

**COMMITTEE
ON
PAPERS LAID ON THE TABLE
(1990-91)**

(NINTH LOK SABHA)

SECOND REPORT

(Presented on..... 25 APR 1990)



**LOK SABHA SECRETARIAT
NEW DELHI**

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**PERSONNEL OF THE COMMITTEE ON PAPERS LAID ON
THE TABLE OF LOK SABHA
(1990-91)**

1. **Shri Satya Pal Malik—*Chairman***
2. **Shri P.A. Anthony**
3. **Shri Bagun Sumbrui**
4. **Shri L. Balaraman**
5. **Dr. Bangali Singh**
6. **Shri R.M. Bhoys**
7. **Shri Resham Lal Jangde**
8. **Shri Gulab Chand Kataria**
9. **Shri Kankar Munjare**
10. **Shri Nandi Yellaiah**
11. **Shri Chhedi Paswan**
12. **Shri Ram Lal Rahi**
13. **Shri A.N. Singh Deo**
14. **Shri P.C. Thomas**

SECRETARIAT

Shri K.C. Rastogi—*Joint Secretary*
Shri G.S. Bhasin—*Deputy Secretary*
Shri Swarn Singh—*Under Secretary*

INTRODUCTION

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

2. As a result of examination of some papers laid during the Twelfth and Thirteenth Sessions (Eighth Lok Sabha), the Committee have come to certain conclusions in regard to delay in laying of the Annual Reports and Audited Accounts of the (i) Rashtriya Manav Sangrahalaya for the years 1985-86 and 1986-87 ; (ii) Kendriya Hindi Shikshan Mandal (Kendriya Hindi Sansthan), Agra for the years 1984-85, 1985-86 and 1986-87 ; (iii) Carpet Export Promotion Council for the year 1986-87 ; and (iv) Federation of Indian Export Organisations, New Delhi for the year 1986-87 and have made certain recommendations. The conclusions of the Committee are reflected in the Report.

3. The Committee considered and adopted this Report at their sitting held on 1st March, 1990.

4. A statement showing summary of recommendations/observations made by the Committee is appended to the Report (Appendix).

NEW DELHI ;
April, 1990
Chitra, 1912 (S)

SATYA PAL MALIK
Chairman,
Committee on Papers Laid on the Table.

CHAPTER I

DELAY IN LAYING ANNUAL REPORTS AND AUDITED ACCOUNTS OF THE RASHTRIYA MANAV SANGRAHALAYA FOR THE YEARS 1985-86 AND 1986-87.

The Annual Reports and Audited Accounts together with Review of the Rashtriya Manav Sangrahalaya for the years 1985-86 and 1986-87 were laid on the Table of Lok Sabha on 24th November, 1988 and 16th December, 1988 respectively.

1.2 In terms of the recommendation of the Committee on Papers laid on the Table made in paragraph 4.16 of their Second Report (Fifth Lok Sabha), these documents were required to be laid on the Table of Lok Sabha by the 31 December, 1986 and 31 December, 1987 respectively *i.e.* within 9 months of the close of the relevant accounting year. Thus, the period of delay involved in these cases worked out to about 2 years and about 11½ months respectively.

1.3 In the delay statements laid on the Table the reasons for delay in laying the Annual Reports and Audited Accounts had been explained as under :—

1985-86

“The name and status of the National Museum of Man, Bhopal, a subordinate office under the Department of Culture, was changed to that of the Rashtriya Manav Sangrahalaya (RMS), Bhopal, an autonomous organisation under this Department, with effect from 15.3.1985. The RMS is being fully financed by the Government of India, Department of Culture. The Annual Report and audited Report and audited accounts of the RMS for the year 1985-86 were required to be laid on the Table of both the Houses by 31 December, 1986.

The Annual Report/Audited Accounts of the Sangrahalaya for the year 1985-86 could not be laid within the stipulated period as the audit report on the annual accounts of the Sangrahalaya was

awaited. The copies of the audited accounts alongwith annual reports of the Sangrahalaya had since been received. The date-wise details of various stages of finalisation of the Annual Report and Audited Accounts of the Sangrahalaya for the year 1985-86 were given below :—

- | | |
|--|-----------------------|
| (i) Report on Annual Accounts as submitted by Chartered Accountant sent to the A.G. Madhya Pradesh, Gwalior on | 17.11.1986 |
| (ii) Audit of RMS was undertaken by the A.G. Madhya Pradesh from | 25.2.87 to
28.3.87 |
| (iii) Audit report sent by A.G. Madhya Pradesh to RMS on | 8.6.1987 |
| (iv) Reply to audit report was sent by Sangrahalaya to A.G. Madhya Pradesh, on | 20.7.1987 |
| (v) Audit Report approved by Executive Council of RMS, on | 27.10.1987 |
| (vi) Annual Report and Audited Accounts received in the Department of Culture, on | 23.2.1988 |
| (vii) The clarification as to whether Annual Report and Audited Accounts of the Sangrahalaya could be laid on the Table of Parliament without audit certificate received from Ministry of Finance on | 16.9.1988 |

The Annual Report incorporating the Audited Accounts of the RMS for the year 1985-86 alongwith a review on the working of the Sangrahalaya during the year, both in English and in Hindi, are now laid on the Table of Lok Sabha/Rajya Sabha.”

1986-87

“The Annual Report and Audited Accounts of the Rashtriya Manav Sangrahalaya, Bhopal, an autonomous Organisation fully financed by the Government of India, Department of Culture, for the year 1986-87 were required to be laid on the Table of Both the Houses of Parliament by 31 December, 1987. As audit was conducted under Section 14 of the Audit Act, the Accountant General, Madhya Pradesh did not issue audit certificate. This resulted in long

correspondence with the Accountant General, Madhya Pradesh and the Ministry of Finance and the matter could be settled only in September, 1988.

