

**ESTIMATES COMMITTEE
1959-60**

**SEVENTY-THIRD REPORT
(SECOND LOK SABHA)**

**Preparation of Budget Estimates of Public Undertakings and
Presentation of their Annual Reports and Accounts to Parliament**



**LOK SABHA SECRETARIAT
NEW DELHI**

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ESTIMATES COMMITTEE

1959-60

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INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee to submit the report on their behalf, present this Seventy-third report on the Preparation of Budget Estimates of Public Undertakings and Presentation of their Annual Reports and Accounts to Parliament.

NEW DELHI;

The 19th February, 1960.

The 30th Magha, 1881 (Saka).

H. C. DASAPPA,

Chairman,

Estimates Committee.

INTRODUCTORY

Since Independence a large number of Public Undertakings have been set up by the Government of India. The number of such undertakings has been latterly increasing. At present there are 14 Statutory Corporations, 45 Government Companies and many Boards, Commissions etc. set up by the Government for undertaking industrial, commercial, financial or other enterprises on their behalf. A list of Public Undertakings is given in Appendix I. With the progress of the development programmes under the Five Year Plans it is likely that more such Public Undertakings will come into existence in the near future. Besides the Public Undertakings, there are a few Joint Stock Companies wherein the Government of India have some interest. The amount of investment made by the Government in all these undertakings is very large. As per Annexure XIV of the Explanatory Memorandum on the Budget of the Central Government for 1959-60 the amount of investment made by the Government in industrial undertakings in which certain non-industrial undertakings such as S.T.C., L.I.C., I.F.C. etc. are also shown was Rs. 243.16 crores at the end of 1957-58. The revised estimates for 1958-59 provided for investment in such undertakings to the extent of Rs. 160.4 crores during the year. Investments during the year 1959-60 in such undertakings were estimated to be Rs. 25.35 crores. Thus the total investment at the end of 1959-60 in them is expected to be about Rs. 429 crores. This figure does not include the investment made in statutory corporations like the Industrial Finance Corporation, Indian Airlines Corporation, Air India International, the Reserve Bank of India, State Bank of India etc. or the commodity boards like the Coffee Board, Silk Board etc., commissions like the Khadi and Village Industries Commission. Nor do these figures include the loans given to the various public undertakings. If the investments made in the form of share capital as well as in the form of loans were to be taken into account, the investment in the Government Companies and statutory corporations only would appear to exceed Rs. 765 crores*. When such large amounts of public funds are involved, Parliament is naturally very much interested in knowing how the funds are utilised and the state of affairs of the investments.

2. *Considering the huge investment of public funds in the Public Undertakings, the existing methods available to Parliament of keeping itself fully informed about these undertakings are neither adequate nor satisfactory. Under the existing arrangement Parliament does not*

*When the draft report was sent to the Ministry of Finance (Department of Expenditure) for factual verification, they stated that the correctness of the figure was not susceptible of being checked up readily by them.

get a comprehensive picture of the undertakings. Firstly, as pointed out above there is no consolidated information available with regard to the total investment made by Government in the Public Undertakings and the subsequent changes made therein by way of addition or withdrawal. Secondly, no consolidated information is available with regard to the working of the undertakings and the net effect thereof on the national economy of the country. Thirdly, even with regard to individual undertakings Parliament does not get information in time with regard to their working and the state of their present condition and even when the information is made available it is found to be very often inadequate. There is, therefore, a real need for improving the methods of furnishing information to Parliament about the Public Undertakings.

