

**ESTIMATES COMMITTEE  
1959-60**

**EIGHTIETH REPORT**

**(SECOND LOK SABHA)**

**PUBLIC UNDERTAKINGS—FORMS AND  
ORGANISATION**



**LOK SABHA SECRETARIAT  
NEW DELHI**

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CORRIGENDA

TO

Eightieth Report of the Estimates Committee  
(2nd Lok Sabha) on Public Undertakings  
Forms and Organisation.

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\*Elected w. e. f. 19th December, 1959 *vice* Shri Mathuradas Mathur resigned.

## INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee to submit the report on their behalf, present this Eightieth Report on "Public Undertakings—Forms and Organisation".

H. C. DASAPPA,  
*Chairman,*  
*Estimates Committee.*

NEW DELHI;  
*The 1st April, 1960.*  
*Chaitra 12, 1882 (S).*

## I. GROWTH OF PUBLIC UNDERTAKINGS

Although few in number, Public Undertakings\* have been in existence in India even before Independence *e.g.*, the Port Trusts, Railways, Defence Factories, etc. Since Independence, particularly after the commencement of Five Year Plans, there has been a very large increase in the number of Public Undertakings in the country. The following table\*\* shows the growth of Public Undertakings:—

Year	Statutory Corporations	Government Companies
As on 15th August, 1947	4	4
1948-49	4	2
1949-50	—	2
1950-51	—	2
1951-52	—	3
1952-53	—	4
1953-54	2	4
1954-55	—	3
1955-56	1	2
1956-57	2	8
1957-58	1	2
1958-59	—	7
1959-60	1	2
<b>TOTAL</b>	<b>15</b>	<b>45</b>

Besides statutory corporations and Government Companies, there are also a number of departmental undertakings the precise number of which is not known.

## II. MULTIPLICITY OF ORGANISATIONS

2. A classified list of these undertakings is given at Appendix 'I'. It will be observed from this list that the number of statutory corporations and Government Companies has risen by 52 during the past twelve years. One aspect of this growth in number is that the functions of many of the newly set up Undertakings appear to be similar and

\*The term Public Undertakings has been used in this report in a general sense meaning primarily State Enterprises of Industrial, Commercial or Financial nature of the Central Government.

\*\*When the draft Report was sent to the Ministry of Finance (Department of Expenditure) for factual verification, they stated that the figures given in this para could not be checked as information was not readily available about the number of Corporations|Government Companies in the years mentioned.

over-lapping to a certain extent; for example, the functions of the following Undertakings appear to be somewhat similar:—

- (1) The Eastern Shipping Corporation Ltd. and Western Shipping Corporation Ltd.\*\*\*
- (2) Sindri Fertilizers and Chemicals Ltd. and Hindustan Chemicals and Fertilizers Ltd.
- (3) Travancore Minerals Ltd. and Indian Rare-Earths Ltd.
- (4) Oil and Natural Gas Commission, The Indian Oil Company Ltd. and Indian Refineries Ltd.
- (5) National Mineral Development Corporation Ltd., Orissa Mining Corporation Ltd. and Indian Mining & Construction Company Ltd.
- (6) Rehabilitation Finance Administration, Rehabilitation Industries Corporation Ltd., National Industrial Development Corporation Ltd. and Industrial Finance Corporation.

3. The Committee have not examined in detail the possibility of reducing the multiplicity of Public Undertakings of like nature such as those noted above. The trends are definitely in the direction of creation of more Public Undertakings and so the lines on which they must be developed assume considerable importance. The issue is whether for each new task a new organisation should be created or should it be entrusted to an existing organisation which has already gained experience in the line. In this connection the views of certain experts become very relevant.

Mr. John Kenneth Galbraith in his report on the organisation of state enterprises in Ceylon says:

“Every successful enterprise should beget others. This relates to the role of experience and maturity in organisation. The common tendency is to create a new organisation for each new task. But this means that all of the problems of a new organisation must be gone through with each time. If, however, existing organisations are given new tasks then use is made of going concern value and accumulated experience. Managers may complain that their organisation is over-strained—that its resources are over-taxed. But their resources will be much less taxed than those of a totally new and raw organisation faced with the combined task of creating itself and doing its job. Planners should always bear in mind that the most difficult part of any industrial process is its inception. It is precisely this difficult stage which should be entrusted to established and not to new enterprises.

Thus, to use going concern value, the ideal form of public industrial organisation is a relatively small number of

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\*\*\*The Estimates Committee in para 24 of the 38th Report recommended merger of the two Corporations.

multi-purpose enterprises. This procedure may look awkward and perhaps even top heavy at first glance but it accords with the requirements of modern industrial life. A new ministry may be appropriate for a new task. But an existing and successful industrial enterprise is by far the best bet for launching a new enterprise".\*

Mr. Paul H. Appleby commenting on the proliferation of state enterprises in India says:

"In time, the total consequence, if uncorrected, will certainly be a total proliferation of special organisations within the government of such numbers and variety as to be unmanageable by government. It follows that in every marginal judgment, choice of expansion method should be in favour of expanding a going organization. It further follows that through the years to come there should be a persistent movement of consolidation of the special organisations according to some scheme of 'coherent missions'."\*\*

There is also the other view that even among Public Undertakings it is desirable to have an element of healthy competition as an incentive to production. For instance, there is a suggestion that better than having one monolithic structure like Life Insurance Corporation it would be better to split it up into smaller units both from the point of view of economy and efficiency.

*The Committee have considered the matter and generally agree with the view that the pattern should be to utilise the existing organisations to take up new activities in the line instead of creation of new bodies for the purpose. This way of building up of Public Undertakings gains added justification in view of the limited availability of managerial and technical man power in the country. But this does not mean that where a line of activity has the character of being or becoming huge and monopolistic and is not of strategic significance more than one unit should not be set up for the purpose. Subject to such a consideration the Committee are of the opinion that before a new undertaking is set up the possibility of entrusting it to an existing undertaking in the same line should be considered. The merging of the three steel units into one Hindustan Steel Ltd., is an illustration of the advantages of such a course. They recommend that not only should this consideration be kept in view by the Government in future, but the feasibility of reducing the existing number of Public Undertakings by amalgamating some of them may also be examined.*

\*'Industrial Organisation and Economic Development' by John Kenneth Galbraith, pp. 14-15.

\*\*'Re-examination of Indian Administration System with Special Reference to Administration of Government's Industrial and Commercial Enterprises' by Paul H. Appleby, p. 13.



### III. FORMS OF ORGANISATION

4. It will be seen from the Classified List given in Appendix I that Public Undertakings have been set up in various forms, some as departmental organisations, some as statutory bodies created under specific statutes, while the largest number have been incorporated under the Companies Act as Joint Stock Companies. It seems that no well-defined principle has been followed in determining the form of organisation of the Public Undertakings; for example, while the Air Corporations have been created as statutory corporations under specific Acts of Parliament, the Eastern and Western Shipping Corporations, which are also transport undertakings, have been incorporated as companies under the Companies Act. Though the Oil and Natural Gas Commission which is in the nature of a development body, has been set up under an Act of Parliament, the National Industrial Development Corporation, another development body, has been constituted as a company. There is no apparent justification for the Bharat Electronics Limited, which is an undertaking intended to meet primarily defence needs and controlled by the Ministry of Defence, being established as a company while certain other Defence Factories such as Harness and Saddlery Factory, Kanpur, Clothing Factory, Shahjahanpur, and Machine Tool Prototype Factory, Ambarnath are run as departmental undertakings.

#### *A. Importance of the Form of Organisation*

5. The form of organisation of an undertaking is of vital importance from the point of view of Parliamentary control. The characteristics, advantages and disadvantages of the various forms of organisations as summarised in the report of the United Nations Seminar on "Some Problems in the Organisation and Administration of Public Enterprises in the Industrial Field", held at Rangoon in 1954 are given in Appendix II. The main features of the three major types of organisations and Parliamentary control attracted by them are briefly indicated below:—

- (i) Departmental undertakings are on a par with normal Government departments in matters of appropriation, Parliamentary control and accountability. They are under direct executive control of the Ministry and differences from normal Government departments are generally of internal organisation required by the special nature of the undertakings;
- (ii) Statutory corporations are set up under specific statutes and the extent of their accountability and the nature of Parliamentary control over them are indicated in the statutes under which they are set up;
- (iii) Government Companies are set up under the Company Law under executive decisions of the Government. Approval of Parliament is not obtained specifically for setting up the companies, though funds may be provided for them in the budget. Sometimes advances are even taken from the contingency fund to provide for

the initial expenditure on the setting up of the companies with the result that Parliament is confronted with a *fait accompli*. Though there is a provision in the Companies Act for the laying of the annual reports of the companies on the Table of the House. Parliament is not apprised of their budgets indicating their past achievement and future programme. The propriety of earmarking separate sums from the Consolidated Fund for a large number of Public Undertakings in the shape of companies, and putting them out of reach of normal Parliamentary control on expenditure on the ground that the undertakings are autonomous is, therefore, open to question.