A brief account of the steps involved in finishing the report was as under :—

- | | |
|--|--------------------------------|
| 1. Chartered Accountant prepared Annual Accounts for 1986-87 on | 26.6.1987 |
| 2. Annual Accounts sent to Accountant General, Madhya Pradesh on | 8.7.1987 |
| 3. Accountant General, Madhya Pradesh conducted audit from | 7.12.1987 to
29.12.1987 |
| 4. Final audit Inspection Report received in Sangrahalaya on | 15.3.1988 |
| 5. Compliance report sent to Accountant General, Madhya Pradesh on | 24.3.1988 |
| 6. Audit Report approved by the Executive Council on | 26.3.1988 |
| 7. Report sent to Department of Culture on | 8.4.1988 |
| 8. Correspondence with Sangrahalaya and Accountant General (Madhya Pradesh) for audit certificate and later with Ministry of Finance for clarification whether audited accounts could be laid on the Table of Parliament without audit certificate, from | April to
September,
1988 |
| 9. Clarification received from Ministry of Finance on | 16.9.1988 |

Effort would be made to see that the Annual Report and Audited Accounts of the Sangrahalaya are placed before the Parliament within the stipulated time-limit.

The Annual Report incorporating the audited accounts of the Rashtriya Manav Sangrahalaya, Bhopal for the year 1986-87 alongwith a review on the working of the Sangrahalaya during the year, both in English and Hindi, are now laid on the Table of Lok Sabha/ Rajya Sabha.”

1.4 The Ministry of Human Resource Development (Department of Culture) were requested on 2nd January, 1989 to furnish information on certain points. The points on which the information was sought and replies of the Ministry thereto received on 24 February, 1989 were as under :—

POINTS

REPLIES

1. The dates when —

- | | |
|--|--|
| (a) C&A G/A.G., Madhya Pradesh was approached for appointment of Statutory Auditors ; | The C&AG was requested to appoint an auditor for the RMS, Bhopal in December, 1985. |
| (b) Statutory Auditors were appointed by C&AG/ A.G., Madhya Pradesh; | On 28.7.86 the DAG nominated AG (Audit) I. M.P., Gwalior for conducting the audit of the RMS under Section 14(1) of the CAG's Act 1971 for the year 1985-86 and subsequent two years under Section 14(3) of the aforesaid Act. |
| (c) the annual accounts were compiled and were ready for being handed over to the Statutory Auditors for auditing. | 17.11.86 for 1985-86 and 8.7.87 for 1986-87. |
| (d) the auditors furnished final audit Report to the Organisation ; | 17.6.1987 for 1985-86 and 15.3.88 for 1986-87. |
| (e) Annual Report and audited accounts were taken up for translation and printing and time taken in it ; | For months for 1985-86 reports (The work of translation of the report, designing and printing the cover and typing the report was taken up after the audited report was approved by E.C. on 27.10.87) ; and 25 days for 1986-87 reports. |
| (f) the 'Review' report was prepared and furnished to the Ministry/Department ; | Review Reports were prepared by the Department of Culture on receipt of Delay Statement and annual Report and audited accounts of RMS. |

- (g) delay statement prepared and submitted to the Ministry/Department ; and
- (b) Annual Report and audited accounts together with Review and delay statement were sent to the Ministry of Human Resource Development (Deptt. of Culture) for laying on the Table of the House.
- 16.3.1988 for 1985-86 and 4-11.1988 for 1986-87.

- II. The latest position of the Annual Report and Audited Accounts of the Organisation for the year 1987-88. When these are expected to be placed before Parliament.
- The Annual Report for the year 1987-88 had already been prepared and approved by Executive Council on 19.9.88 and now the approval of the RMS Samiti was awaited. The audit for the period was also completed by the A.G. in December, 1988. After the receipt of Audit report and concurrence of the Samiti, the report would be completed and would be laid on the Table of Parliament during the Budget Session, 1989
- III. The remedial measures taken or proposed to be taken to ensure laying of annual Reports and audited accounts of the Organisation within the stipulated period of nine months from the close of the accounting year, in future.
- The Department of Culture was watching the progress of the preparation of the Annual Report and the audited accounts through a fortnightly return and through reminders when necessary.

1.5. The matter was considered by the Committee on Papers laid on the Table at their sitting held on 23 August, 1989.

CHAPTER II

DELAY IN LAYING ANNUAL REPORTS AND AUDITED ACCOUNTS OF THE KENDRIYA HINDI SHIKSHAN MANDAL (KENDRIYA HINDI SANSTHAN), AGRA FOR THE YEARS 1984-85, 1985-86 AND 1986-87

The Annual Reports and Audited Accounts of the Kendriya Hindi Shikshan Mandal (Kendriya Hindi Sansthan), Agra for the years 1984-85, 1985-86 and 1986-87 were laid on the Table of Lok Sabha on 7 December, 1988 together with two delay statements.

2.2 In terms of recommendation of the Committee on Papers Laid on the Table made in paragraph 3.5 of their First Report (Fifth Lok Sabha), these papers were required to be laid on the Table within 9 months of the close of the relevant accounting years *i.e.* by 31 December, 1985, 31 December, 1986 and 31 December, 1987. Thus the period of delay came to about 35 months, 23 months and 11½ months respectively.

2.3 In the delay statement the reasons of delay have been explained as under :

1 Delay statement for 1984-85 and 1985-86

“The Annual Reports and Audited Statements of accounts in respect of Kendriya Hindi Shikshan Mandal (Kendriya Hindi Sansthan), Agra for the years 1984-85 and 1985-86 could not be laid before the House within the prescribed period on account of the delay in obtaining the Audited Statements of Accounts. The Annual Accounts for the year 1984-85 of the Kendriya Hindi Shikshan Mandal were delivered in the office of the AG(UP) on 13.6.1985, and the Annual Accounts for the year 1985-86 on 26.6.1986. The AG (UP) initially took the stand that the Accounts are not required to be certified by the AG's Office. However, later on hearing from the Mandal that it had not appointed any firm of Chartered Accountants for conducting its Audit as required by the Registrar of Cooperative Societies, the case was considered de-novo and it was decided by the AG (UP) to certify the Accounts. The certified Annual Accounts for the years 1984-85 and 1985-86, in English version were received by the Mandal from the AG (UP) on 14.9.1987 and the Hindi version on 15.10.1987. Thereafter, the matter

was in correspondence with the Finance Division and the Comptroller and Auditor General of India. As such these Reports and Statements could not be laid before the House within the prescribed period. The same is being laid now.

