that no check is being exercised by the Ministry if the Report is not submitted by the Central Provident Fund Commissioner by the prescribed date. The mere fact that there is no statutory requirement for laying a document should not make the entire machinery inactive. A document laid on the Table after long delay defeats the very purpose for which it is laid viz. to keep the Parliament informed of the activities and financial position of the organisation. The Committee recommend that suitable procedure should be devised to ensure timely submission of the Report. In case of any delay, the matter should be taken up by the Ministry with the Central Provident Fund Commissioner to expedite submission of the Report. In any case, the Annual Report for a particular year should be submitted to the Government by the 30th November as prescribed in the rules and laid on the table during the Winter Session of Parliament held during that year.

The Ministry of Labour have noted for guidance and have also brought to the notice of the Central Provident Fund Commissioner. (Vide OM No. Z-16016(3)/75-PF-II dated the 9th December, 1976).

3 Third Report (9th L.S.) 2.13

The Committee trust that Ministry of Labour will take necessary steps to see that the Annual Report for the year 1974-75 is laid on the Table without any further delay and the Annual Report for 1975-76 is submitted to the Government by the 30th November, 1976 and laid on the Table soon thereafter.

Annual Report for 1974-75 and 1975-76 have since been laid on the Table of the Lok Sabha on 26-8-1976 and 5-4-1977, respectively.

4 Third Report (9th L.S.) 2.14.

The Committee has no objection to the Ministry's suggestion that cyclostyled copies of the Report might be laid on the Table in order to cut delay, provided this does not become a regular feature and the printed copies are made available to Members as early as possible, in no case later than a month after the submission of a cyclostyled Report.

The Ministry of Labour have noted for guidance and compliance and have brought to the notice of the Central Provident Fund Commissioner (Vide their O.M. No. Z-16016(3)/75-PF-II dated 9-12-1976).

Ministry of Home Affairs have noted for future guidance (Vide their OM No. 14013/1/76-NE dated 26-10-1976).

5. Third Report (5th L.S.) 3.14

In paragraph 4-5 and 4-6 of their First Report the Committee had stressed the need for laying Notifications/Rules etc. in respect of States which were under President's Rule, before Parliament, in accordance with the established procedure laid down by the Committee on Subordinate Legislation.

6. Third Report (5th L.S.) 3.15

The Committee had noted in their First Report that out of 10 Notifications issued by Government of Nagaland during the period April to November, 1975 only three Notifications were laid on the Table on 28-1-1976 and the remaining seven Notifications were still to be laid.

Do.

7. Third Report (5th L.S.) 3.16.

On further probe into the matter as to why the remaining seven Notifications were not laid on the Table till the end of April, 1976 it was revealed that five Notifications out of the remaining seven were not required to be laid on the Table at all. The Committee are unhappy to note that Ministry of Home Affairs had furnished to the Committee a list of ten Nagaland Notifications which according to them were required to be laid on the Table and that information was incorporated in their First Report. However, this information has later been found to be incorrect. At least in respect of one Notification issued under the Motor Vehicles Act the Ministry Shipping and Transport on 8-1-1976 that the Notification was not required to be laid on the Table. Had this fact been brought to the notice of the Committee immediately, the correct position could have been stated in their Report which was presented to Lok Sabha on 8-3-1976. The Committee need hardly stress that all papers relating to the States under President's Rule should be carefully scrutinised by the concerned Ministries and accurate information should be furnished to Ministry so that correct information is made available to the Committee Members or the House.

Do.

8. Third Report (5th L.S.) 3.17.

Ministry of Home Affairs have noted for future guidance (Vide their OM No. 14013/1/76 NE dated 26-10-1976).

Ministry of Home Affairs have issued instructions to the State Governments to forward to Ministry of Home Affairs monthly reports indicating therein, the Notifications/Orders/Rules, etc., statutorily required to be issued in the State Gazette and required to be laid on the Table of both Houses of Parliament. The Central Ministries have likewise been asked to take necessary action for laying those papers on the Table of both Houses of Parliament.

Ministry of Home Affairs have informed that the monthly reports *i.e.*, notifications/orders Rules etc. required to be laid are scrutinized by concerned Director in the Ministry of Home Affairs (*Vide* their OM No. V/11015/68/76-S&P(DV) dated 5-10-1976).

The Committee trust that Ministry of Home Affairs as the Coordinating Ministry will entrust the work of scrutinising the monthly reports received from State Governments to some responsible officer of their own Ministry so that necessary follow up action is taken and the concerned Ministries are regularly reminded to lay in time papers which are required to be laid on the Table of both Houses of Parliament pursuant to imposition of President's Rule in a State.