### B. Consensus of opinion

6. The consensus of opinion of the authorities on Public Administration appears to be that as a rule State enterprises should be organised as statutory corporations, but undertakings relating to Defence having a strategic or security bias and enterprises designed for economic control may be run as departmental undertakings. The company form of organisation may be resorted to only—

- (i) when the Government may have to take over an existing enterprise in an emergency;
- (ii) where the State wishes to launch an enterprise in association with private capital; or
- (iii) where Government wishes to start an enterprise with a view eventually to transfer it to private management.

The report of the Seminar held under the auspices of the United Nations Economic Commission for Asia and the Far East, the United Nations Technical Assistance Administration and the International Institute of Administrative Sciences in March, 1954 sums up the view in the matter by saying that "It appeared to be the unanimous opinion of the consultants at the Seminar that where an enterprise is wholly Government-owned it should be set up in the form of public corporation, or in some cases administered as a department of Government".

### C. Committee's Views

7. The Committee are generally in agreement with these views and consider that all wholly State-owned Public Undertakings should generally be in the form of statutory corporations, or, where necessitated by special reasons, in the form of departmental undertakings and the company form should be an exception to be resorted to only for organisations of a specified nature such as set out above. They recommend that an expert committee be appointed to examine the whole question and to advise the Government on the principles which should determine the appropriate form of organisation for the various types of undertakings.

#### IV. DIVERSITY IN OTHER MATTERS

8. Apart from the question of the forms of organisation there is a great deal of diversity among the undertakings even in other matters such as their Administrative set-up, Finance, Government control, Accounting, Audit and Parliamentary control. The following paragraphs give an idea of such diversity.

##### A. Administrative Set-up

9. While companies and corporations are generally managed by a Board of Directors, departmental undertakings are usually placed in charge of a single official, subject to the normal departmental control, with some important exceptions like Railways.

The strength of the Boards of Directors of the different Public Undertakings also varies. The Boards of Directors of Heavy Engineering Corporation Limited and Hindustan Aircraft Limited consist of 8 members each; Hindustan Steel Limited has 10 members on its Board; the Boards of Directors of Heavy Electricals and Hindustan Antibiotics Limited comprise of 11 members each and the Board of Hindustan Cables Limited has 13 members.\*

The ratio of full-time to part-time Directors too varies from undertaking to undertaking.

Again, in some cases the Chairman of a company/corporation is a whole time official, in other cases he is a part-time official. The Chairmen of Oil and Natural Gas Commission and National Industrial Development Corporation are Ministers of the Central Government. Members of Parliament have been appointed as Chairmen or Directors in a few cases while Secretaries to Government function as Chairmen of a number of Public Undertakings. Another matter of interest is the diversity of tenure of Directors. There is no necessity to give any figures, for it ranges anywhere from one month to above.

##### B. Financing Arrangements

10. The Industrial Finance Corporation has been provided by Government with equity capital; the Rehabilitation Finance Administration, however, operates only on borrowed funds. The ratio of capital to loans of the various undertakings varies largely. While the Bharat Electronics has all capital and no loans, the National Small Industries Corporation has borrowed from the Government a sum of Rs. 277 lakhs against the paid-up capital of Rs. 40 lakhs (*i.e.*, the ratio of paid-up capital to loans is 1:7)

##### C. Audit

11. All Government Companies have a common system of audit prescribed under the Indian Companies Act, 1956. The arrangements for audit of the corporations are, however, not uniform. The varying audit provisions relating to the statutory corporations are given in Appendix III.

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\*As on 31-3-1959.

### D. Accounts

12. There is no uniformity in the presentation of accounts. While in the case of some manufacturing concerns manufacturing accounts are presented, in other cases they are not. In some cases the profit and loss appropriation account is shown separately from the profit and loss account while in others the appropriation of profits is included in the profit and loss account. There is also wide divergence in the manner of treatment of certain types of transactions and adjustments in the organisations.

### E. Government Control

13. A statement showing the widely differing powers of a number of Public Undertakings of making appointments, incurring capital expenditure, is given at Appendix IV. It will be seen from the statement that there is wide diversity in the nature and extent of Government control over different Public Undertakings.

### F. Parliamentary Control

14. In their 73rd Report (Second Lok Sabha) the Committee have dealt with the desirability of Public Undertakings submitting more informative Annual Reports and Accounts, lack of uniformity in the matter, necessity of such uniformity and of preparation of Performance-cum-Programme Statements and Business type Budgets by the undertakings so that adequate control could be exercised by Parliament. A reference is particularly invited to paras. 3 and 6 of that Report.

### G. Need for a General Law

15. *While it is most desirable to have all the Public Undertakings conform to a common pattern or patterns both from the point of view of efficient administration and of accountability to Parliament, the Committee feel that some individual variations are inevitable due to the special characteristics and functions of a particular undertaking. Such deviations should not, however, affect basically the overall pattern of organisation and responsibility. It is, therefore, desirable to lay down a frame-work of such an overall pattern.*

16. The Committee find that in some countries like U.S.A. and Canada general laws have been enacted to regulate the work of State enterprises by laying down certain basic provisions in respect of most of the matters referred to above. Relevant extracts of the Acts are given in Appendix V. *The Committee are of the opinion that it would be desirable to have a similar law in India also to govern statutory corporations and Government Companies.* They realise that in an under-developed country there is need for sufficient elasticity to permit of necessary variations. What is necessary is to strike a just and workable balance between autonomy and control. It may be argued that such a general law would be unnecessary in the case of statutory corporations as all the provisions relating to the corporation will come up

before the Parliament for its consideration. *But the Committee are of the opinion that in order to secure uniformity in the structure, regulation etc. of the corporation a compliance with the general law would be most desirable.*

#### V. PRIOR APPROVAL OF PARLIAMENT TO THE CREATION OF COMPANIES

17. The Committee have indicated in para 7 the view that generally fully-owned Public Undertakings should be constituted in the form of statutory corporations. The company form should be resorted to only in the circumstances specified in para 6. *To ensure that the Parliament is fully acquainted with all the aspects of a projected company and to enable it to express its considered views, the Committee recommend that in future before a Public Undertaking is set up in the form of a Government Company a resolution seeking the approval of the Parliament for the formation of the company may be moved.*

*If for any reason this procedure cannot be followed, the following steps may be taken:—*

- (a) *The provision in a Demand for Grant for investment in a Joint Stock Company might be indicated in Part I of the Estimates.*
- (b) *A notification may be issued by Government for the setting up of a Government Company and a draft of the same might be laid on the Table of the House before a company is registered.*
- (c) *The Memorandum and Articles of Association of a Government Company as also any subsequent amendments there-to might be laid before the House.*

H. C. DASAPPA,  
Chairman,  
Estimates Committee.

NEW DELHI;

The 1st April, 1960.

Chaitra 12, 1882 (S).

## **APPENDIX I**

(Vide para 2)

### *List of Public Undertakings*

#### ***Statutory Corporations:***

1. Air India International Corporation, Bombay.
2. Bombay Port Trust, Bombay.
3. Calcutta Port Commission, Calcutta.
4. Central Warehousing Corporation, New Delhi.
5. Damodar Valley Corporation, Calcutta.
6. Employees' State Insurance Corporation, New Delhi.
7. Industrial Finance Corporation of India, New Delhi.
8. Indian Airlines Corporation, New Delhi.
9. Khadi and Village Industries Commission, Bombay.
10. Life Insurance Corporation of India, Bombay.
11. Madras Port Trust, Madras.
12. Oil and Natural Gas Commission, Dehra Dun.
13. Rehabilitation Finance Administration, New Delhi.
14. Reserve Bank of India, Bombay.
15. State Bank of India, Bombay.

#### ***Government Companies:***

1. Ashoka Hotels Ltd., New Delhi.
2. Bharat Electronics Ltd., Bangalore.
3. Eastern Shipping Corporation Ltd., Bombay.
4. Export Risks Insurance Corporation (P) Ltd., Bombay.
5. Government Telephones Board (P) Ltd., New Delhi.
6. Heavy Electricals (P) Ltd., Bhopal.
7. Heavy Engineering Corporation, Ranchi.
8. Hindustan Aircrafts (P) Ltd., Bangalore.
9. Hindustan Antibiotics (P) Ltd., Pimpri.
10. Hindustan Cables (P) Ltd., Rupnarainpur.
11. Hindustan Chemicals & Fertilisers Ltd., Nangal.
12. Hindustan Housing Factory (P) Ltd., New Delhi.
13. Hindustan Insecticides (P) Ltd., Delhi.
14. Hindustan Machine Tools Ltd., Bangalore.
15. Hindustan Salt Co. (P) Ltd., Jaipur.
16. Hindustan Shipyard (P) Ltd., Visakhapatnam.
17. Hindustan Steel Ltd., Ranchi.