II

BUDGET ESTIMATES

A. Preparation of performance-cum-programme statements and business type budgets .

3. There is at present no legal obligation on the part of the Public Undertakings to present their budget estimates to Parliament except in the case of Air India International, Indian Airlines Corporation, Damodar Valley Corporation and Employees' State Insurance Corporation. *The Estimates Committee in their Twentieth Report (Second Lok Sabha) on Budgetary Reforms, recommended that the industrial undertakings should prepare a performance and programme statement for the budget year together with the previous year's statement and that it should be made available to Parliament at the time of the annual budget. They further recommended that these bodies might also be encouraged to prepare business type budgets which could be of use to Parliament at the time of the budget discussion. The Government replied that the recommendations were under examination whereupon the Committee in their 60th Report suggested that the examination of the recommendations should be completed soon and they be implemented early. The Committee reiterate their earlier recommendations in this respect.*

B. The form of the performance-cum-programme statements and business type budgets

4. Two specimen forms of the statements and budgets presented to the Congress in respect of the Public Corporations (Independent Offices) in U.S.A. are given in Appendix IIA and Appendix IIB. *The Committee suggest that the form might be suitably adapted for purposes of presenting the performance-cum-programme statements and the budgets of the Public Undertakings in India. In this connection, they would, however, like to recommend that the following particulars may be furnished in the statements/budgets:—*

- (i) *the principal objects of the undertakings;*
- (ii) *their current principal activities;*
- (iii) *achievements in physical terms during the previous year and the programme of achievement in physical terms during the current and the following years;*
- (iv) *result of operations in financial terms during the previous year and the anticipated results during the current and the following years;*

- (v) *a brief analysis of the balance sheets of the undertakings;
and*
- (vi) *explanation for wide variations.*

C. Common Financial Year for Public Undertakings

5. The presentation of the budgets of the Public Undertakings as recommended above, would necessitate a common financial year for all of them. The Committee recommended in their 20th Report (Second Lok Sabha) that the Public Undertakings should have a common financial year—the same as that of the Government. The Committee understand that the recommendation has been accepted by Government except in respect of a few organisations. *The Committee desire that in the cases of the few organisations in regard to which the recommendation has not been accepted as yet, it may be implemented, as there could be no reason for having a different financial year for them.*

III

ANNUAL REPORTS

6. *The Committee observe that there is no uniformity in regard to the submission of Annual Reports and Accounts of Public Undertakings to Parliament. In some cases, they are not required to be submitted at all. In some where they are required to be submitted, there are delays in submission, while in some others accounts not certified by the auditors are submitted. The factual position and suggestions of the Committee thereon are stated below.*

A. Statutory Corporations required to submit Reports to Parliament

7. The Annual Reports and/or Accounts of the following statutory corporations are required to be presented to Parliament in accordance with the provisions of the respective statutes creating the corporation:

- (i) Air India International Corporation, Bombay.
- (ii) Indian Airlines Corporation, New Delhi.
- (iii) Central Warehousing Corporation, New Delhi.
- (iv) Damodar Valley Corporation, Calcutta.
- (v) Employees' State Insurance Corporation, New Delhi.
- (vi) Industrial Finance Corporation of India, New Delhi.
- (vii) Life Insurance Corporation of India, Bombay.
- (viii) Rehabilitation Finance Administration, New Delhi.

8. *The Committee observe that in the case of the Rehabilitation Finance Administration the Law provides for the presentation of Half-yearly Reports and Annual Accounts. The Committee feel that in addition to an Half-yearly Report an Annual Report should also be presented to Parliament together with the Annual Accounts so that a uniform practice is followed in respect of the Public Undertakings.*

B. Statutory Corporations not required to submit their Reports

9. There is no provision for the presentation of the Annual Reports of the working of the following Statutory bodies to Parliament:

- (i) Port Trusts;
- (ii) Reserve Bank of India;
- (iii) State Bank of India.