Ministry of Home Affairs have noted for guidance and compliance in future (*Vide* their OM No. V/11015/68/76-S&P(DV) dated 5-10-1976).

Ministry of Law (Deptt. of Legal Affairs) have issued instructions to all the officers and sections of the Deptt. (*Vide* their O.M. No. 27211/76-ADV.B., dated January 1977).

The Committee recommend that in future whenever a notification or any other paper that is required, statutorily or otherwise, to be placed before a legislature of a State or a Union territory under President's rule, is issued, two copies of such notification or paper should be made available immediately to the Committee for their information.

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

The D.P.A. have circulated the recommendation to all Ministries and Depts. for guidance and compliance. D.P.A. have not received any communication from the Ministries pointing out any difficulty in its implementation.

9. Third Report (5th L.S.) 3.18

10. Third Report (5th L.S.) 3.19

11. Fourth Report (5th L.S.) 1.16

12. Fourth Report (5th L.S.) 1.17

in time. In order to achieve the objective and to see that smooth working of the Committee does not suffer, the Committee recommended that the Government might consider issuing instructions that the communications received on behalf of the Parliamentary Committees should be attended to on top priority basis and the information asked for therein supplied with the least possible delay. In case it is not possible to furnish the required information in time an interim reply may be sent to the Secretariat of the Committee.

13. Fourth Report (5th L. S.) 1*18

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

The Tariff Commission Act has already been repealed.

14. Fourth Report (5th L.S.) 1.19

The Committee note that the Report of the Tariff Commission on the Price Structure of BON ACID (1974) was received in the Ministry of Commerce on the 29th August, 1974, and it was forwarded for action to the then concerned Ministry of Petroleum and Chemicals on the 29th April, 1975 (i.e., after the lapse of eight months time). In view of the secret nature of the Report, its importance involving financial implications and the fact that the Ministry of Commerce had simply to forward the copies of the Report to the concerned Ministry for action, the Committee are very much concerned for the inordinate delay on the part of the Ministry of Commerce. The Committee are also not satisfied with

The Ministry of Commerce have stated :
 "The reasons for delay in forwarding the report of the Tariff Commission on the Price structure of Bon Acid (1974) from the Ministry of Commerce to the then Ministry of Petroleum and Chemicals have been investigated. The investigation has revealed that this is a solitary incident of its type, which occurred due to an oversight and there is no question of anybody having derived any benefit on account of this lapse.

the reasons put forth by the Ministry of Commerce. They suggest that the case may be investigated thoroughly for necessary action. They also suggest that the procedure for the handling of similar reports needs to be streamlined so that such lapses do not occur in future.

There is no reason to suspect the bonafides of those concerned. It is an unfortunate incident and has to be left at that.

These findings of the investigation have been accepted at the level of Commerce Secretary and Commerce Minister.

While all precautions will be taken to ensure that lapses do not occur, in future, incidentally, it may be pointed out that the Tariff Commission has since been abolished with effect from 1st August, 1976, and therefore the question of processing any further reports from the Tariff Commission would not arise. (Vide their OM No. 18(2)-Tar/73, dated the 11-1-1977).

15. Fourth Report (5th L.S.) 1.20 The Committee note that the said Report of the Tariff Commission on BON ACID was received in the then Ministry of Petroleum and Chemicals on the 29th April, 1975, and as per provisions contained in Section 16(a) of the Tariff Commission Act, 1951, Government should have laid either the Report together with the Report of the action taken thereon or the statement explaining the reasons for not laying the Report on the Table of the House within three months of its receipt i.e., during the Monsoon Session held from 21-7-1975 to 7-8-1975. However, the Ministry of Petroleum & Chemicals took eight months in addition to the period of eight months already taken by the Ministry of Commerce, in processing and taking a decision on the Report. From the statement furnished by the Ministry of Chemicals & Fertilizers it is observed that the ex-works price of BON ACID manufactured by Atul Products Ltd. ruled low as compared to the price recommended by the Tariff Commission whereas price in respect of Amar Dye Chemicals Ltd. product ruled quite high in comparison to the price suggested by the Tariff Commission. The Committee are of the opinion that this needs to be investigated in view of the

The Ministry of Chemicals & Fertilizers have stated: "The statement of prices of BON ACID has again been examined in the Ministry of Chemicals & Fertilizers. . . . It has been found that consumers of BON Acid were benefited by Rs. 11.47 lakhs during the year 1975 alone. Had the prices as recommended by the Tariff Commission been accepted and ruled as such this amount would have accrued to the Manufacturers during the above period". (Vide OM No. 19011(4)/75-CH.II dated 15-4-1977).

fact that the decision on the Tariff Commission Report (1960) relating to BON ACID was also delayed.