18. Indian Handicrafts Development Corporation (P) Ltd., New Delhi.
19. Indian Mining and Construction Co. (P) Ltd.
20. Indian Oil Company Ltd., New Delhi.
21. Indian/Rare Earths (P) Ltd., Bombay.
22. Indian Refineries (P) Ltd., New Delhi.
23. Indian Telephone Industries (P) Ltd., Bangalore.
24. Kulu Valley Transport (P) Ltd., Pathankot.
25. Manipur State Bank Ltd., Manipur.
26. Nahan Foundry (P) Ltd., Nahan.
27. National Coal Development Corporation (P) Ltd., Ranchi.
28. National Industrial Development Corporation (P) Ltd., New Delhi.
29. National Instruments (P) Ltd., Calcutta.
30. National Minerals Development Corporation (P) Ltd., New Delhi.
31. National Newsprint and Paper Mills Ltd., Nagpur.
32. National Projects Construction Corporation (P) Ltd., New Delhi.
33. National Research Development Corporation of India (P) Ltd., New Delhi.
34. National Small Industries Corporation (P) Ltd., New Delhi.
35. Neyveli Lignite Corporation (P) Ltd., Madras.
36. Orissa Mining Corporation (P) Ltd., Bhubaneswar.
37. Orissa Road Transport Co. Ltd., Bhubaneswar.
38. Praga Tools Corporation, Secunderabad.
39. Rehabilitation Housing Corporation Ltd., New Delhi.
40. Rehabilitation Industries Corporation Ltd., Calcutta.
41. Sindri Fertilizers and Chemicals (P) Ltd., Sindri.
42. State Trading Corporation of India (P) Ltd., New Delhi.
43. Sultania Cotton Manufacturing Co. Ltd., Bombay.
44. Travancore Minerals (P) Ltd., Quilon.
45. Western Shipping Corporation (P) Ltd., Bombay.

*Departmental Undertakings\**

1. Indian Security Press, Nasik Road.
2. Currency Note Press, Nasik Road.
3. Opium Factory, Neemuch.
4. Opium & Alkaloid Works, Ghazipur.
5. Bilaspur Commercial Corporation.
6. Himachal Pradesh Rosin & Turpentine Factory, Nahan.
7. Central Tractor Organisation.

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\*The foregoing list is not exhaustive.

8. Pritchard Salt Works, Kharagoda.
9. Delhi Milk Supply Scheme.
10. Government of India Presses.
11. Government of India Mint, Alipore.
12. Government of India Mint, Bombay.
13. Government of India Mint, Hyderabad.
14. Silver Refinery Project, Calcutta.
15. Ordnance Factories.
16. Chitranjan Locomotive Works.
17. Integral Coach Factory, Perambur.



## APPENDIX II

(Vide para 5)

EXTRACT FROM THE REPORT OF THE UNITED NATIONS SEMINAR ON "SOME PROBLEMS IN THE ORGANISATION AND ADMINISTRATION OF PUBLIC ENTERPRISES IN THE INDUSTRIAL FIELD" HELD AT RANGOON IN 1954.

### *Departmental Organisation*

The principal characteristics of this form of organization are:—

- (i) The enterprise is financed by annual appropriations from the Treasury and all, or a major share of its revenues, are paid into the Treasury;
- (ii) The enterprise is subject to the budget, accounting and audit controls applicable to other government activities;
- (iii) The permanent staff of the enterprise are civil servants, and the methods by which they are recruited, and the conditions of service under which they are employed, are ordinarily the same as for other civil servants;
- (iv) The enterprise is generally organised as a major subdivision of one of the central departments of government and is subject to the direct control of the head of the department;
- (v) Wherever this applies in the legal system of the country concerned, the enterprise possesses the sovereign immunity of the States and cannot be sued without the consent of the Government.

While this type of organization appears to assure the maximum degree of control by politically responsible officials—a factor of great importance both within and outside the ECAFE region—it falls far short of providing the flexibility essential to effective operations. This has been the experience of the ECAFE countries. It fails adequately to take into account certain distinguishing characteristics which clearly set most enterprises apart from the general run of government programmes; (i) the government is dealing with the public in the manner of a business man rather than a sovereign; (ii) individual users, rather than the general taxpayer, are to pay for the cost of goods and services; (iii) expenditures necessarily fluctuate with consumer demands and cannot be predicted accurately, or realistically kept within annual budgetary limitations; and (iv) operations are being conducted within areas in which there are well established trade practices. Under this form of organization, public enterprises have sometimes become synonymous with red tape, delays, inadequate service and insensitivity to consumer needs.

### *Public Corporations*

The principal characteristics of the public corporations are:—

- (i) It is wholly owned by the state.
- (ii) It is generally created by, or pursuant to, a special law defining its powers, duties and immunities and prescribing the form of management and its relationship to established departments and ministries.
- (iii) As a body corporate, it is a separate entity for legal purposes and can sue and be sued, enter into contracts and acquire property in its own name. Corporations conducting business in their own name have been generally given greater freedom in making contracts and acquiring and disposing of property than ordinary government departments.
- (iv) Except for appropriations to provide capital or to cover losses, a public corporation is usually independently financed. It obtains its funds from borrowing, either from the Treasury or the public, and from revenues derived from the sale of goods and services. It is authorized to use and reuse its revenues.
- (v) It is generally exempted from most regulatory and prohibitory statutes applicable to expenditure of public funds.
- (vi) It is ordinarily not subject to the budget, accounting and audit laws, and procedures applicable to non-corporate agencies.
- (vii) In the majority of cases, employees of public corporations are not civil servants, and are recruited and remunerated under terms and conditions which the corporation itself determines.

The chief advantages of the corporate form of organization for private enterprise—limited liability, pooling of investments, transferability of securities and perpetuity—have little or no significance for a public enterprise. The principal benefits of the public corporations as an organizational device are in its freedom from unsuitable government regulations and controls and its high degree of operating and financial flexibility. The special powers granted to public corporations are designed to enable a government, when it undertakes to operate an industrial or commercial enterprise, to render service and discharge its obligations to the public as nearly as possible in the same manner as a private business. Freedom from restrictive statutes with respect to disbursements, contracts, purchases and personnel permit a public corporation, where desirable, to follow standard commercial practice in carrying on its business. Expansion of facilities to take care of an unanticipated growth in business can be financed without undue delay, by use of revenues or borrowed funds.

While the public corporation has eliminated many weaknesses characteristic of traditional governmental organization, it has given rise to new and equally difficult problems. At the outset, the reaction to excessive bureaucratic controls was to abandon controls altogether. The early public corporations such as the Port of London

Authority and Central Electricity Board in the United Kingdom were created outside the normal governmental structure, and largely immune from ministerial direction and control. This development was rationalized into a theory that public corporations are by their very nature autonomous bodies with certain inherent characteristics such as independence, freedom from direction and control by "political" officers, and self-contained finance. The words "autonomous corporation" and "autonomous agency" have since become firmly embedded in the vocabulary of public administration.

### *Joint Stock Companies*

There are three major reasons for the adoption of the company form:—

- (i) The government may have to acquire shares of an existing enterprise in an emergency, in response to a financial or employment crisis, or in order to maintain a nationally important production or service which has become unprofitable or insolvent under private enterprise.
- (ii) The state may wish to launch an enterprise in association with certain other interests, national or foreign.
- (iii) The Government may wish to start an enterprise entirely as a public venture in order to put it on its feet, with the intention of disposing of all or part of it to the public or to specific private interests as soon as possible.
- (iv) In several recent instances, national development corporations have been established in the ECAFE region with a share capital, as a means of enabling them to set up subsidiary operating companies and to acquire interests in them. Examples are the National Development Company of the Phillipines and the Industrial Development Corporation of Pakistan.

Among the main disadvantages of this device in the case of entirely state-owned enterprises are the following:—

- (i) The company device evades the constitutional responsibilities which a state-controlled enterprise has, in a democratic society to the Government and to Parliament.
- (ii) The use of the company form and of the law regulating commercial companies usually becomes a mere fiction because all or most of the functions normally vested in the share-holders and in the management are reserved to the Government by the statute setting up the company. There is usually no meeting of share-holders because it would be meaningless, and the profits as well as the appointments to the Board are naturally reserved to the Government. In federal states—as the experience of the United States shows—the device may cause an additional difficulty where companies can only be incorporated under state laws. In such cases, the Federal Government may have great legal difficulties in liquidating an enterprise for which it is otherwise fully responsible.

### *Operating contracts*

A comparatively new device for administration of public enterprises is the operating contract. The Government enters into a contract with an established private company for management of a public enterprise and agrees to reimburse the contractor for all costs which he incurs. The contractor is compensated for his services by a "fixed fee" set by negotiations.

The principal advantage of the operating contract is that it makes available to the Government the managerial skill and technical knowledge of private industry. It provides for a much greater degree of flexibility in procurement, planning and staffing than is ordinarily obtainable even with a public corporation. Operating contracts can also be used as a device to develop enterprises which the Government will ultimately take over.

Use of the operating contract, however, raises a number of basic issues of public policy. The element of competition is usually absent, so that the Government cannot rely on conventional economic incentives to assure that contractors operate with maximum efficiency and economy. Once an enterprise has been turned over to a contractor, the Government has little effective leverage in influencing his policies. The principal sanction available to the Government, termination of the contract, is so drastic that it can be used only in extreme circumstances. Termination would mean a complete break-down in the programme until a new contractor or the Government could take over operation of the enterprises. It is evident that new techniques need to be developed for supervising this type of contract.

### APPENDIX III

(Vide para 11)

#### AUDIT PROVISIONS RELATING TO THE STATUTORY CORPORATIONS

#### 1. THE AGRICULTURAL PRODUCE (DEVELOPMENT AND WAREHOUSING) CORPORATIONS ACT, 1956

##### *Accounts and Audit of Warehousing Corporation*

42. (1) Every Warehousing Corporation shall maintain proper accounts and other relevant records and prepare an annual statement of accounts including the profit and loss account and the balance-sheet in such form as may be prescribed.