All efforts are being made to ensure that there is no delay in laying these documents before the House."

II. Delay statement for the year 1986-87

"The Annual Report and Audited Statement of Accounts in respect of Kendriya Hindi Shikshan Mandal (Kendriya Hindi Sansthan), Agra for the year 1986-87 could not be laid before the House within the prescribed period. The Report and Statement of Accounts could be approved by the Kendriya Hindi Shikshan Mandal only in its meeting held on 12.4.1988. Thereafter, it took sometime for the printing of the documents. As such the Annual Report and Audited Statement of Accounts could not be laid before the House within the prescribed period. The same is being laid now.

All efforts are being made to ensure that there is no delay in laying these documents before the House."

2.4 The Ministry of Human Resource Development (Department of Education) were requested on 22 December, 1988 to furnish information on certain points. The points on which the information was sought and replies of the Ministry thereto are as under :—

Points	Replies	
	For 1984-85 and 1985-86	For 1986-87
1	2	3
(a) The Annual Accounts in respect of the three years were compiled and were ready for being handed over to the Auditors for Auditing ;	The Annual Accounts were ready on the dates given below : 1984-85 : 12.6.1985 1985-86 : 26.6.1986	The accounts were ready on 15.6.1987.
(b) The accounts were handed over to the Auditors ;	For 1984-85, accounts were delivered in AG's Office on 13.6.1985.	17.6.1987

1	2	3
	For 1985-86 accounts were sent to AG's Office on 16.6.1986.	
(c) The auditing of accounts commenced and the time taken in auditing of accounts of all the three years ;	The A.G., U.P. Allahabad conducted the audit of the accounts for both the years during the period from 7.7.86 to 21.7.86.	The A.G., U.P. conducted the audit of the accounts for during the period from 13.7.87 to 31.7.88.
(d) The auditors furnished final audit report to the Mandal ;	The Audit Report only was received on 31.3.87. The AG did not submit the certified annual accounts to the Mandal and the matter was in correspondence for considerable period. Finally the certified accounts for both the years were received from A.G., U.P. on 14.9.87 in English version and on 15.10.87 in Hindi version.	The Audit Report and the certified annual accounts were received from A. G., U. P. on 12.10.87.
(e) The annual reports and audited account together with the audit report were placed before the Annual General Meetings of the Mandal ;	The non-receipt of Audit report and certified annual accounts from A.G., U.P. was reported to the Mandal in its meeting held on 15.1.87. The Mandal noted the information and decided that the Annual Accounts together with Audit Report on receipt from A.G., U.P. Allahabad could be sent to the Chairman of the Mandal through IFD for approval and thereafter for placing in both the Houses of Parliament. The Annual Report were placed before the Meeting of Mandal on 15.1.1987.	The Audited Accounts together with Audit Report were placed before the Annual General Meeting of the Mandal held on 15.12.1987. The Annual Report was placed before the meeting of the Mandal held on 12.4.88.

1	2	3
(f) The annual report and audited accounts were taken up for translation and printing and time taken in it ;	The Annual Accounts are prepared in Hindi and English separately and translation work is not involved. 15 days time is required for stencilling, cyclostyling, preparing of sets etc.	The Annual Account are prepared in Hindi and English separately and translation work is not involved. 15 days time is required for stencilling, cyclostyling, preparing of sets etc.
	<p><i>Annual Report</i> 75 copies for each year 1984-85 and 85-86 in Hindi version were delivered in the Ministry on 2.12.87. Annual Report in English version (80 copies) were handed over in the Ministry on 21.6.1988.</p>	Annual Report was translated into English and 80 copies were handed over in the Ministry on 23.6.88. 80 copies of Annual Report in Hindi version were submitted to the Ministry on 17.8.88.
(g) Annual Reports and Audited Accounts together with delay statement were sent to the Ministry of Human Resource Development for placing before Parliament.	Certified Annual Accounts together with the Audit Report for both the years were handed over in the Ministry on 2.12.1987.	Audited accounts together with audit report were handed over in the Ministry on 15.12.87.
	<p>Annual Reports for both the years were handed over on the following dates :</p> <p>Hindi version-on 2.12.87 English version-on 20.6.88</p>	Annual Report in English version was handed over in the Ministry on 28.6.88 and in Hindi version on 17.8.88.
II. The reasons for not certifying the accounts of the	The A.G., UP insisted for appointment of Chartered Accountants as Internal	The AG, UP had certified the accounts.

1	2	2
Mandal by A.G., U.P.	Auditors. The Audit of the accounts of the Mandal by CAG/AG, UP in that case would be on super-imposed basis. The matter was in correspondence between Min./CAG/AG, UP for considerable period and finally on hearing from the Mandal that it had not appointed any firm of Chartered Accountants for conducting its audit, the AG, UP certified the accounts of the Mandal.	
III. The reasons for not laying 'Review' by the Ministry on the duties and performance of the Mandal for the years 1984-85, 1985-86 and 1986-87.	The Ministry was in agreement with the report of the Kendriya Hindi Shikshan Mandal for the years 1984-85, 1985-86 and 1986-87. Hence no report was placed in the Parhament. This lapse is regretted. In future, review report invariably will be placed alongwith the Annual Report.	
IV. The reasons for not complying with the recommendation of the Committee on Papers laid on the Table of Lok Sabha contained in paras 7. 8 to 7.12 of their Sixteenth Report (7th Lok Sabha) presented to Lok Sabha on 15 March, 1984.	The Annual Report for both the years were submitted to the AG, UP in time but due to non-receipt of certified accounts from AG, UP, there has been delay in placing the accounts in Parliament.	Same as in Column 2.