16 Fourth Report (5th L.S.) 1.22

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

17 Fourth Report (5th L.S.) 1.23

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

18 Fourth Report (5th L.S.) 2.30

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

19 Fourth Report (5th L.S.) 2.31

The Committee further note that the audited accounts alongwith the audit report of Madhya Pradesh Agro-Industries Corpora-

The Ministry of Chemicals and Fertilisers reiterates its assurance to be more careful in future in processing such reports (Vide their OM No. 19011(4)/75-CH.II dated 15-4-77)

D.P.A. have circulated the recommendation to all Ministries and Dep'ts. for guidance and compliance. D.P.A. have not received any communications from the Ministries pointing out any difficulty in its implementation (Vide their O M No. F. 28(3)/76-Leg., dated. 29-11-76 and 23-1-76).

The Ministry of Agriculture and Irrigation have stated: The audited accounts for 1972-73 were adopted by the shareholders of West Bengal Agro-Industries Corporations on 21-12-1974. Thereafter there was considerable delay in making local arrangements for preparation of Hindi version of the accounts and reports. This explains the delay of 7 months. Steps have been taken to expedite preparation of Hindi version of the accounts henceforth (Vide Ministry of Agriculture and Irrigation OM No. 5-8/76 MY (AI) dated 25-7-77)

The Ministry of Agriculture and Irrigation have communicated the recommendation

to State Governments (*vide* their OM No. 5-8/76-MY (AI) dated 25-7-1977).

tion Ltd. for the year 1972-73 were adopted in the annual general meeting held on 16-3-74. But the annual report was submitted to the Ministry of Agriculture and Irrigation during the 3rd week of May, 1975 i.e. after about 14 months of the annual General meeting while under section 619(A)(1) of the Companies Act, 1956, the annual report is required to be prepared within 3 months of the general meeting and laid before both Houses of Parliament as soon as may be after it is prepared.

The Ministry have furnished the latest information Annexure-I (*Vide* Ministry of Agriculture and Irrigation OM No. 5-8/76-MY(AI) dated 25-7-77)

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

This only shows the insufficient care that has been taken to see whether the funds contributed by the Central Government to these Corporations have been utilised for the objectives for which these Corporations were set up and whether these funds have been accounted for properly.]

Government have reviewed the position and have appointed new Directors in all the Corporations. Necessary instructions have been given to the Director of Corporations (*vide* Ministry of Agriculture and Irrigation OM No. 5-8/77-MY(AI) dated 25-7-77)

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

20 Fourth Report
(5th L.S.) 2:35

21 Fourth Report
(5th L.S.) 2:36

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

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

Do.

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

The Committee agree with the view of the representative of the Ministry that the best way of getting things done from the Corporation is to link them up with the release of Central Govern-

Government have reviewed the position and have appointed new Directors in all the Corporations. Necessary instructions have been given to Directors of Corporations (vide M/O Agriculture and Irrigation O.M. No. 5-8/77 MY (AI) dated 25-7-1977).

The decisions regarding non-release of share capital to defaulting Corporations is being strictly followed, (Vide Ministry

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(5th L.S.) 2:37

23 Fourth Report
(5th L.S.) 2:38

24 Fourth Report
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ment funds. The Committee note that a D. O. letter has now been sent by the Ministry of Agriculture and Irrigation to the Chief Ministers of certain States to the effect that unless the Annual Reports of the Corporations are brought upto date and laid in both Houses of Parliament, Central Government will not be in a position to release funds towards share capital contribution of the defaulting Corporations. The Committee feel that unless the annual accounts are prepared and submitted to the Government, the Government of India would have no means of satisfying themselves that the huge funds released by them are being utilised in furtherance of the objectives for which these Corporations have been set up. The Committee hope that the Central Government would release further funds only when the Agro-Industries Corporations had brought their accounts up-to-date and they are satisfied that the provisions of the Companies Act, 1956, relating, particularly, to accounts and placing of Annual Reports before Parliament have been fully complied with.

15 Fourth Report
(14th L.S.)

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

The working of the Agro-Industries Corporations were reviewed at the meeting of Managing Directors of their Corporation held on 28-9-74. A gist of the summary of the recommendations of the meeting is enclosed Annexure-II [vide Ministry of Agriculture and Irrigation OM No. 5-8/77-MY (AI) dated 25-7-77].