(2) The accounts of a Warehousing Corporation shall be audited by not less than two auditors duly qualified to act as auditors of companies under Section 226 of the Companies Act, 1956.

(3) The said auditors shall be appointed by the appropriate Government and the appropriate Government shall appoint one such auditor in consultation with the Comptroller and Auditor-General of India.

(4) The auditors shall be supplied with a copy of the annual balance-sheet of the Warehousing Corporation, and it shall be their duty to examine it together with the accounts and vouchers relating thereto, and they shall have a list delivered to them of all books kept by the Corporation and shall at all reasonable times have access to the books, accounts and other documents of the Corporation and may in relation to such accounts examine any director or officer of the Corporation.

(5) The auditors shall make a report to the share-holders on the annual balance-sheet and accounts and in every such report they shall state whether in their opinion the balance-sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and correct view of the state of affairs of the Warehousing Corporation and in case they had called for any explanation or information from the directors, whether it has been given and whether it is satisfactory.

(6) The appropriate Government, on the recommendation of the Board, may, after consultation with the Comptroller and Auditor-General of India at any time issue directions, through the Board to the auditors requiring them to report to the appropriate Government upon the adequacy of measures taken by a Warehousing Corporation for the protection of its shareholders and creditors or upon the sufficiency of their procedure in auditing the accounts of the Corporation and may enlarge or extend the scope of the audit or direct that a different procedure in audit may be adopted or direct that any other examination may be made by the auditors if in the opinion of the appropriate Government public interest so requires.

(7) A Warehousing Corporation shall send a copy of every report of the auditors to the Comptroller and Auditor-General of India and to the Board at least one month before it is placed before the shareholders.

(8) Notwithstanding anything hereinafter contained in this section, the Comptroller and Auditor-General of India, may either of his own motion or on a request received in this behalf from the appropriate Government undertake in respect of a Warehousing Corporation such audit and at such time as he may consider necessary:

Provided that where the Central Government is required to make any payment on account of the guarantee given by it under subsection (1) of section 19, such audit shall be undertaken by the Comptroller and Auditor-General of India.

(9) Every audit report under this section shall be forwarded to the appropriate Government and that Government shall cause the same to be laid before both Houses of Parliament or the Legislature of the State, as the case may be.

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## 2. THE AIR CORPORATIONS ACT, 1953

15. (1) The Corporation shall maintain proper accounts and other relevant records and prepare an annual statement of accounts, including the profit and loss account and the balance sheet in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India.

(2) The accounts of the Corporations shall be audited annually by the Comptroller and Auditor-General of India and any expenditure incurred by him in connection with such audit shall be payable by the Corporations to the Comptroller and Auditor-General of India.

(3) The Comptroller and Auditor-General of India and any person appointed by him in connection with the audit of the accounts of the Corporations shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor-General has in connection with the audit of Government accounts and in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Corporations.

(4) The accounts of the Corporation as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before both Houses of Parliament.

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## 3. DAMODAR VALLEY CORPORATION ACT, 1948

*Accounts and Audit*

47. The accounts of the Corporation shall be maintained and audited in such manner as may, in consultation with the Auditor-General of India, be prescribed.

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#### 4. EMPLOYEES' STATE INSURANCE ACT, 1948

34. *Audit*.— (1) The Accounts of the Corporation shall be audited, at such times and in such manner as may be prescribed, by auditors appointed by the Central Government.

(2) The auditors shall at all reasonable times have access to the books, accounts and other documents of the Corporation and may, for the purposes of the audit, call for such explanation and information as they may require or examine any principal or other officer of the Corporation.

(3) The auditors shall forward to the Central Government a copy of their report together with an audited copy of the account of the Corporation.

(4) The cost of the audit as determined by the Central Government shall be paid out of the funds of the Corporation.

#### *Budget, Audited Accounts and Annual Report*

36. The annual report, the audited accounts of the Corporation and the budget as finally adopted by the Corporation shall be placed before Parliament and published in the Official Gazette.

\* \* \* \*

#### 5. THE INDUSTRIAL FINANCE CORPORATION ACT, 1948.

34. *Audit*:

(1) The affairs of the Corporation shall be audited by not less than two auditors duly qualified to act as auditors of companies under section 226 of the Companies Act, 1956, one of whom shall be appointed by the Central Government, in consultation with the Comptroller and Auditor-General of India and the other auditor or auditors elected in the prescribed manner by the parties mentioned in sub-section (3) of section 4 and such remuneration as the Central Government may fix shall be paid to the auditors by the Corporation.

(2) Every auditor shall be supplied with a copy of the annual balance-sheet of the Corporation, and it shall be his duty to examine it together with the accounts and vouchers relating thereto; and every auditor shall have a list delivered to him of all books kept by the Corporation, and shall at all reasonable times have access to the books, accounts and other documents of the Corporation, and may in relation to such accounts examine any Director or officer of the Corporation.

(3) The auditors shall make a report to the shareholders upon the annual balance-sheet and accounts, and in every such report they shall state whether in their opinion the balance-sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Corporation, and in case they have called for any explanation or information from the Board whether it has been given and whether it is satisfactory.

(4) The Central Government may in consultation with the Comptroller and Auditor-General of India at any time issue directions to the auditors requiring them to report to it upon the adequacy of

measures taken by the Corporation for the protection of its shareholders and creditors or upon the sufficiency of their procedure in auditing the affairs of the Corporation, and may at any time enlarge or extend the scope of the audit or direct that a different procedure in audit be adopted or direct that any other examination be made by the auditors if in its opinion the public interest so requires.

(5) The Corporation shall send a copy of every report of the auditors to the Comptroller and Auditor-General of India at least one month before it is placed before the shareholders.

(6) Notwithstanding anything contained in the preceding subsections, the Comptroller and Auditor-General of India, may, either of his own motion or on a request received in this behalf from the Central Government, undertake such audit and at such times as he may consider necessary:

Provided that where the Central Government is required to make any payment on account of the guarantee given by it under section 5 or sub-section (2) of section 21 or sub-section (2) of section 27, as the case may be, such audit shall be undertaken by the Comptroller and Auditor-General of India.

(7) Every audit report shall be forwarded to the Central Government and that Government shall cause the same to be laid before both Houses of Parliament.

\* \* \* \*

## 6. THE KHADI AND VILLAGE INDUSTRIES COMMISSION ACT, 1956

### *Audit:*

23. (2) The accounts of the Commission shall be audited by the Comptroller and Auditor-General of India at such intervals as may be prescribed by him.

(3) The Comptroller and Auditor-General of India and any person appointed by him in connection with the audit of the accounts of the Commission shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor-General has in connection with the audit of Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Commission.

(4) The accounts of the Commission as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament.



**(7) THE LIFE INSURANCE CORPORATION ACT, 1956****Audit:**

25. (1) The accounts of the Corporation shall be audited by auditors duly qualified to act as auditors of companies under the law for the time being in force relating to companies, and the auditors shall be appointed by the Corporation with the previous approval of the Central Government and shall receive such remuneration from the Corporation as the Central Government may fix.

(2) Every auditor in the performance of his duties shall have at all reasonable times access to the books, accounts and other documents of the Corporation.

(3) The auditors shall submit their report to the Corporation and shall also forward a copy of their report to the Central Government.

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**(8) THE OIL AND NATURAL GAS COMMISSION ACT, 1959****Annual reports, accounts and audit:**

22. (2) The accounts of the Commission shall be audited annually by the Comptroller and Auditor-General of India and any expenditure incurred by him in connection with such audit shall be payable by the Commission to the Comptroller and Auditor-General of India.

(3) The Comptroller and Auditor-General of India and any person appointed by him in connection with the audit of the accounts of the Commission shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor-General has in connection with the Audit of Government accounts, and in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Commission.

(4) The accounts of the Commission as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf, together with the audit report thereon, shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament.

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**(9) THE REHABILITATION FINANCE ADMINISTRATION ACT, 1948****Accounts and Audit:**

16. (2) The accounts of the Administration shall be audited annually by the Comptroller and Auditor-General of India and any expenditure incurred by him in connection with such audit shall be payable by the Administration to the Comptroller and Auditor-General of India.

(3) The Comptroller and Auditor-General of India and any person appointed by him in connection with the audit of the accounts of the Administration shall have the same rights, privileges and authority

in connection with such audit as the Comptroller and Auditor-General of India has in connection with the audit of Government accounts and, in particular, shall have the right to demand the production of books, accounts connected vouchers and other documents and papers and to inspect any of the offices of the Administration.

(4) The accounts of the Administration as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before both Houses of Parliament.

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### (10) THE RESERVE BANK OF INDIA ACT, 1934

#### 50. Auditors:

(1) Not less than two auditors shall be appointed, and their remuneration fixed, by the Central Government.

(2) The auditors shall hold office for such term not exceeding one year as the Central Government may fix while appointing them, and shall be eligible for reappointment.

51. *Appointment of special auditors by Government.*—Without prejudice to anything contained in section 50, the Central Government may at any time appoint the Comptroller and Auditor-General to examine and report upon the accounts of the Bank.