10. The Estimates Committee recommended in their 48th Report (First Lok Sabha) that the Annual Reports of the Port Trusts should also be presented to Parliament. The Government have replied that copies of the Annual Administrative Reports issued by the Port Trusts are forwarded to Parliament Library and that it is not considered necessary to present them formally to Parliament. *The Committee do not, however, see why such a distinction should be made between one statutory body and another in this respect, nor do the Committee see any objection to the Reports being laid on the Table of the Houses of Parliament when they are being supplied to the Parliament Library. They, therefore, suggest that the matter of following a uniform practice in the case of all statutory corporations may be considered.*

C. Reports of non-Government Companies in which Government hold shares

11. Section 617 of the Companies Act defines a Government Company as a company in which not less than 51 per cent of the share capital is held by Government. Under Section 639(1) of the Companies Act, 1956, the Central Government are responsible for causing the Annual Report on the working and affairs of each Government Company to be prepared and laid before both Houses of Parliament together with a copy of the Audit Report of the company's Auditor and the Comptroller and Auditor-General's comments upon or supplement thereto. There are, however, certain other limited companies, which are not Government Companies within the meaning given to that term in the Companies Act, but in which the Government of India have invested significant amounts of money in the form of share capital, as for instance:

- (i) Bolani Ores Private Limited.
(Central Government share 50.5 per cent.).
- (ii) Oil India Private Limited.
(Central Government share 33-1/3 per cent.).
- (iii) Sindhu Resettlement Corporation Limited.
(Central Government share 31.3 per cent.).
- (iv) Tata Locomotive Engineering Company Ltd.
(Central Government share 21.57 per cent.).

These companies do not come under the provision of Section 639 of the Companies Act and, therefore, the Government are not required to present their reports to Parliament. *As, however, public funds are invested in these companies and the Central Government have a direct interest in them and exercise control over them through the representatives on the Boards of Directors of the companies, the Committee do not see why the reports of such companies should not also be presented to the House. They, therefore, recommend that reports of such companies also be presented to Parliament.*

D. Reports of Other Public Bodies set up by Government

12. There are a number of public bodies set up by Government either under special legislation or under the Companies Act, or under the Registration of societies Act e.g. Boards, Councils, Committees etc. which have an element of promotional aspect in them but handle large amounts of public funds. In their cases also there is no uniformity in regard to the presentation of Annual Reports to Parliament. While in some cases, e.g., Coir Board, National Co-operative Development and Warehousing Board, Khadi and Village Industries Commission, Indian Council of Agricultural Research, Coal Board, Institute of Medical Sciences etc. the Annual or Half-yearly Reports are presented to Parliament, in the case of others, e.g. Coffee Board, Rubber Board, Tea Board, All India Handicrafts Board, All India Handloom Board, Commodity Committees, Indian Council of Medical Research, Council of Scientific and Industrial Research etc. the Reports are not presented to Parliament. *The Committee see no reason why in the case of all such public bodies the Annual Reports should not also be presented to Parliament. They, therefore, recommend that the Government may take suitable steps to present the Reports of all such bodies to Parliament.* In this connection, the Committee would like to invite reference to para 18 of the Eighteenth Report of Public Accounts Committee (Second Lok Sabha) where they have recommended "that the Annual Reports on the working of the autonomous Boards viz. Silk Board etc. should be placed before Parliament". The Committee understand that the recommendation of Public Accounts Committee has already been accepted by the Government.

E. Reports relating to certain International Bodies

13. There are certain international institutions like the International Finance Corporation, the International Bank for Reconstruction and Development and the International Monetary Fund in which the Government of India hold quotas or share capitals as the case may be. It is observed that the International Finance Corporation has been listed as an industrial undertaking in Annexure XIV of the Explanatory Memorandum of the Budget of the Government of India for 1959-60. The status of the other institutions *vis-a-vis* the Government of India is not very clear. *The Committee, however, feel that as a certain amount of public funds has been invested in these international bodies, Parliament would be interested in knowing the results of association with such bodies.*

Examples of Australia and Canada

14. In this connection, the Committee might point out that in Australia an Act entitled "International Monetary Agreements Act, 1947" has been passed by Parliament in which a provision has been made for presentation of a Report annually to Parliament relating to the operations of the agreements with the International Monetary Fund

and the International Bank for Reconstruction and Development. Section 10 of the Act reads as follows:

“As soon as practicable after the end of each financial year the Treasurer shall prepare and cause to be laid before each House of the Parliament a report on the operations of this (International Monetary Agreements Act, 1947) Act and of the operations insofar as they relate to Australia, of the Fund Agreement and of the Bank Agreement, during that financial year.”