26 Fourth Report
(5th L.S.)

2.11 During evidence on 21-7-1976 the Committee were informed that "we (Government) are now undertaking a review as to whether the Corporations are going in the right direction and if not what we should do from the Centre." The Committee find them the review furnished to the Committee by the Ministry on 12-10-1976 that the Corporations have recently realised that it would be very difficult for them to give better physical and financial performance only with the traditional activities like custom, hiring, servicing trading etc. Therefore the Cor-

A monitoring cell has been created in the Ministry and adequate measures are being taken as per recommendations of Committee [vide Ministry of Agriculture and Irrigation OM No. 5-8/77-MY (AI) dated 25-7-77.]

porations are switching over to the new enterprises. Some of the Corporations have already entered into manufacturing and producing of different items required by the farmers. Some others are contemplating to enter into the field of manufacturing the agricultural implements. The Committee trust that in future the Central Government would take adequate measures to monitor the activities of these Corporations in the right direction.

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

The Committee reiterate the recommendation contained in para 4.18 of their Second Report and urges upon the Government that while laying the Report of an Agro-Industry Corporation before Parliament, the Ministry should also lay alongwith the Report a review on the working of that Corporation.

The Committee note that one of the main reasons why no Report was laid so far in respect of the two Agro-Industries Corporations of Assam and Orissa was the inability of these Corporations to furnish the Hindi version of the Reports. While the Report of Assam Agro-Industries Corporation for the year 1970-71 was adopted on 10-6-1975, the Corporation could not furnish the Hindi version of the Report so far. In case of Orissa Agro-Industries Corporation, English version of Reports for the years 1968-69 and 1969-70 was furnished to the Ministry during May, 1976. But the Hindi version of the same had not been forwarded so far. The Committee reiterate their recommendation made in para 1.11 of their Second Report that ordinarily

Recommendation has been noted for compliance. Review have been laid along with reports laid during October/November, 1976 session. (Vide Ministry of Agriculture and Irrigation OM No. 5-8/77-MY(AI) dated 25-7-77).

Recommendation has been noted for compliance. Review have been laid along with reports laid during October/November, 1976 session. (Vide Ministry of Agriculture and Irrigation O.M. No. 5-8/77-MY(AI) dated 25-7-77)

Recommendation has been noted for compliance. (vide Ministry of Agriculture and Irrigation OM No. 5-8/77-MY (AI) dated 25-7-77.

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both the English and Hindi versions of the Reports should be laid on the Table simultaneously. However, in exceptional cases where it is not possible to lay both the versions simultaneously, the version which is ready may be laid without waiting for the other version and while laying only one version a statement should invariably be laid, explaining the reasons for not laying the other version. In such cases the other version should be laid on the Table either in the same session or at the most by the end of the next session.

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2-45

D.P.A. has circulated the recommendation to all Ministries. [Vide their OM NO. F. 28(5)/76-Leg. dated 29-11-76].

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

31 Fourth Report
(5th L.S.)
2-46

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

The Ministry of Agriculture have circulated the recommendation to all the Corporations and the respective State Governments, Tamil Nadu, Andhra Pradesh and Kerala have noted the recommendation for compliance. (Vide Ministry of Agriculture and Irrigation OM No. 5-8-77-MY (AI) dated 25-7-77).

32 Fourth Report
(5th L.S.)
2-47

The Committee, after examining the reasons for undue delay in the case of some Agro-Industries Corporations and particularly those of Assam and Orissa where no report has been laid so far, do not find any justification in prescribing a different time limit for laying the Annual Reports and accounts of State Agro-Industries Corporations or other companies which are the joint-ventures of the Central and State Governments, particularly when the same factors as specified in para 4-15 of the Second Report of the Committee apply to the State Agro-Industries Corporations who are also Government Companies.

Detailed report Annexure—III on action taken by various Corporations has been furnished [Vide Ministry of Agriculture and Irrigation OM No. 5-8/77—MY(AI) dated 25-7-77].

33 Fourth Report
(5th L.S.)
p. 48

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

Detailed report (Annexure -III) on action taken by various Corporations has been furnished. (Vide Ministry of Agriculture & Irrigation O.M.No. 5-8/77-MY (AI) dt. 25-7-77).

34 Fourth Report
(5th L. S.)
p. 49

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

The comments of C & AG were issued on 10-5-76. (Vide Ministry of Agriculture and Irrigation OM No. 5-8-77 MY(AI) dated 25-7-77).

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(5th L.S.)
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It was also noted the Corporation had not complied with the provisions of section 619(5) of the said Act as the accounts of the Corporation were approved in the Annual General meeting of

Recommendation has been noted for compliance (Vide Ministry of Agriculture and Irrigation OM No. 5-8/77-MY (AI)

dated 25-7-1977].

the Corporation without the comments of the C & AG. The Committee would like to point out that such documents cannot be considered to be complete. The Committee would therefore, like to emphasise that before placing such documents before Parliament, the administrative Ministry should ensure that all the formalities had been gone into in preparing document and that it is complete in all respect.