52. *Powers and duties of auditors.*—(1) Every auditor shall be supplied with a copy of the annual balance-sheet, and it shall be his duty to examine the same, together with the accounts and vouchers relating thereto; and every auditor shall have a list delivered to him of all books kept by the Bank, and shall at all reasonable times have access to the books, accounts and other documents of the Bank, and may, at the expense of the Bank if appointed by it or at the expense of the Central Government if appointed by the Government, employ accountants or other persons to assist him in investigating such accounts, and may, in relation to such accounts, examine any Director or officer of the Bank.

(2) The auditors shall make a report to the Central Government upon the annual balance-sheet and accounts, and in every such report they shall state whether, in their opinion, the balance-sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and correct view of the state of the Banks affairs, and, in case they have called for any explanation or information from the Central Board, whether it has been given and whether it is satisfactory.

\* \* \* \*

### (11) THE STATE BANK OF INDIA ACT, 1955

41. (1) The affairs of the State Bank shall be audited by two auditors duly qualified to act as auditors of companies under section 226 of the Companies Act, 1956, who shall be appointed by the Reserve Bank in consultation with the Central Government.

(2) The auditors shall receive such remuneration as the Reserve Bank may fix in consultation with the Central Government.

(3) An auditor may be a shareholder but no director or member of a Local Board or of a Local Committee or an officer of the State Bank shall be eligible to be auditor during his continuance in office as such director, member or officer.

(4) An auditor shall on relinquishing office be eligible for re-appointment.

(5) The auditors shall severally be, and continue to act as, auditors until the annual general meeting after their respective appointment, and if any vacancy arises before the expiry of the term of office of an auditor, the vacancy may be filled by the Reserve Bank.

(6) Every auditor shall be supplied with a copy of the annual balance sheet and profit and loss account, and a list of all books kept by the State Bank, and it shall be the duty of the auditor to examine the balance sheet and profit and loss account with the accounts and vouchers relating thereto, and in the performance of his duties, the auditor—

- (a) shall have, at all reasonable times, access to books, accounts and other documents of the State Bank;
- (b) may, at the expense of the State Bank, or if he is appointed by the Central Government, employ accountants or other persons to assist him in investigating such accounts; and
- (c) may, in relation to such accounts, examine any director or any member of a Local Board or of a Local Committee or any officers of the State Bank.

(7) The auditors shall make a report to the Central Government upon the annual balance sheet and accounts, and in every such report they shall state—

- (a) whether, in their opinion, the balance sheet is a full and fair balance sheet containing all the necessary particulars and properly drawn up so to exhibit a true and correct view of the affairs of the State Bank, and in case they have called for any explanation or information, whether it has been given and whether it is satisfactory;
- (b) whether or not the transactions of the State Bank which have come to their notice have been within the powers of the State Bank;
- (c) whether or not the returns received from the offices and branches of the State Bank have been found adequate for the purpose of their audit;
- (d) whether the profit and loss account shows a true balance of profit or loss for the period covered by such account; and

(e) any other matter which they consider should be brought to the notice of the shareholders or the Central Government, as the case may be.

(8) The auditors shall also forward a copy of the audit report to the State Bank.

(9) Without prejudice to anything contained in the foregoing provisions, the Central Government may appoint at any time such auditors as it thinks fit to examine and report on the accounts of the State Bank.

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## APPENDIX IV

(Vide para 13)

*Powers of the Statutory Corporations/Government Companies in respect of making appointments and incurring capital expenditure*

Serial No.	Name of the Corporation/ Company	Appoint- ments/ creation of posts etc.	Capital Expendi- ture.
1	2	3	4
		Below Rs.	(lakhs of rupees)
<i>Statutory Corporations</i>			
1	Air-India International . . . . .	..	15
2	Employees' State Insurance Corporation	500	full powers
3	Indian Airlines Corporation . . . . .	..	15
4	Oil & Natural Gas Commission . . . . .	2,000	30
5	Khadi & Village Industries Commission . . . . .	500	..
<i>Government Companies.</i>			
1	Bharat Electronics (P) Ltd. . . . .	2,000	10
2	Eastern Shipping Corporation Ltd. . . . .	2,000	10
3	Heavy Electricals Ltd. . . . .	2,000	10
4	Heavy Engineering Corporation Ltd. . . . .	2,000	40
5	Hindustan Aircraft Ltd. . . . .	..	..
6	Hindustan Antibiotics Ltd. . . . .	2,000	10
7	Hindustan Cables Ltd. . . . .	2,000	10
8	Hindustan Housing Factory . . . . .	2,000	5
9	Hindustan Insecticides Ltd. . . . .	1,000	5
10	Hindustan Machine Tools Ltd. . . . .	2,000	10
11	Hindustan Salt Co. Ltd. . . . .	2,000	10
12	Hindustan Shipyard Ltd. . . . .	2,000	20
13	Hindustan Steel Ltd. . . . .	2,000	40
14	Indian Handicrafts Development Corporation Ltd. . . . .	500	..
15	Indian Refineries Ltd. . . . .	2,000	20

1	2	3	4
		Below Rs.	(lakhs of rupees)
16	Nahan Foundry Ltd.	500	0.5
17	Hindustan Chemicals & Fertilizers Ltd.	2,000	40
18	National Coal Development Corporation	2,000	20
19	National Industrial Development Corporation	2,000	10
20	National Instruments Ltd.	1,000	5
21	National Mineral Development Corporation	2,000	10
22	National Projects Construction Corporation Ltd.	2,000	10
23	National Research Development Corporation	2,000	5
24	National Small Industries Corporation	850	..
25	Neyveli Lignite Corporation Ltd.	2,000	10
26	Praga Tools Corporation Ltd.	2,000	..
27	Rehabilitation Housing Corporation	..	..
28	Rehabilitation Industries Corporation Ltd.	2,250	40
29	Sindri Fertilizers & Chemicals Ltd.	2,000	10
30	Western Shipping Corporation Ltd.	2,000	10

*N.B.* At the time of factual verification the Ministry of Finance stated that the appointments to posts of Chairmen, Managing Director, General Manager, Financial Adviser, Chief Accounts Officers are subject to approval of the Central Government irrespective of pay; in the case of Air Corporations, however, approval of Government for appointments to certain categories of posts, apart from the posts of General Managers of the Corporations, is required.

## APPENDIX V

(Vide Para 16)

(i) *Extracts from the Government Corporation Control Act,  
United States Code 1946 Edition*

### Chapter 14—Financial Control of Government Corporations.

#### Sub-Chapter I—Purposes

##### SECTION 841.—*Declaration of policy.*

It is declared to be the policy of the Congress to bring Government corporations and their transactions and operations under annual scrutiny by the Congress and provide current financial control thereof.

##### Popular Name

Congress in enacting this legislation provided by section 1 of Act Dec. 6, 1945, cited to text, that the title of this Act should be the "Government Corporation Control Act."

#### Sub-Chapter II—Wholly Owned Government Corporations.

SECTION 847.—*Preparation of annual budget program; form, content, and manner of presentation.*

Each wholly owned Government corporation shall cause to be prepared annually a budget program, which shall be submitted to the President through the Bureau of the Budget on or before September 15 of each year. The Bureau of the Budget, under such rules and regulations as the President may establish, is authorized and directed to prescribe the form and content of, and the manner in which such budget program shall be prepared and presented. The budget program shall be a business-type budget, or plan of operations, with due allowance given to the need for flexibility, including provision for emergencies and contingencies, in order that the corporation may properly carry out its activities as authorized by law. The budget program shall contain estimates of the financial condition and operations of the corporation for the current and ensuing fiscal years and the actual condition and results of operation for the last complete fiscal year. Such budget program shall include a statement of financial condition, a statement of income and expense, an analysis of surplus or deficit, a statement of sources and application of funds, and such other supplementary statements and information as are necessary or desirable to make known the financial condition and operations of the corporation. Such statements shall include estimates of operations by major types of activities, together with estimates of administrative expenses, estimates of borrowings and estimates of the amount of Government capital funds which shall be returned to the Treasury during the fiscal year of the appropriations required to provide for the restoration of the capital impairments.

SECTION 848.—*Transmission of budget programs to Congress; amendments; effective date.*

The budget programs of the corporations as modified, amended, or revised by the President shall be transmitted to the Congress as a part of the annual Budget. Amendments to the annual budget programs may be submitted from time to time.

Budget programs shall be submitted for all wholly owned Government corporations covering operations for the fiscal year commencing July 1, 1946, and each fiscal year thereafter.

**SECTION 849.**—*Consideration of programs by Congress; enactment of necessary legislation; effect of section on certain existing authority of corporations.*

The budget programs transmitted by the President to the Congress shall be considered and, if necessary, legislation shall be enacted making available such funds or other financial resources as the Congress may determine. The provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor shall any provisions of this section be construed as affecting in any way the provisions of section 831y of Title 16. The provisions of this section shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other commitments without reference to fiscal-year limitations.