There is a similar provision in Canada also. Section 7 of the Bretton Woods Agreements Act passed by the Canadian Parliament in 1945 reads as follows:

“The Minister of Finance shall prepare and lay before Parliament a report of operations under this (Bretton Woods Agreements) Act as soon as practicable after the close of each fiscal year, but in any event within thirty days after the end of each fiscal year, or, if Parliament be not then sitting, within thirty days after the commencement of the next ensuing session thereof.”

15. *The Committee feel that a similar arrangement should be made in India also whereby a report on the activities of these international institutions so far as they relate to India is presented to Parliament every year.*

F. Delays in submission of Reports of Statutory Corporations

16. Whereas a time limit has been prescribed for the submission of the Annual Reports and Accounts of most of the statutory corporations to the Central Government, no such time limit has been fixed for the presentation of the Annual Reports and Accounts to the Houses of Parliament, not even in the cases of those statutory corporations which are required under the statutes to present their reports to Parliament. The position regarding the laying of the reports of statutory corporations for various years on the Table of the House is given in the statement appended as Appendix IIIA. It will be observed that the time taken in complying with the statutory requirement of submission of reports after the close of the financial year ranges from 3 months to 2 years 11 months.

G. Delays in submission of Reports of Government Companies

17. The Companies Act does not prescribe the time limit within which the Annual Reports of Government Companies should be prepared and presented to Parliament. The existing practice in this respect is that generally the Annual Report of a company is read and passed at its annual general meeting and thereafter laid on the Table of the House by Government. Such an annual general meeting of a company is, according to Section 166 of the said Act, normally held within nine

months from the end of the Company's financial year. The Central Government are, however, empowered to extend this period by another six months. The position regarding the laying of annual reports of Government Companies on the Table of the Lok Sabha is given in Appendix III B. It will be observed that the time taken in laying these Annual Reports on the Table of the House after the expiry of the financial year ranges from 4 months to 2 years and 11 months. In one case even the Report for the year 1956-57 has not been laid so far. It may be mentioned in this context that in one case the annual general meeting of the Company was held on the 8th November, 1957, but the Report was laid on the Table on the 16th February, 1959 i.e. about 15 months after the date of the annual general meeting and 23 months after the end of the financial year.

H. Speaker's Direction

18. It may be noted in this connection that the Hon'ble Speaker announced on the 11th March, 1959 that in future Government Companies may despatch directly copies of their Annual Reports to Members of Parliament immediately after their annual general meetings and at the same time, they may also arrange to send 10 copies of these Reports to Parliament Library. As usual, Government will duly lay the Reports on the Table of the House formally as soon as possible as required under the Companies Act. *It is felt that the supply of copies of Reports to the Members individually would not serve the purpose of laying the Reports on the Table of the House within a reasonable time.*

I. Instructions of Company Law Administration

19. The Committee understand that the Company Law Administration has issued instructions to all the Government Companies that the Annual Reports of Government Companies should be laid before Parliament within three months after the holding of the annual general meeting of the Company.* *In view, however, of the fact that under Section 166 of the Companies Act the companies are required to hold their annual general meeting within 9 months from the end of the companies' financial year and the Central Government are empowered to extend the period by another 6 months the instructions issued by the Company Law Administration would allow a maximum time limit of 1½ years for the Central Government to present the Reports in respect of Government Companies. The Committee feel 18 months is far too long a period.*