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(15th L. S.)
a. 5a

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

The directions of the Committee will be complied with in future (*Vide Ministry of Agri. & Irr.* OM No. 5-8/77/MY(AI) dated 25-7-77].

ANNEXURE I

Statement regarding the attendances of Central Directors in the Board Meetings of the Agro Industries Corporation

1. Andhra Pradesh	1971	5	2	1 Director attended 2 meetings. 1 Director attended 3 meetings.
	1972	8	5	
1973	7	3	2 " " 1 " " 1 " " 2 " " 2 " " 1 " "	
	1974	5		2
1975	4	Nil	2 " " 2 "	
2. Assam	1971	7	1	1 Director attended one meeting. 1 " " " " 1 " " " " 1 " " 2 " " 1 " " 1 " " 1 " " " "
	1972	3	1	
	1973	7	1	
	1974	7	2	
	1975	3	1	
	1971	7	2	
3 Bihar	1972	6	2	1 Director attended 2 meetings. 1 Special invitee.
	1973	6	1	
1974	4	2	1 Director attended 2 meetings.	
1975	4	4	2 " " " " 1 " " 3 "	

4 Gujarat	1971	11	5	2 Directors attended 2 meetings.
				3 " " 1 "
	1972	15	9	2 Directors attended 1 meetings.
				1 " " 8 "
	1973	11	3	2 " " 1 "
				1 " " 1 "
	1974	13	2	1 " " 2 "
	1975	16	1	1 " " 1 "
5. Haryana	1971	3	2	2 " " 2 "
	1972	5	5	1 " " 2 "
				2 " " 2 "
				3 " " 1 "
	1973	4	3	1 " " 2 "
				2 " " 1 "
	1974	4	2	1 " " 2 "
	1975	4	4	1 " " 4 "
6. Himachal Pradesh	1971	5	Nil	
	1972	8	"	
1973	5	4		{ 1 " " 2 "
				2 " " 2 "
	1974	6	2	1 " " 2 "
	1975	4	Nil	
7. Jammu & Kashmir	1970	3	Nil	
	1971	3	1	1 Dir. attended 1 meeting.
1972	4	2		2 " " 1 "
1973	4	1		1 " " 1 "
1974	4	1		2 " " 1 "
1975	2	Nil		
1976	4	4	Nil	

8. Kerala	1971	7	3	1	1	3
	1972	7	4	1	"	4
	1973	10	4	{	"	3
				2	"	1
				2	"	2
9. Karnataka	1974	5	2	2	"	1
	1975	5	3	1	"	2
	1971	7	2	1	Dir. attended	2 meetings.
		8	4	1	Dir. attended	4 meetings.
	1973	7	Nil			
	1974	6	6	1	"	6
	1975	2	2	1	"	2
10. Maharashtra	1971	5	3	{	"	2
				2	"	1
	1972	5	2	1	"	2
		5	2	{	"	1
				2	"	1
1974	5	1	1	"	1	
	1975	5	4	*2	"	1
				1	"	2
*1 as special invitee.						
11. Madhya Pradesh	1971	3	3	{	"	1
				2	"	2
	1972	5	3	{	"	1
				2	"	1
				1	"	1
1973	4	2	1	"	2	
	3	Nil	2	"	1	
	1975	5	3	{	"	1
				2	"	2

13. Orissa	1974	3	1	2	"	1	"
	1975	3	1	1	"	1	"
13. Punjab	1971	7	2	1	"	2	"
	1972	4	2	1	"	2	"
	1973	5	1	1	"	1	"
	1974	6	1	3	"	1	"
	1975	5	3	2	"	2	"
14. Rajasthan	1971	10	6	2	2 Directors attended one meeting.	5	"
	1972	6	5	1	"	2	"
13. Tamil Nadu	1973	6	4	1	"	3	"
	1974	10	1	1	"	1	"
	1975	9	3	2	"	1	"
				1	"	2	"
16. Uttar Pradesh	1974	8	4	2	"	1	"
	1975	4	2	1	"	3	"
	1971	12	6	2	"	3	"
16. Uttar Pradesh	1972	7	5	3	"	4	"
	1973	6	3	2	"	1	"
	1974	10	7	2	"	1	"
	1975	10	7	2	"	6	"

1975	7	7	3	2	2	2	2	2
			1	2	2	2	2	2
1971	6	5	2	2	2	2	2	2
1972	7	7	1	2	2	2	2	2
1973	5	4	2	2	2	2	2	2
			1	2	2	2	2	2
1974	7	5	1	2	2	2	2	2
1975	5	3	1	2	2	2	2	2

ANNEXURE II

Gist of the minutes of the Meeting of Managing Directors of State Agro-Industries Corporations held on 28-9-1976 in Krishi Bhavan, New Delhi, under the Chairmanship of Shri K. S. Narang, Secretary. (Agriculture).