1	2	3
<p>V. The latest position of the Annual Report and audited accounts of the Mandal for the year 1987-88. When these are expected to be placed before Parliament.</p>	<p>The compiled Annual Accounts for the year 1987-88 were delivered in the office of AG, UP Allahabad on 8.6.1988. The Audit of the accounts was conducted by the AG UP during the period from 20.6.88 to 30.6.88. The Certified Annual Accounts together with the Audit Report have been received from the AG, UP on 29.12.1988.</p>	<p>The Audited Annual Accounts together with Audit Report and the Annual Report will be placed before the Meeting of the Mandal for approval. The meeting of the Mandal is being arranged and thereafter these will be placed before Parliament.</p>
<p>VI. The remedial measures taken or proposed to be taken by Mandal and the Ministry to ensure laying of annual reports and audited accounts within the stipulated period of 9 months from the close of the accounting years, in future.</p>	<p>All efforts will be made to place the Annual Report and Audited Accounts in the Parliament within the stipulated period. However, it all depends on timely receipt of Audited Annual Accounts and Audited Report from AG, UP and approval of the same by the Mandal.</p>	

2.5. The Committee on Papers laid on the Table in their 16th Report (7th Lok Sabha) had taken serious view of the state of affairs prevailing in the Mandal and suggested that the Mandal might prepare an agreed format

for presentation of accounts in consultation with A.G., U.P. and compile accounts with utmost care so that the Auditors may finally audit all those accounts without any loss of time. The Ministry of Human Resource Development in their action taken replies furnished on 4 June, 1984 had stated that the format for maintaining accounts of Mandal had been approved in consultation with the Comptroller of Accounts and this would avoid delay in compiling of accounts of various centres of the Mandal and the auditing. The Ministry also undertook to observe the time schedule prescribed by the Committee in para 3.5 of their First Report (5th Lok Sabha) which stipulated a period of 3 months for compilation of accounts and the balance 6 months for completing all other formalities and laying the required documents on the Table of the House within the overall period of 9 months of the close of the relevant accounting years.

2.6. The Annual Report and Annual Accounts of the Mandal for the year 1987-88 which were due for laying by 31 December, 1988 were laid on the Table of Lok Sabha on 15.5.1989 with a delay of 4½ months together with a delay statement.

2.7. The matter was considered by the Committee at their sitting held on 23 August, 1989.

2.8. The Committee are concerned to note that Annual Reports and Audited Accounts of the Kendriya Hindi Shikshan Mandal for the years 1984-85, 1985-86 and 1986-87 were laid on the Table of Lok Sabha as late as 7 December, 1988, i.e. after about a delay of 35 months 23 months 1½ months, respectively after the close of the accounting years to which they pertained. The Committee also note that these documents of the Mandal for the subsequent year 1987-88 were placed before Parliament with the delay of 4½ months.

2.9. From the Audit Report of A.G., U.P. on the accounts of Mandal for the year 1986-87 the Committee note that the Audit of the Mandal has been entrusted under Section 20(1) of C&AG's (PPCS) Act, 1971 on "Super-imposed basis", which does not call for certification of accounts by A.G., U.P. It goes to suggest that under the provisions of this Act Mandal was required to engage Chartered Accountant as a Primary Auditor. The Mandal therefore, failed to comply with the provisions of the said act and as such were solely responsible for such inordinate delays. The audit Reports for the years 1984-85, 1985-86 and 1986-87 *inter-alia* point out that (i) the Maadal did not maintain the Register of assets to enable A.G., U.P. to verify the position of assets created out of Government Grants ; (ii) the authority competent to approve the annual

accounts of the Mandal before their submission to audit had not been specified in the Memorandum of Association, Rules and Bye-laws of the Mandal ; (iii) the Mandal did not furnish replies/comments on the draft Audit Report issued to them ; (iv) Mandal did not invest Provident Fund Money as per the investment pattern prescribed by the Central Government in December, 1980 ; (v) Payment of interim relief was made to the members of the teaching faculty who were not entitled for it ; (vi) By March, 1986, the Mandal made payment to the CPWD for the entire estimated cost of Rs. 104.35 lakhs for the construction of 2 Warden quarters and one Director's residence by 7 March, 1985 and 2 Hostel Buildings by 7 February, 1986. But more of the buildings had been completed till July 1986 ; and (vii) The Bank balance of the Mandal ; did not reconcile with the Cash Book balance. All these deficiencies noted by A.G., U.P. in the accounts of the Mandal are other contributory factors which led to delay in finalisation of the Annual Accounts and Audit Report thereon.

2.10 From the series of events noted above and non-compliance of the recommendations made by the Committee on Mandal in their Sixteenth Report (7th Lok Sabha) (presented to Lok Sabha on 15 March, 1984) the Committee come to inescapable conclusion that the Ministry of Human Resource Development (Department of Education) did not take the matter seriously and allowed the Mandal to function and finalise their accounts in a lackadaisical manner.

The Committee recommend that the Ministry of Human Resource Development (Department of Education) who are administratively concerned with the affairs of the Kendriya Hindi Shikshan Mandal, should review the matter and take immediate action in consultation with the Audit authorities to liquidate these accumulated audit observations at their earliest opportunity, and find out suitable ways and means to minimise the scope for audit objections in future, so that the Annual accounts of the Mandal are finalised and placed before Parliament within the prescribed period of 9 months from the close of the relevant accounting years.

CHAPTER III

DELAY IN LAYING ANNUAL REPORT AND AUDITED ACCOUNTS OF CARPET EXPORT PROMOTION COUNCIL FOR THE YEAR 1986-87

The Annual Reports and Audited Accounts of the Carpet Export Promotion Council for the year 1986 87 were laid on the Table of Lok Sabha on 7 December, 1988 alongwith a copy of 'Review' and delay statement.