**SECTION 850.**—*Audit of financial transactions; rules and regulations; retention of certain powers of Tennessee Valley Authority, place of audit; access to books, records, etc., effective date.*

The financial transactions of wholly owned Government corporations shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States: *Provided*. That such rules and regulations may provide for the retention at the offices of such corporations, in whole or in part, of any accounts of accountable officers, covering corporate financial transactions, which are required by existing law to be settled and adjusted in the General Accounting Office, and for the settlement and adjustment of such accounts in whole or in part upon the basis of examinations in the course of the audit provided by this section, but nothing in this proviso shall be construed as affecting the powers reserved to the Tennessee Valley Authority in section 831h(b) of Title 16. The audit shall be conducted at the place or places where the accounts of the respective corporations are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the respective corporations and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. The audit shall begin with the first fiscal year commencing after the enactment of this chapter.

**SECTION 851.**—*Audit report to Congress; scope and contents; specific itemization of operations without color of authority; copies to President, etc.*

A report of each such audit for each fiscal year ending on June 30 shall be made by the Comptroller General to the Congress not later than January 15, following the close of the fiscal year for which such



audit is made. The report shall set forth the scope of the audit and shall include a statement (showing intercorporate relations) of assets and liabilities, capital and surplus or deficit, a statement of surplus or deficit analysis, a statement of income and expense, a statement of sources and application of funds, and such comments and information as may be deemed necessary to keep Congress informed of the operations and financial condition of the several corporations, together with such recommendations with respect thereto as the Comptroller General may deem advisable, including a report of any impairment of capital noted in the audit and recommendations for the return of such Government capital or the payment of such dividends as, in his judgment, should be accomplished. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the corporation concerned at the time submitted to the Congress.

**SECTION 852.**—*Corporation deemed Government agency; approval by Congress; effect; entity unaffected.*

Whenever it is deemed by the Director of the Bureau of the Budget, with the approval of the President, to be practicable and in the public interest that any wholly owned Government corporation be treated with respect to its appropriations, expenditures, receipts, accounting, and other fiscal matters as if it were a Government agency other than a corporation, the Director shall include in connection with budget program of such corporation in the Budget a recommendation to that effect. If the Congress approves such recommendation in connection with the budget program for any fiscal year, such corporation, with respect to subsequent fiscal years, shall be regarded as an establishment other than a corporation for the purposes of sections 1, 2, 11, 13—18, 20—24, 41—55, 471 and 581 of this title, and other provisions of law relating to appropriations, expenditures, receipts, accounts, and other fiscal matters, and shall not be subject to the provisions of this chapter other than this section. The corporate entity shall not be affected by this section.

**Sub-Chapter III—Mixed-Ownership Government Corporations**

**SECTION 856.**—*Definition of "mixed-ownership Government corporations".*

As used in this chapter the term "mixed-ownership Government corporations" means (1) the Central Bank for Cooperatives and the Regional Banks for Cooperatives, (2) Federal Land Banks (3) Federal Home Loan Banks, and (4) Federal Deposit Insurance Corporation.

**SECTION 857.**—*Audit of financial transactions; rules and regulations; place of audit; access to books, records, etc.; effective date.*

The financial transactions of mixed-ownership Government corporations for any period during which Government capital has been invested therein shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations

as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where the accounts of the respective corporations are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the respective corporations and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. The audit shall begin with the first fiscal year commencing after the enactment of this chapter.

**SECTION 858.**—*Audit report to Congress; scope and contents; specific itemization of operations without color of authority; copies to President, etc.*

A report of each such audit for each fiscal year ending on June 30 shall be made by the Comptroller General to the Congress not later than January 15, following the close of the fiscal year for which such audit is made. The report shall set forth the scope of the audit and shall include a statement (showing intercorporate relations) of assets and liabilities; capital and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expense; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep Congress informed of the operations and financial condition of, and the use of Government capital by, each such corporation, together with such recommendations with respect thereto as the Comptroller General may deem advisable, including a report of any impairment of capital or lack of sufficient capital noted in the audit and recommendations for the return of such Government capital or the payment of such dividends as, in his judgment, should be accomplished. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the corporation concerned at the time submitted to the Congress.

**SECTION 859.**—*Presidential recommendations as to return of Government capital to Treasury.*

The President shall include in the annual Budget any recommendations he may wish to make as to the return of Government capital to the Treasury by any mixed-ownership corporation.

#### Sub-Chapter IV—Miscellaneous Provisions

**SECTION 866.**—*Auditing expenses—(a) Payment by General Accounting Office: reimbursement; disposition of reimbursing funds: utilization of reports.*

The expenses of auditing the financial transactions of wholly owned and mixed-ownership Government corporations as provided in sections 850 and 857 of this title shall be borne out of appropriations to the General Accounting Office, and appropriations in such

sums as may be necessary are authorized: *Provided*, That each such corporation shall reimburse the General Accounting Office for the full cost of any such audit as billed therefor by the Comptroller General, and the General Accounting Office shall deposit the sums so reimbursed into the Treasury as miscellaneous receipts: *Provided further*, That in making the audits provided in said sections the Comptroller General shall, to the fullest extent deemed by him to be practicable, utilize reports of examinations of Government corporations made by a supervising administrative agency pursuant to law.

(b) *Employment of personnel; compensation*

For the purpose of conducting such audit the Comptroller General is authorized in his discretion to employ not more than ten persons without regard to sections 661—663, 664—669, 670—672, 673 and 674 of Title 5, only one of whom may be compensated at a rate of as much as but not more than \$ 10,000 per annum, and to employ by contract, without regard to section 5 of title 41, professional services of firms and organisations for temporary periods or for special purposes.

(c) *Audit authorization*

The audit provided in sections 850 and 857 of this title shall be in lieu of any audit of the financial transactions of any Government corporation required to be made by the General Accounting Office for the purpose of a report to the Congress or to the President under any existing law.

(d) *Limitation of payment for private audits; exception*

Unless otherwise expressly provided by law, no funds of any Government corporation shall be used to pay the cost of any private audit of the financial records of the offices of such corporation, except the cost of such audits contracted for and undertaken prior to April 25, 1945.

SECTION 867.—*Depositary for banking or checking accounts; exemption of temporary accounts and accounts of certain corporations.*

The banking or checking accounts of all wholly owned and mixed-ownership Government corporations shall be kept with the Treasurer of the United States, or, with the approval of the Secretary of the Treasury, with a Federal Reserve Bank, or with a bank designated as a depositary or fiscal agent of the United States: *Provided*, That the Secretary of the Treasury may waive the requirements of this section under such conditions as he may determine: *And provided further*, That this section will not apply to the establishment and maintenance in any bank for a temporary period of banking and checking accounts not in excess of \$ 50,000 in any one bank. The provisions of this section shall not be applicable to Federal Intermediate Credit Banks, Production Credit Corporations, the Central Bank for Cooperatives, the Regional Banks for Cooperatives, or the Federal Land Banks, except that each such corporation shall be required to report annually to the Secretary of the Treasury the

names of the depositaries in which such corporation keeps a banking or checking account, and the Secretary of the Treasury may make a report in writing to the corporation, to the President, and to the Congress which he deems advisable upon receipt of any such annual report.

**SECTION 868.—***Bonds, notes, and debentures, etc.—Maturity dates, interest rates, terms and conditions.*

All bonds, notes, debentures, and other similar obligations which are on or after December 6, 1945, issued by any wholly owned or mixed-ownership Government corporation and offered to the public shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, shall be issued in such manner and at such times and sold at such prices as have been or as may be approved by the Secretary of the Treasury.

(b) *Limitations on sale and purchase: waiver.*

On or after December 6, 1945, no wholly owned or mixed-ownership Government corporation shall sell or purchase any direct obligation of the United States or obligation guaranteed as to principal or interest, or both, for its own account and in its own right and interest, at any one time aggregating in excess of \$100,000, without the approval of the Secretary of the Treasury: *Provided*, That the Secretary of the Treasury may waive the requirement of his approval with respect to any transaction or classes of transactions subject to the provisions of this sub-section for such period of time and under such conditions as he may determine.

(c) *Delegation of authority by Secretary of the Treasury.*

The Secretary of the Treasury is authorized to exercise any of the functions vested in him by this section through any officer, or employee of any Federal agency whom he may designate, with the concurrence of the head of the agency concerned, for such purpose.

(d) *Exemption of corporations under certain conditions; exemption of certain corporations.*

Any mixed-ownership Government corporation from which Government capital has been entirely withdrawn shall not be subject to the provisions of section 867 of this title or of this section during the period such corporation remains without Government capital. The provisions of sub-sections (a) and (b) of this section shall not be applicable to Federal Intermediate Credit Banks, Production Credit Corporations, the Central Bank for Cooperatives, the Regional Banks for Cooperatives, or the Federal Land Banks, except that each such corporation shall be required to consult with the Secretary of the Treasury prior to taking any action of the kind covered by the provisions of sub-sections (a) and (b) of this section, and in the event an agreement is not reached, the Secretary of the Treasury may make a report in writing to the corporation, to the President, and to the Congress stating the grounds for his disagreement.

**SECTION 869.—Creation, organisation, or acquisition of corporations; liquidation of certain corporations; reincorporation.**

(a) No corporation shall be created, organized, or acquired on or after December 6, 1945, by any officer or agency of the Federal Government or by any Government corporation for the purpose of acting as an agency or instrumentality of the United States, except by Act of Congress or pursuant to an Act of Congress specifically authorising such action.