1. The Chairman remarked that this meeting had been called primarily to highlight the need for re-vitalising the activities of Agro Industres Corporations. The working of the Corporations had to be improved as the same was not upto the mark. Central Government and State Governments were almost equal partners in these Corporations. While at the initial stages the Corporations were mainly engaged in trading activifies in regard to import and distribution of tractors and other agricultural implements and inputs, a stage now had reached when efforts should be concentrated on developing an Agro Industrial Base and to diversify the activities in the field of Agro based Industries. The Chairman emphasized the following points:—

- (a) Many Corporations were running at a loss or without any margin of profit. Urgent steps were necessary to reverse this trend.
- (b) It had been observed that not much attention had been paid to resources mobilisation. There was need to utilise institutional finance and the Paid-up Capital should be used as seed money. It was necessary that the turn over should have a link with the seed money depending upon the activities. Perhaps some of the Projects taken up by the Corporations were not subjected to proper techno-economic pre-investment surveys. The range of operations which some of the Corporations had taken up were not of much use in boosting agricultural production. While taking up new projects one of the pre-conditions should be that a Project Report *inter alia* setting out clearly its financial viability and bankability should be drawn up. Only those Projects which would contribute to agricultural development and which could qualify for institutional financing should be taken up for execution.

- (c) The Managing Directors had to play an important role. It was their responsibility to steer the Corporations through right channels. The Central Government Directors had also a vital role to play in this respect. Any new Project/commitments contemplated by an Agro Industries Corporation should be referred to the Central Ministry one month in advance of the date on this Project should be considered by the Board of Directors. The Central Directors should consult the concerned subject matter specialists and convey the views of the Government of India to the Board of Directors. After the Board meeting was over, it should be incumbent on the Central Directors to send report to the Government of India.
- (d) Importance and urgency of designing improved agricultural implements and their popularisation on a larger scale was further emphasized. It was observed that in most parts of the country improved agricultural implements were not available and farmers were still using the conventional out-moded implements. This should receive top priority in the activities of the Corporations.

2. Annual Reports—It was the prime duty of the Corporations to fulfil statutory obligations and especially the following:—

- (i) Accounts should be finalised by the Corporations within the stipulated period and Annual Report should be prepared in time as per statutory requirements.
- (ii) Simultaneous action should be taken for printing of both Hindi and English versions and should be sent to the Ministry so that the same might be placed on the Tables of both the Houses as per the statutory obligation.
- (iii) Managing Directors should take personal interest in fulfilling the statutory obligations.

3. Financial Management of Corporation—It was emphasized that there was need to utilise the entire share Capital by each Corporation. A financial analysis was conducted and it was revealed that the overall financial performance of majority of the Corporations was poor.

It was further pointed out that the following three factors played a significant role in judging the performance of a commercial concern:—

(i) Profit Margin	= Profit % Sales
(ii) Investment Turnover	$\frac{\text{Sales}}{\text{Investment}}$
(iii) Return on Investment	= Profit Margin X invest- ment turnover. = Profit/sales X Sales/ In- vestment = Profit/Investment %

It was suggested that the Corporations should conduct such financial analysis so that they might improve their performance.

4. *Board of Directors*—The Chairman emphasized that it is necessary to review the composition of the Board of Directors of each Corporation.

5. *Delegation of powers to Managing Directors*—For delegation of more administrative and financial powers to the Managing Directors, it was suggested that a small Committee be formed to prepare a model draft on the extent of powers to be delegated so that the Board was not burdened with matters which were within the field of delegated powers.

6. *Manufacture and distribution of Inputs and Coordination*—The Chairman referred to the manufacturing activities of the Corporation as indicated in the circulated agenda Note. He suggested that a paper regarding the manufacture and distribution of inputs and co-ordination could be prepared for discussion at the next meeting. The Corporation should work out details and proceed on scientific lines.

7. *Machinery Hiring Centres established by State Agros Servicing and Repairs and Land Development reclamation and Irrigation*—The Chairman stated that the system of hiring will agricultural machinery was working exceedingly well in foreign countries and there was no reason why the same could not be run usefully in India. One way of streamlining the machinery hiring Centre would be to link up the operations with the incentives given to the workers.

If better facilities were created at every level and clear objectives laid down, the machinery hiring would be a very promising field.