3.2 In terms of the recommendation of the Committee on Papers laid on the Table made in paragraph 4.16 of their Second Report (Fifth Lok Sabha), these documents were required to be laid on the Table of Lok Sabha by 31 December, 1987, *i.e.* within 9 months of the close of the accounting year. Thus, the period of delay involved in the above case came to more than 11 months.

3.3 In the delay statement, the reasons for delay in laying the Annual Reports and Audited Accounts of the Council had been explained as under:—

“Fourth Annual General Body Meeting of the Carpet Export Promotion Council was held on 4th April, 1988 wherein Annual Report and Accounts for the year 1986-87 were approved by the General Body of the Council. The delay in submission of the reports is regretted.”

3.4 In this connection, the Ministry of Textiles were requested on 23rd December, 1988 to furnish information on certain points. Information, so received, on 20 January, 1989 in reply to points, was as under :—

POINTS

REPLIES

I. The dates when —

- | | |
|---|--|
| (a) C&AG was approached for appointment of Statutory Auditors ; | Annual General Meeting of the Carpet Export Promotion Council was held on 5th October, 1987 which approved appointment of Statutory Auditor. |
|---|--|

- | | |
|--|---|
| (b) Statutory auditors were appointed by C&AG ; | Statutory auditors were appointed on the recommendation of Annual General Meeting on 5.10.1987. |
| (c) the annual accounts were compiled and were ready for being handed over to the Statutory auditors for auditing ; | Annual Accounts for the year 1986-87 were ready in April, 1987. |
| (d) the accounts were handed over to the Auditors ; | The accounts were handed over to the Auditors on 22.12.87. |
| (e) the auditing of accounts commenced and the time taken in it ; | The auditing commenced w.e.f 22.12.87 and completed on 30.12.87 i.e. 9 days time was taken in it. |
| (f) queries, if any, raised by Statutory Auditors ; | } Queries raised by the Auditors were replied to, during their audit. |
| (g) queries of the Statutory Auditors resolved ; | |
| (h) the Auditors furnished final Audit Report to the Company/Organisation ; | Auditors furnished the final report on 12.2.1988. |
| (i) the annual report and audited accounts together with the Audit Report were placed before the Annual General Meeting of the Company ; | The Annual Report and Audited accounts for the year 1986-87 were placed before annual General Body in its meeting held on 4.4.1988. |
| (j) Annual Report and audited accounts were taken up for translation and printing and time taken in it ; | The Annual Report and audited accounts were printed during the last week of February, 1988. |

- (k) the 'Review' report was prepared and furnished to the Ministry/Department ;
- (l) delay statement prepared and submitted to the Ministry/Department ; and
- (m) Annual Report and audited accounts together with Review and delay statement were sent to the Ministry of Textiles for laying on the Table of the House.
- II. The latest position of the annual reports and audited accounts of the Company for the years 1987-88. When these are expected to be placed before Parliament ?
- III. The remedial measures taken or proposed to be taken to ensure laying of annual reports and audited accounts of the Company within the stipulated period of nine months from the close of the accounting year.
- The 'Review' report was prepared and furnished to the Office of the Development Commissioner (Handicrafts), Ministry of Textiles on 1.11.1988.
- The delay statement was prepared and furnished to the Office of the Development Commissioner (Handicrafts), Ministry of Textiles on 4.11.1988.
- Annual Report and audited accounts together with 'Review' and delay statement were sent to the Office of the DC(H) by 4.11.88 and authentication of documents were done by Minister of States (Textiles) on 26.11.88.
- The Annual Report and audited accounts of the Council for the year 1987-88 had been laid on the Table of the House on 9.8.1989.
- The Council had been advised to strictly follow the recommendations of the Committee on Papers laid on the Table and see that such delay did not occur in submission of future reports for laying on the Table of the House.

3.5 The matter was considered by the Committee on Papers laid on the Table at their sitting held on 23 August, 1989.

3.6 The Committee note that the delay of more than 11 months in laying the Annual Report and Audited Accounts of the Carpet Export Promotion Council for the year 1986-87 was mainly on account of handing over the accounts to the auditors ; commencement of audit ; furnishing of final audit report by the Auditors to the Council for being placed before the Annual General Body Meeting of the Council. The Committee also find that the Annual Reports and Audited Accounts of the Council for the subsequent year 1987-88 were also laid on the Table of the House on 9 August, 1989 with a delay of about 7 months.

3.7 The Committee recommend that the Ministry of Textiles should in consultation with the Council draw up a time bound programme for completion of different stages of the compilation of Annual Reports and Audited Accounts. Senior Officers of the Ministry and the Council should be made responsible to ensure that the documents are completed in all respects and placed before Parliament within the stipulated period of 9 months from the close of the accounting year. The Committee would like to be apprised of the action taken in the matter.

CHAPTER IV

DELAY IN LAYING ANNUAL REPORT AND AUDITED ACCOUNTS OF THE FEDERATION OF INDIAN EXPORT ORGANISATIONS, NEW DELHI FOR THE YEAR 1986-87

The Federation of Indian Export Organisations was established in 1965 as a Society registered under the Societies Registration Act 1860 with its Headquarters at New Delhi. The objective of the Federation is to render integrated Services to its members in the areas like export credit, taxation and infrastructural bottlenecks concerning exports with the specific objective of resolving these problems. Other objectives of the Federation are directed towards dissemination, of trade information operating the market Development Assistance Scheme, assisting export/trading Houses and monitoring their performance, appraising export promotion problems, conducting market studies and organising conference activities. Membership of the Federation is open to all Export Promotion Councils, Commodity Boards, Chamber of Commerce, Export Houses, Trading Houses and Consultancy Organisations, Trade Associations and other institutions engaged in development and promotion of exports. The membership of the Federation was 1949 during the year 1986-87.