(b) No wholly owned Government corporation created by or under the laws of any State, Territory, or possession of the United States or any political sub-division thereof, or under the laws of the District of Columbia, shall continue after June 30, 1948, as an agency or instrumentality of the United States, and no funds of, or obtained from, the United States or any agency thereof, including corporations, shall be invested in or employed by any such corporation after that date, except for purposes of liquidation. The proper corporate authority of every such corporation shall take the necessary steps to institute dissolution or liquidation proceedings on or before that date: *Provided*, That prior thereto any such corporation may be reincorporated by Act of Congress for such purposes and term of existence and with such powers, privileges, and duties as authorized by such Act, including the power to take over the assets and assume the liabilities of its respective predecessor corporation.

(ii) *Extracts from the Financial Administration Act, 1951. (Canada).*

76. (1) In this Part

- (a) "agency corporation" means a Crown corporation named in Schedule C;
- (b) "auditor" means, in relation to a corporation, the person authorised by Parliament to audit the accounts and financial transactions of the corporation;
- (c) "Crown corporation" means a corporation that is ultimately accountable, through a Minister, to Parliament for the conduct of its affairs, and includes the corporations named in Schedule B, Schedule C and Schedule D;
- (d) "departmental corporation" means a Crown corporation named in Schedule B; and
- (e) "proprietary corporation" means a Crown corporation named in Schedule D.

(2) The Governor in Council may by order delete the name of any corporation from Schedule B, Schedule C or Schedule D and shall thereupon add the name of that corporation to the appropriate schedule in accordance with sub-section three.

(3) The Governor in Council may by order

- (a) add to Schedule B any Crown corporation that is a servant or agent of His Majesty in right of Canada and is

responsible for administrative, supervisory or regulatory services of a governmental nature;

- (b) add to Schedule C any Crown corporation that is an agent of His Majesty in right of Canada and is responsible for the management of trading or service operations on a quasi-commercial basis, or for the management of procurement, construction or disposal activities on behalf of His Majesty in right of Canada; and
- (c) add to Schedule D any Crown corporation that
  - (i) is responsible for the management of lending or financial operations, or for the management of commercial and industrial operations involving the production of or dealing in goods and the supplying of services to the public, and
  - (ii) is ordinarily required to conduct its operations without appropriations.

77. (1) Where, in respect of a Crown corporation

- (a) no provision is made in any Act for the appointment of an auditor to audit the accounts and financial transactions of the corporation, or
- (b) the auditor is to be appointed pursuant to *The Companies Act, 1934*,

the Governor in Council shall designate a person to audit the accounts and financial transactions of the Corporation.

(2) Notwithstanding any other Act, the Auditor General is eligible to be appointed the auditor, or a joint auditor, of a Crown corporation.

78. (1) Sections seventy-nine to eighty-eight, both inclusive, apply to agency corporations and proprietary corporations, but in the event of any inconsistency between the provisions thereof and the provisions of any other Act, the provisions of such other Act prevail.

(2) This Part does not apply to departmental corporations except as provided in section seventy-six.

79. The financial year of a corporation is the calendar year, unless the Governor in Council otherwise directs.

80. (1) Each agency corporation shall annually submit to the appropriate Minister an operating budget for the next following financial year of the corporation for the approval of the appropriate Minister and the Minister of Finance.

(2) For each corporation the appropriate Minister shall annually lay before Parliament the capital budget for its financial year approved by the Governor in Council on the recommendation of the appropriate Minister and the Minister of Finance.

(3) The Treasury Board, on the joint recommendation of the Minister of Finance and the appropriate Minister, may by regulation prescribe the form in which budgets required by this section shall be prepared.

81. (1) A corporation may, with the approval of the Minister of Finance, maintain in its own name one or more accounts in the Bank of Canada or in such bank in Canada or financial institution outside of Canada as the Minister of Finance may approve.

(2) The Minister of Finance may, with the concurrence of the appropriate Minister, direct a corporation to pay all or any part of the money of the corporation to the Receiver General to be placed to the credit of a special account in the Consolidated Revenue Fund in the name of the corporation, and the Minister of Finance may pay out, for the purposes of the corporation, or repay to the corporation, all or any part of the money in the special account.

(3) Notwithstanding the other provisions of this section, where the appropriate Minister and the Minister of Finance, with the approval of the Governor in Council so direct, a corporation shall pay to the Receiver General so much of the money administered by it as the appropriate Minister and the Minister of Finance consider to be in excess of the amount required for the purposes of the corporation and any money so paid may be applied towards the discharge of any obligation of the corporation to His Majesty, or may be applied as revenues of Canada.

82. (1) At the request of the appropriate Minister, and subject to the approval of the Governor in Council the Minister of Finance may from time to time lend money to a Corporation for working capital out of money in the Consolidated Revenue Fund.

(2) The aggregate amount of loans outstanding made to any one corporation under this section shall not at any time exceed five hundred thousand dollars.

(3) A loan under this section is subject to such terms and conditions as the Governor, in Council approves and is repayable within a period not exceeding twelve months from the day on which the loan was made.

(4) A report of every loan to a corporation under this section shall be laid by the Minister of Finance before Parliament within fifteen days after it is made or, if Parliament is not then in session, within fifteen days after the commencement of the next ensuing session thereof.

83. The Governor in Council may make regulations with respect to the conditions upon which an agency corporation may undertake contractual commitments.

84. Subject to any order of the Governor in Council made on the joint recommendation of the Minister of Finance and the appropriate Minister, a corporation may make provision for reserves for depreciation of assets, for uncollectable accounts and for other purposes.

85. (1) A corporation shall keep proper books of account and proper records in relation thereto.

(2) Subject to such directions as to form as the Minister of Finance and the appropriate Minister may jointly give, a corporation shall prepare in respect of each financial year statements of accounts which shall include:

- (a) a balance sheet, a statement of income and expense and a statement surplus containing such information as, in the case of a company incorporated under The Companies Act, 1934, is required to be laid before the company by the directors at an annual meeting; and
- (b) such other information in respect of the financial affairs of the corporation as the appropriate Minister or the Minister of Finance may require.

(3) A corporation shall, as soon as possible, but within three months after the termination of each financial year submit an annual report to the appropriate Minister in such form as he may prescribe, which shall include the statements of accounts specified in sub-section two, and the appropriate Minister shall lay the report before Parliament within fifteen days after he receives it or if Parliament is not then in session, within fifteen days after the commencement of the next ensuing session thereof.

(4) A corporation shall make to the appropriate Minister such reports of its financial affairs as he requires.

86. The auditor is entitled to have access at all convenient times to all records, documents, books, accounts and vouchers of a corporation, and is entitled to require from the directors and officers of the corporation such information and explanations as he deems necessary.

87. (1) The auditor shall report annually to the appropriate Minister the result of his examination of the accounts and financial statements of a corporation, and the report shall state whether in his opinion:

- (a) proper books of account have been kept by the corporation;
- (b) the financial statements of the corporation:
  - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
  - (ii) in the case of the balance sheet, give a true and fair view of the state of the corporation's affairs as at the end of the financial year, and
  - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the corporation for the financial year; and



- (c) the transactions of the corporation that have come under his notice have been within the powers of the corporation under this Act and any other Act applicable to the corporation;

and the auditor shall call attention to any other matter falling within the scope of his examination that in his opinion should be brought to the attention of Parliament.

(2) The auditor shall from time to time make to the corporation or to the appropriate Minister such other reports as he may deem necessary or as the appropriate Minister may require.

(3) The annual report of the auditor shall be included in the annual report of the corporation.

(4) Notwithstanding section seventy-eight, this section operates in lieu of section one hundred and twenty of *The Companies Act, 1934*.

88. In any case where the auditor is of the opinion that any matter in respect of a corporation should be brought to the attention of the Governor in Council, the Treasury Board or the Minister of Finance, such report shall be made forthwith through the appropriate Minister.

## APPENDIX VI

### *Summary of Conclusions/Recommendations*

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Serial No.	Reference to the para No. of the Report	Summary of Conclusions/Recommendations
1	2	3
1	3	<p>The Committee have considered the matter of multiplicity of Public Undertakings and generally agree with the view that the pattern should be to utilise the existing organisations to take up new activities in the line instead of creation of new bodies for the purpose. This way of building up of public undertakings gains added justification in view of the limited availability of managerial and technical man power in the country. But this does not mean that where a line of activity has the character of being or becoming huge and monopolistic and is not of strategic significance more than one unit should not be set up for the purpose. Subject to such a consideration the Committee are of the opinion that before a new undertaking is set up the possibility of entrusting it to an existing undertaking in the same line should be considered.</p> <p>They recommend that not only should this consideration be kept in view by the Government in future but the feasibility of reducing the existing number of public undertakings by amalgamating some of them may also be examined.</p>
2	7	<p>The Committee consider that all wholly State-owned public undertakings should generally be in the form of Statutory Corporations or, where necessitated by special reasons in the form of Departmental Undertakings and the Company form should be an exception to be resorted to only for organisations of a specified nature such as set out in para 6 of the Report. They recommend that an expert Committee be appointed to examine the whole question and to advise the Government on the Principles which should determine the appropriate form of organisation for the various types of Undertakings.</p>

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3      15      While it is most desirable to have all the Public Undertakings conform to a common pattern or patterns both from the point of view of efficient administration and of accountability to Parliament, the Committee feel that some individual variations are inevitable due to the special characteristics and functions of a particular undertaking. Such deviations should not, however, affect basically the overall pattern of organisation and responsibility. It is, therefore, desirable to lay down a frame work of such an overall pattern.