8. After some discussions, separate committees were appointed to consider certain problems of these corporations regarding (i) Agro Service Centres, (ii) Distribution of fertilizers (iii) Distribution of pesticides (iv) setting up of Gobar Gas Plant and (v) Manufacture & Popularisation of Agricultural implements.

ANNEXURE III

Paras 2.47 and 2.48

Action taken by the A.P. State Agro-Industries Corporation

- 1 2.32 The finalisation of accounts from the year 1971-72 was delayed beyond controlable factors in view of high rate of labour turn-over in accounting personnel special squads to expedite the finalisation of accounts in branches and updated to work upto 1975-76.
- 2 2.46 Efforts will be made in this direction in future.
- 3 2.48 With special efforts, the Corporation are expecting to bring the accounting work within the time bound schedule of 9 months in the year 1977-78.

Action taken by the Assam State Government

- 1 2.47 The Corporation has already taken necessary action for the finalisation of accounts and accordingly chalked out a time-bound programme for this purpose.

2.48 All efforts are made to finalise the accounts as per scheduled programme. The statutory auditors for the year 1972-73 have been appointed vide the Deptt. of Company Affairs Letter No. 17/114/75-IGC dt. 16-12-76.

Action taken by the Bihar Government.

Relevant extracts of the report have been forwarded to the Bihar State Agro-Industries Corporation for compliance.

*Replies from Gujarat Agro-Industries Corporation**Action taken*

Para No. 248
page 29 of the
Report

Copies of the Annual Report of 1975-76 of the Corporation would be sent as early as possible. The Annual Report for the financial year 1976-77 and subsequent years would be sent within seven months of the close of the accounting years (within 30 days of holding the Annual General Meeting). We shall make all the efforts to stick to the schedule (*vide* para 2.26 of the report) for finalisation of the accounts and submission of the annual report.

Action taken by the Haryana Agro-Industries Corporation Ltd.

The Corporation has furnished printed copies of the Annual Report for the year 1975-76 to the Government of India for laying in Parliament. Although the finalisation of accounts is a very lengthy process, all out efforts will be made to get the accounts audited, adopted and printed and printed copies furnished to Government of India for laying in Parliament.

*Action taken by Himachal Pradesh Agro-Industries Corporation**Action taken*

Sl. No. Reference
1 Para 249 of the
Report

The accounts of the Corporation for the year 1974-75 could not be finalised within the statutory period (*i.e.* before 31st Dec., 1975). The accounts were finalised by the chartered accountants on 10-2-76 and the meeting of the shareholders for adopting audited balance sheet was convened on 24-3-1976 by which time we were expecting the comments of C. & A.G. As the comments of C. & A.G. were not received till the date of the meet-

ing, the shareholders resolved that the comments may be circulated as and when received. The comments were despatched by the Accountant General, H.P. & Chandigarh, Simla on 10th May, 1976. These comments were duly circulated amongst the shareholders.

Action taken by the Government of Kerala

- 1 2.48 The Annual Reports upto 1973-74 have already been forwarded to the Government of India. The Annual Reports for 1974-75 in English will be sent to Government shortly. The Corporation has arranged for translation of these Reports at Delhi and will make arrangements to print the same after translation, and furnish the copies of the Report early.

The Annual Report for the year 1975-76 will be furnished to the Government of India early, after adoption of the same. The Reports from 1976-77 onwards will be laid down on the Tables of Parliament within 9 months of the close of the accounting year.

U.P. State Agro-Industries Corporation Ltd.

The Annual Reports of the Corporation upto the year 1974-75 have been laid on the Tables of Parliament. The printed copies of the Report for the year 1975-76 have been furnished to the Government of India during March, 1977 for laying in Parliament.

Sl No.	Reference Paras	Action taken by the Government of Karnataka
1	2.32	Every effort will be made to avoid delay in submitting a report in future, and if there are unavoidable delays, the delay statement will be sent to Government of India.
	2.33	
	2.34	
	2.44	
	2.47	
	and 2.48	

The report for 1975-76 is yet to be adopted by the General Body. The delay is due to the fact that the audit could not be done in time as the statutory auditors were appointed late by the Government of India.

2 Para
2.46

As there is not sufficient work for a Hindi Cell throughout the year, it is considered more advantageous to have the translation done by an outside Agency.

Action taken by Madhya Pradesh Government

As regards delay in the compilation of the accounts of the Corporation, it is pointed out that Corporation is behind by one year, as the Corporation has been able to compile accounts of 1974-75, whereas by this time the accounts for 1975-76 should have been finalised. The Corporation is quite conscious of the delay and is trying to eliminate the delay by December, 1977. The Corporation may be able to complete their accounts for 1976-77 and would also try to hold the Annual General Meeting within the prescribed time limit i.e. by December, 1977. Now the Corporation is able to adhere to this time-schedule, there will be no delay in future in compiling the accounts and submission of the annual report to the Government of India.