4.2 The Annual Report, Audited Accounts and audit Report thereon of the Federation for the year 1986-87 which were required to be laid on the Table of Lok Sabha by 31 December, 1987, were laid on 3 March, 1989 with the delay of about 14 months. The Ministry did not lay delay statement along with these documents.

4.3 The Ministry of Commerce (Department of Commerce) were requested on 16 May, 1989 to furnish information on certain points. The points on which the information was sought and replies of the Ministry received thereto on 31 May, 1989 are as under :—

POINTS

REPLIES

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| I. Whether the Registrar of Cooperative Societies was approached for | FIEO is registered with the Registrar of Societies and not with the Registrar of Cooperative Societies. The FIEO's auditors |
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- appointment of Auditors, if so, when ;**
- are appointed by the General Body at the Annual General Meeting and not by the Registrar of Societies. For the year 1986-87 the Auditors were appointed at the 21st Annual General Meeting of the Federation held on 7th October, 1987.
- II. How much financial assistance was given to the Federation during the last three years.**
- The Financial assistance given by the Government to the Federation in the last three years was as under :—
1986-87 Nil
1987-88 Rs. 10, 82, 143 (This grant pertaining to the year 1984-85 was released in 1987-88 as final grant for the year 1984-85 on finalisation of accounts for that year.
1988-89 Nil
- III. What is the nature and extent of control exercised by the Ministry over the Federation.**
- Federation's Budget Estimates and Revised Budget Estimates are approved by the Ministry of Commerce. The Auditors from the Office of the Director of Audit, CW&M also audit the accounts of the Federation, which are also subject to scrutiny of the Ministry of Commerce (Internal Audit).
- IV. Who is the auditing authority of the Federation ?**
- The following are the Auditing Authorities of the Federation :
- i) The Internal Auditors, appointed by the Management.
 - ii) The Statutory Auditors, appointed by the General Body.
 - iii) Auditors from the Office of the Director of Audit, C.W.&.M.
- V. How the utilisation of the fund granted to the Federation is checked by the Ministry of Commerce.**
- The utilisation of funds is checked by the Ministry of Commerce through the following papers submitted by FIEO ;

- i) **Income and Expenditure A/c** duly audited by the Chartered Accountants.
- ii) **Receipt and Payment Accounts and Balance Sheet** duly audited by the Chartered Accountants
- iii) **Utilisation certificate of grants issued** by the Chartered Accountant.

VI. The dates when —

- a) **Auditors** were appointed by the Registrar Cooperative Societies ;
Auditors for the year 1986-87 were appointed by the General Body at FIEO's 21st Annual General Meeting held on 7th October, 1987. Registrar of Cooperative Societies is not concerned as explained against Point I above.
- b) **the Annual Accounts** were compiled and were handed over to the Auditors for auditing ;
8th October, 1987.
- c) **the auditing of accounts** commenced and the time taken in it ;
The auditing of accounts commenced on 15th January, 1988 and was completed on 17th May, 1988.
- d) **the auditors furnished final Audit Report to the Federation :**
17th May, 1988.
- e) **The annual report and Audited Accounts together with the Auditors Report** were placed before the A.G.M. of the Federation;
The Annual Report and Audited Accounts together with the Auditors Report for the year 1986-87 were considered and adopted by the General Body at the 22nd A.G.M. held on 2nd December, 1988.

f) Annual Report and Audited Accounts were taken up for translation and printing and time taken in it ; and

The Printing of Annual Report in English was undertaken in April, 1988 and completed in June, 1988. The translation in Hindi was undertaken in November, 1988 and completed in January, 1989.

g) The Annual Report and Audited Accounts together with the 'Review' were sent to the Ministry of Commerce for laying on the Table of the House.

English version of the Annual Report was sent to the Ministry of Commerce for laying on the Table of the House on 28.12.88 and Hindi version of the Report was sent to the Ministry on 11.1.89. The review was prepared by the Ministry and the same together with Annual Report and Audited Accounts was forwarded to Lok Sabha Secretariat on 21.2.89 for being laid on the Table of Lok Sabha.

VII. The reasons for not laying Statement explaining the reasons for delay.

The requirement of laying the Statement of reasons for delay was not complied with inadvertently.

VIII. When the Annual Reports and Audited Accounts of the Federation for the last 5 years were laid on the Table of Lok Sabha.

The Annal Reports and Audited Accounts of the Federation for the last 5 years were laid on the Table of Lok Sabha as indicated below :—

Year	Date of laying
1982-83	Record not available
1983-84	22.3.1985
1984-85	20.12.1985
1985-86	11.12.1987
1986-87	3.3.1989
	1987-88

IX. The latest position of the Annual Report and Audited Accounts of the Federation for the years 1987-88 and 1988-89. When these are expected to be placed before Parliament.

The Statutory Auditors have completed their audit of Accounts for the year 1987-88 and submitted their report to the President, FIEO on 21st April, 1989. Now the audited accounts and Report of the Auditor will be placed before the Managing Committee for its approval in its meeting likely to be held in June, 1989. Subsequently, the Annual Report and Audited Accounts of the Federation will be got printed, 23rd Annual General Meeting convened and these will be considered and adopted by the General Body. The date of the A.G.M. has yet to be decided.

1988-89

International Audit of the Accounts for the year 1988-89 is in progress. The Statutory Auditors will be appointed at the next (23rd Annual General Meeting, for which the date has yet to be decided and then the audit for the year 1988-89 will be taken up.

X. The remedial measures taken or proposed to be taken to ensure laying of Annual Report and Audited Accounts of the Federation within the stipulated period of nine months from the close of the accounting year, in future.

FIEO are taking necessary action to ensure that the backlog will be cleared at the earliest possible.

4.4. The matter was considered by the Committee on papers laid on the Table at their sitting held on 4 September, 1989.

4.5. The Committee are concerned to note that the Annual Report and Audited Accounts of the Federation of India Export Organisations, New Delhi for the year 1986-87, which in terms of the recommendation of the Committee made in paragraph 3.5 of their First Report (Fifth Lok Sabha) ought to have been laid by 31 December, 1987, were actually laid on 3 March, 1989 with an inordinate delay of about 14 months. The Committee regret to observe that the Annual Reports and Audited Accounts of the Federation for the year 1987-88 which became due for laying on the Table of the House on or before 31 December, 1988 are yet to be laid.