4      16(i)      The Committee are of the opinion that it would be desirable to have a law similar to that of general laws of U.S.A. and Canada in India also to govern statutory corporations and Government Companies.

16(ii)      The Committee are of the opinion that in order to secure uniformity in the structure, regulation etc. it would be most desirable that the Statutory Corporations should also comply with the general law.

5      17      To ensure that the Parliament is fully acquainted with all the aspects of a projected company and to enable it to express its considered views, the Committee recommend that in future before a Public Undertaking is set up in the form of a Government Company a resolution seeking the approval of the Parliament for the formation of the company may be moved.

If for any reason this procedure cannot be followed the following steps may be taken :—

- (a) The provision in a Demand for Grant for investment in a Joint Stock Company might be indicated in Part I of the Estimates.
- (b) A notification may be issued by Government for the setting up of a Government Company and a draft of the same might be laid on the Table of the House before a Company is registered.
- (c) The Memorandum and Articles of Association of a Government Company as also any subsequent amendments thereto might be laid before the House.

**LIST OF AUTHORISED AGENTS FOR THE SALE OF PARLIAMENTARY PUBLICATIONS OF THE LOK SABHA SECRETARIAT, NEW DELHI-1.**

Agency No.	Name and address of the Agent	Agency No.	Name and address of the Agent	Agency No.	Name and address of the Agent
1.	Jain Book Agency, Connaught Place, New Delhi.	21.	Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.	41.	Modern Book House, 286, Jawahar Ganj, Jabalpur.
2.	Kitabistan, 17-A, Kamla Nehru Road, Allahabad.	22.	International Book House Private Ltd., 9, Ash Lane, Bombay.	42.	M. C. Sarkar & Sons (P) Ltd., 14, Bankim Chatterji Street, Calcutta-12.
3.	British Book Depot, 84, Hazratganj, Lucknow.	23.	Lakshmi Book Store, 42, M. M. Queensway, New Delhi.	43.	People's Book House, B-2-829/1, Nizam Shahi Road, Hyderabad Dn.
4.	Imperial Book Depot, 268, Main Street, Poona Camp	24.	The Kalpana Publishers, Trichinopoly-3.	44.	W. Newman & Co. Ltd., 3, Old Court House Street, Calcutta.
5.	The Popular Book Depot (Regd.), Lamington Road, Bombay-7.	25.	S. K. Brothers, 15A/65, W.E.A., Karol Bagh, New Delhi-5	45.	Thacker Spink & Co. (1938) Private Ltd., 3, Esplanade East Calcutta-1.
6.	H. Venkataramiah & Sons, Vidyanidhi Book Depot, New Statue Circle, Mysore.	26.	The International Book Service, Deccan Gymkhana, Poona-4.	46.	Hindustan Diary Publishers, Market Street, Secunderabad.
7.	International Book House, Main Road, Trivandrum.	27.	Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.	47.	Laxmi Narain Agarwal, Hospital Road, Agra.
8.	The Presidency Book Supplies, 8-C, Pycroft's Road, Triplicane, Madras-5.	28.	City Booksellers, Sohan-ganj Street, Delhi.	48.	Law Book Co., Sardar Patel Marg, Allahabad.
9.	Atma Ram & Sons, Kash-meré Gate, Delhi-6.	29.	The National Law House, Near Indore General Li-brary, Indore.	49.	D. B. Taraporevala & Sons Co. Private Ltd., 210, Dr. Naoroji Road, Bombay-1.
10.	Book Centre, Opp. Patna College, Patna.	30.	Charles Lambert & Co., 101 Mahatma Gandhi Road, Opp. Clock Tower, Fort, Bombay.	50.	Chanderkant Chimanla Vora, Gandhi Road, Ah-medabad.
11.	J. M. Jaina & Brothers, Mori Gate, Delhi-6.	31.	A. H. Wheeler & Co. (P) Ltd., 15, Elgin Road, Allahabad.	51.	S. Krishnaswamy & Co., P.O. Teppakulam, Tiru-chirappalli-1.
12.	The Cuttack Law Times Office, Cuttack-2.	32.	M. S. R. Murthy & Co., Visakhapatnam.	52.	Hyderabad Book Depot, Abid Road (Gun Foundry), Hyderabad.
13.	The New Book Depot, Connaught Place, New Delhi.	33.	The Loyal Book Depot, Chhipi Tank, Meerut.	53.	M. Gulab Singh & Sons (P) Ltd., Press Area, Ma-hura Road, New Delhi.
14.	The New Book Depot, 79, The Mall, Simla.	34.	The Good Companion, Baroda.	54.	C. V. Venkitachala Iyer, Near Railway Station, Chalakudi.
15.	The Central News Agency, 23/90, Connaught Circus, New Delhi.	35.	University Publishers, Railway Road, Jullundur City.	55.	The Chidambaram Provi-sion Stores, Chindambaram
16.	Lok Milap, District Court Road, Bhavnagar.	36.	Students Stores, Raghu-nath Bazar, Jammu-Tawi.	56.	K. M. Agarwal & Sons, Railway Book Stall, Udai-pur (Rajasthan).
17.	Reeves & Co., 29, Park Street, Calcutta-16.	37.	Amar Kitab Ghar, Dia-gónal Road, Jamshedpur-1.	57.	The Swadesamitran Ltd., Mount Road, Madras-2.
18.	The New Book Depot, Modi No. 3, Nagpur.	38.	Allied Traders, Motia Park, Bhopal.	58.	The Imperial Publishing Co., 3, Faiz Bazar Darya-ganj, Delhi-6.
19.	The Kashmir Book Shop, Residency Road, Srinagar, Kashmir.	39.	E. M. Gopalkrishna Kone, (Shri Gopal Mahal), North Chitrai Street, Madura.		
20.	The English Book Store, 7-L, Connaught Circus, New Delhi.	40.	Friends Book House, M. U., Aligarh.		

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	The High Commission of India Establishment Derrett, Aldwighch, London, W.C.Z.	72.	'JAGRITI' Bhgalpur-2. BIHAR.	83.	Freeland Publications (P Ltd., 11-A/16, Lajpat Nagar New Delhi.
	Current Book Stores, Maruti Lane, Raghunath Dadaji Street, Bombay-1.	73.	The New Book Company(P) Ltd., Kitab Mahal, 188-90, Dr. Dadabhai Naoroji Road, Bombay.	84.	Goel Traders, 100-C, New Mandi, Muzaffar Nagar, (U.P.).
	International Consultants Corporation, 48C, Ma- redp-illy (E st), Secunde- rabad, (A.P.)	74.	The English Book Depot, 78, Jhoke Road, Ferozepore Cantt.	85.	Mehra Brothers, 50-G, Kalkaji, New Delhi-19.
	K G. Asceervandam & Sons, Choughpet, P. O. Ongoli, Guntur Distt. (Andhra).	75.	Minerva Book Shop, 9, Jor Bagh Marke., New Delhi-3.	86.	The Krishna Book Depot, Publishers, Booksellers, Stationers & New Agents, Main Bazar, Pathankot, (E.P.)
	The New Order Book Co., Ellis Bridge, Ahmedabad.	76.	People's Publishing House Rani Jhansi Road, New Delhi-1.	87.	Dhanwantra Medical & Law Book House, 1522-Lajpat Rai Market, Delhi-6.
	The Triveni Publishers. Masulipatnam.	77.	Shri N. Chaoba Singhi Newspaper Agent, Ramla, Paul High School Annexe, Imphal Manipur.	88.	The United Book Agency 48, Amrikaur Market, Paharganj New Delhi.
	Deccan Book Stall, Fergus- son College Road Poona-4.	78.	Minerva Book Shop, The Mall, Simla-1.	89.	Pervaje's Book House, Book Sellers & News Agents, Koppikar Road Hubli.
	Jayna Book Depot, Chap- parwala Kuan, Karol Bagh, New Delhi-5.	79.	Universal Book Company, 20, Mahatma Gandhi Marg, Allahabad.	90.	B. S. Jain & Co., 71, Abupura, Muzaffarnagar (M.P.)
	Bookland, 663, Mader Gate, Ajmer (Rajasthan).	80.	Madhya Pradesh Book Centre, 41, Ahilya Pura, Indore City, (M.P.)	91.	Swadeshi Vastu Bhandar, Booksellers, Jamnagar.
	Oxford Book & Stationery Co., Scindia House, Con- naught Circus, New Delhi	81.	Mittal & Co. 85-C, New Mandi, Muzaffar Nagar (U.P.)	92.	Bhogilal L. Fanna, Book- stall Contractor, Railway Junction, Rajkot.
	Makkala Pustaka Press, Balamandira, Gandhi- nagar, Bangalore-9.	82.	Firma K. L. Mukhopad- yay, 6/1A, Banchharam Akrur Lane, Calcutta-12.	93.	Sikh Publishing House (P), Ltd., 7-C, Connaught Place, New Delhi.
	Gandhi Smriti Trust Bhavnagar.				
	People's Book House, Opposite Jaganmohan Palace, Mysore-1.				

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