Action taken by the Tamil Nadu State Government

1 Ref. Report The recommendations have been noted by the Corporation for future guidance.
Recommendations
No. 1 to 30

Action taken by Maharashtra Agro-Industries Dev., Corporation Ltd.

All the annual Reports of the Maharashtra Agro-Industries Dev., Corporation have been laid on the Tables Parliament up to date. There has been no delay on the part of the Corporation in this regard.

Action taken by Punjab Government

Sl No: Reference
to recommen-
dation of the
Report

Action Taken

- 1 2.32 The accounts for the year 1973-74 have been prepared and will shortly be adopted by the Board of Directors. Regarding the accounts for the years 1974-75 and 1975-76, strenuous efforts are being made for early finalisation.

Action taken by the Rajasthan Government

- 1 2.33 Though the annual accounts up to 1974-75 have been laid on the Table of the House from time to time, it is regretted that the time schedule prescribed for submitting these annual reports could not be adhered to. Rajasthan State Agro-Industries Corporation has been advised to adhere to the time schedule in future.

- 2 2.48 In future, all efforts will be made to submit these reports within the prescribed time.

Action taken by the West Bengal Government

- 1 2.30 There was considerable delay in making local arrangement for preparation of Hindi version of the accounts and reports. Steps have been taken to expedite preparation of Hindi version of the accounts henceforth.

The accounts of the Corporation for the year 1974-75 is being adopted by the shareholders.

- 3 2.33 Attempts are being made to adhere to the time bound programme for audit of accounts etc., within 9 months from the close of the year.

- 4 2.39 The State Government is of the opinion that the linking of release of funds by the Government of India to the submission of annual accounts may harm the forming community and impede the progress of the Agro-Industries Corporation in the States.

(1)	(2)	(3)
5	2.44	Steps will be taken to expedite preparation of the Hindi version.
6	2.48	Steps have been taken by the Corporation to submit copies of Annual Report within 9 months of the close of the financial year from 1976-77 onwards.

APPENDIX IV

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	1.8	The Committee find that out of the 11 Agro-Industries Corporations commented upon by them in para 2.32 of their Fourth Report (Fifth Lok Sabha) the Annual Reports for the years up to 1974-75 in the case of only 5 Corporations namely, Gujarat, Karnataka, Kerala, Madhya Pradesh and West Bengal have been laid on the Table of Lok Sabha so far. The Annual Reports for the year 1971-72 and onwards of Agro-Industries Corporations in Assam and Orissa, the Annual Report for the year 1972-73 and onwards of the Corporation in Bihar, the Annual Reports for the year 1973-74 and onwards of the Corporations in Jammu & Kashmir and Punjab and the Annual Report for the year 1974-75 of Agro-Industries Corporation in Andhra Pradesh are still to be laid before Parliament. The Committee further find that none of the Agro-Industries Corporations has been able to lay its latest Annual Report i.e. for 1976-77 within the stipulated period of 9 months of the close of its accounting year.
2	1.9	On perusal of the statement showing reasons why the Annual Reports, and Accounts of the State Agro-Industries Corporations in 12 States could not be laid on the Table within the stipulated period, which was laid on the Table of Lok Sabha on 12-12-1977 and the information furnished by the Ministry of Agriculture and Irrigation,

(1)

(2)

(3)

the Committee note that the reasons for delay in laying the reports of various Corporations have been attributed to certain procedural delays like the delay in appointment of statutory auditors by the Department of Company Affairs, delay in audit by the staff of local office of Accountant General of respective State, delay in the receipt of comments of Comptroller and Auditor General, delay in convening the meeting for adoption of Reports at the Annual General Meeting of the Corporation, printing and translation of the Reports etc.

3

1.10

The Committee also note that the Department of Company Affairs have taken certain steps to ensure that holding of annual general meetings of the Corporations are not delayed and that auditing of accounts may be expedited by appointing new auditors, where necessary. The Committee are of the view that the Ministry of Agriculture and Irrigation should be quite watchful and vigilant so that the measures taken by the Department of Company Affairs may prove effective and the progress of Reports is not hampered on account of any avoidable circumstances. The Ministry should, therefore, remain in constant touch with the Agro-Industries Corporations to watch the progress of their Annual Reports and suggest remedial measures as and when necessary. The Committee hope that the Annual Reports which are still to be laid would be laid without further delay.

4

2.2

The Committee note with satisfaction the action taken by the Government on their recommendations/observations made in their Third and Fourth Reports (Fifth Lok Sabha) as indicated in Appendix-III.