4.6. From the information furnished by the Ministry of Commerce (Department of Commerce), the Committee note that the Auditors for auditing the accounts for the year 1986-87 were appointed by the General Body of the Federation on 7 October, 1987 *i.e.* after more than 6 months of the close of the accounting year. Further the auditing of accounts by Auditors commenced on 15 January, 1988 *i.e.* after about 3 months of their appointment and the same was completed in 4 months *i.e.* on 17 May, 1988. The Annual Report, Audited Accounts and audit report thereon were considered and adopted by the General Body of the Federation at their meeting held on 2 December, 1988 *i.e.* after a lapse of 5½ months of the receipt of final audit Report from the auditors. Similarly printing of Annual Report and Audited Accounts was undertaken in April, 1988 and completed in June 1988 after a period of 3 months. Likewise, the translation in Hindi was taken up in November, 1988 and completed in January, 1989 after the loss of 3 months. From the chain of events, the Committee come to the conclusion that the various stages of finalisation of annual accounts were left to take their own time and neither the Ministry of Commerce nor the Federation attached any seriousness to expedite them. The Committee are, therefore, of the view that unless proper time schedule is drawn for each stage of finalisation of annual accounts right from compilation of accounts to their placing before Parliament, and some Senior Officer at least of the rank of Deputy Secretary is assigned with the job of exercising periodical checks to see that the time schedule so drawn is strictly adhered, the Federation will never become up-to-date. The Committee, therefore, recommend that a time bound programme to this effect may be chalked out by the Ministry in consultation with the Federation and the Audit authorities so as to complete all formalities within 9 months of the close of the accounting year and watch its adherence to ensure that the required documents of the Federation are placed before Parliament without delay.

4.7. The Committee further note that the Ministry of Commerce did not lay a statement explaining the reasons for delay while laying the Annual Report and Audited Accounts for the year 1986-87. The Committee take a serious note of it as it is in complete disregard to their aforesaid recommendation made in this behalf. The Committee re-iterate that whenever the Annual Reports and Audited Accounts of an organisation are placed before Parliament after the prescribed period of nine months from the close of the accounting year, they should invariably be accompanied with a statement explaining the reasons for delay in a chronological order to enable the Committee to identify the particular stage where the delay took place and suggest corrective methods to obviate delay in future.

APPENDIX

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.	1.6.	<p>The Committee are concerned to note that the Annual report and Audited Accounts of the Rashtriya Manav Sangrahalaya for the years 1985-86 and 1986-87 which, in terms of the recommendation of the Committee made in para 4.16 of their Second Report (Fifth Lok Sabha) ought to have been laid before Parliament by 31 December, 1986 and 31 December, 1987 respectively i.e. within 9 months of the close of the accounting year, were actually laid on 24 November, 1988 and 16 December, 1988 respectively. Thus there was delay of about 24 months and 11½ months respectively. The Committee also note with regret that the Annual Report and Audited Accounts for the subsequent year 1987-88 which were required to be laid by 31 December, 1989 are yet to be laid.</p>
2.	1.7.	<p>The Committee find from the information received from the Ministry that the compilation of accounts took about 7½ months for the year 1985-86 as against 3 months recommended by the Committee. However, the accounts for the year 1986-87 were compiled on time. Had the Ministry and Sangrahalaya been conscious of the time limit prescribed by the Committee for laying the Reports and accounts on the Table of</p>

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		<p>the House, the delay in compilation of accounts could have been minimised and delay for laying the documents avoided.</p>
3.	1.8.	<p>The Committee also find that the auditors took about 7 months and 8½ months for auditing the accounts for the year 1985-86 and 1986-87 respectively. Neither the Ministry nor the Sangrahalaya appear to have impressed upon the auditors to complete auditing of accounts in shortest possible period so that next stages of finalisation of Annual Reports and Audited Accounts could be completed within the stipulated period.</p>
4.	1.9.	<p>The Committee further find that the Annual Report and Audited Accounts of the Sangrahalaya for the year 1985-86 were placed before the Executive council on 27 October, 1987 and those for the year 1986-87 on 26 March, 1988 whereas final Audit Reports were available with the Sangrahalaya on 17 June, 1987 for the year 1985-86 and by 15 March, 1988 for the year 1986-87. There was also undue delay on the part of Ministry of Human Resource Development (Department of Culture) in laying the documents on the Table of the House.</p> <p>The Committee recommend that the Ministry should draw up a time schedule in consultation with Sangrahalaya for finalising the Annual Report and Audited Accounts to ensure that the required documents are placed before Parliament within the stipulated period of 9 months prescribed by the Committee.</p>
5.	2.8.	<p>The Committee are concerned to note that the Annual Reports and Audited Accounts of the</p>

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Kendriya Hindi Shikshan Mandal for the years 1984-85, 1985-86 and 1986-87 were laid on the Table of Lok Sabha as late as 7 December, 1988, *i.e.* after about a delay of 35 months, 23 months and 11½ months, respectively after the close of the accounting years to which they pertained. The Committee also note that these documents of the Mandal for the subsequent year 1987-88 were placed before Parliament with the delay of 4½ months.

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2.9

From the Audit Report of A.G., U.P on the accounts of Mandal for the year 1986-87, the Committee note that the Audit of the Mandal has been entrusted under Section 20(1) of C&AG's (PPCS) Act, 1971 on "Super-imposed basis", which does not call for certification of accounts by A.G., U.P. It goes to suggest that under the provisions of this Act Mandal was required to engage Chartered Accountant as a Primary Auditor. The Mandal therefore, failed to comply with the provisions of the said Act and as such were solely responsible for such inordinate delays. The Audit Reports for the years 1984-85, 1985-86 and 1986-87 *inter alia* point out that (i) the Mandal did not maintain the Register of assets to enable A.G., U.P. to verify the position of assets created out of Government Grants ; (ii) the authority competent to approve the annual accounts of the Mandal before their submission to Audit had not been specified in the Memorandum of Association, Rules and Bye-laws of the Mandal ; (iii) the Mandal did not furnish replies/comments on the draft Audit Report issued to them ; (iv) Mandal did not invest Provident Fund Money as per the investment pattern prescribed by the Central Government in December, 1980 ; (v)

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Payment of interim relief was made to the members of the teaching faculty who were not entitled for it ; (vi) By March, 1986, the Mandal made payment to the CPWD for the entire estimated cost of Rs. 104.35 lakhs for the construction of 2 Warden quarters and one Director's residence by 7 March, 1985 and 2 Hostel Buildings by 7 February, 1986. But none of the buildings had been completed till July, 1986 ; and (vii) The Bank balance of the Mandal did not reconcile with the Cash Book balance. All these deficiencies noted by A.G., U.P. in the accounts of the Mandal are other contributory factors which led to delay in finalisation of the Annual Accounts and Audit Report thereon.

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2.10

From the series of events noted above and non-compliance of the recommendations made by the Committee on Mandal in their Sixteenth Report (7th Lok Sabha) presented to Lok Sabha on 15 March, 1984) the Committee come to inescapable conclusion that the Ministry of Human Resource Development (Department of Education) did not take the matter seriously and allowed the Mandal to function and finalise their accounts in a lackadaisical manner.

The Committee recommend that the Ministry of Human Resource Development (Department of Education) who are administratively concerned with the affairs of the Kendriya Hindi Shikshan Mandal, should review the matter and take immediate action in consultation with the Audit authorities to liquidate these accumulated audit observations at their earliest opportunity, and find out suitable ways and means to mainimise the scope for audit objections in future, so that

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		<p>the Annual accounts of the Mandal are finalised and placed before Parliament within the prescribed period of 9 months from the close of the relevant accounting years.</p>
8.	3.6	<p>The Committee note that the delay of more than 11 months in laying the annual report and audited accounts of the Carpet Export Promotion Council for the year 1986-87 was mainly on account of handing over the accounts to the Auditors : commencement of audit ; furnishing of final Audit Report by the Auditors to the Council for being placed before the Annual General Body Meeting of the Council. The Committee also find that the annual reports and audited accounts of the Council for the subsequent year 1987-88 were also laid on the Table of the House on 9 August, 1989 with a delay of about 7 months.</p>
9.	3.7	<p>The Committee recommend that the Ministry of Textiles should in consultation with the Council draw up a time bound programme for completion of different stages of the compilation of Annual Reports and Audited Accounts. Senior Officers of the Ministry and the Council should be made responsible to ensure [that the documents are completed in all respects and placed before Parliament within the stipulated period of 9 months from the close of the accounting year. The Committee would like to be apprised of the action taken in the matter.</p>
10.	4.5	<p>The Committee are concerned to note that the Annual Report and Audited Accounts of the Federation of Indian Export organisations, New Delhi for the year 1986-87, which in terms of the recommendation of the Committee made in paragraph 3.5 of their First Report (Fifth Lok Sabha) ought to have been laid by 31 December</p>

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11.	4.6	<p>1987, were actually laid on 3 March, 1989 with an inordinate delay of about 14 months. The Committee regret to observe that the Annual Reports and Audited Accounts of the Federation for the year 1987-88 which became due for laying on the Table of the House on or before 31 December, 1988 are yet to be laid.</p> <p>From the information furnished by the Ministry of Commerce (Department of Commerce), the Committee note that the Auditors for auditing the accounts for the year 1986-87 were appointed by the General Body of the Federation on 7 October, 1987 <i>i.e.</i> after more than 6 months of the close of the accounting year. Further the auditing of accounts by Auditors commenced on 15 January, 1988 <i>i.e.</i> after about 3 months of their appointment and the same was completed in 4 months <i>i.e.</i> on 17 May, 1988. The Annual Report, Audited Accounts and Audit Report thereon were considered and adopted by the General Body of the Federation at their meeting held on 2 December, 1988 <i>i.e.</i> after a lapse of 5½ months of the receipt of final Audit Report from the Auditors. Similarly printing of annual report and Audited Accounts was undertaken in April, 1988 and completed in June 1988 after a period of 3 months. Likewise, the translation in Hindi was taken up in November, 1988 and completed in January, 1989 after the loss of 3 months. From the chain of events, the Committee come to the conclusion that the various stages of finalisation of annual accounts were left to take their own time and neither the Ministry of Commerce nor the Federation attached any seriousness to expedite them. The Committee are, therefore, of the view that unless proper time schedule is drawn for each stage of finalisation of annual</p>

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accounts right from compilation of accounts to their placing before Parliament, and some Senior Officers at least of the rank of Deputy Secretary is assigned with the job of exercising periodical checks to see that the time schedule so drawn is strictly adhered, the Federation will never become up-to-date. The Committee, therefore, recommend that a time bound programme to this effect may be chalked out by the Ministry in consultation with the Federation and the Audit authorities, so as to complete all formalities within 9 months of the close of the accounting year and watch its adherence to ensure that the required documents of the Federation are placed before Parliament without delay.

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The Committee further note that the Ministry of Commerce did not lay a statement explaining the reasons for delay while laying the Annual Report and Audited Accounts for the year 1986-87. The Committee take a serious note of it as it is in complete disregard to their aforesaid recommendation made in this behalf. The Committee re-iterate that whenever the Annual Reports and Audited Accounts of an organisation are placed before Parliament after the prescribed period of nine months from the close of the accounting year, they should invariably be accompanied with a statement explaining the reasons for delay in a chronological order to enable the Committee to identify the particular stage where the delay took place and suggest corrective methods to obviate delay in future.