J. Fixation of a time limit for presentation of Reports to Parliament

20. *Since the Annual Reports of State enterprises are a valuable device of informing Parliament and the public about their operations and financial conditions, it is essential that Parliament should be seized of these reports within the least possible time after the expiry of the financial year. It may be stated in this connection that in U.S.A. a*

*One of the recent letters of Department of Company Law Administration addressed to all Government Companies is given in Appendix IV.

time limit of 6½ months has been prescribed within which similar reports of wholly-owned Government Corporations and mixed ownership corporations are required to be presented to the Congress after the end of the fiscal year. In the United Kingdom, although no specific time limit seems to have been imposed for the laying of Annual Reports and Accounts of the nationalised industries before Parliament, they are normally made available within a period of 5 to 6 months after the expiry of the financial year. In this connection, the Committee of Public Accounts, U.K. had, in one of its reports, desired that the Annual Accounts of the National Coal Board for the previous calendar year should be laid before Parliament in May every year and this recommendation appears to have been duly given effect to. *The Committee feel that a similar time limit should be fixed for the presentation of the Reports of the corporations as well as Government Companies to Parliament.* What exactly should be the outer limit is indicated in para 22 of the Report.

K. Suggestion of the Comptroller and Auditor-General

21. *The Comptroller and Auditor General of India has suggested to the Committee that so far as the statutory corporations are concerned, it would be desirable that the Accounts and the Audit Report thereon should be presented to Parliament before the budget for the next year is discussed in Parliament. The Committee are entirely in agreement with the suggestion and feel that it would be very desirable to extend that principle to the Government Companies also.*

22. *The Committee recommend that the Accounts and Reports for the previous year of all the Public Undertakings, whether they are statutory corporations, Government Companies or other bodies referred to above, may be laid before Parliament before the general budget for the following year is presented.*

L. Only Certified Accounts to be Presented to Parliament

23. The accounts of the Indian Airlines Corporation, Air India International and the Rehabilitation Finance Administration are required to be laid before Parliament duly certified by the Comptroller and Auditor-General or any other person appointed by him in this behalf together with the Audit Report thereon. The Committee observe that so far the Annual Accounts of the Air Corporations have been presented to Parliament without the certificate of the Comptroller and Auditor-General. The Committee referred this matter to the Comptroller and Auditor-General who has stated as follows:

“Under Section 15(4) of the Air Corporations Act, 1953, the annual accounts as certified by the Comptroller and Auditor-General or any person authorised by him together with audit report thereon are required to be laid before Parliament. As such only certified accounts should be laid before Parliament and not the uncerti-

fied ones as done at present. The same procedure should be followed in all cases where similar provision has been made.”

24. *The Committee recommend that when there is a statutory provision for presentation of accounts to Parliament with the certificate of the Comptroller and Auditor-General only the accounts as certified* by him should be presented. Even in other cases where there is no such statutory provision for certificate by the Comptroller and Auditor-General the accounts should be presented to Parliament only with necessary audit certificate by the professional auditors of the respective concerns and in the case of Government Companies with the comments of Comptroller and Auditor-General thereon as required under Section 619(4) of the Companies Act.* **

M. Reports of Government's comprehensive appraisal of the working of Statutory Corporations and Government Companies

25. The Committee recommended in their 20th Report (Second Lok Sabha) on Budgetary Reforms that it would be desirable to bring out a consolidated volume containing the performance and programme statements, business type budgets and the annual reports of the Public Undertakings with an appreciation of their working and their net result on the budget so that their impact on the national economy could be appreciated. The Government replied that it would not be possible to bring out in a separate volume the balance sheet etc. for all the statutory units and limited companies but assured that every effort would, however, be made to give as much information as possible on individual undertakings, schemes etc. in the Explanatory Memorandum so that a full picture was available of the financial results and prospects of these undertakings. No reply, however, was given to the suggestion that an appreciation of their working and their net result on the budget might also be given. In their 60th Report the Committee reiterated their recommendation with regard to the desirability of bringing out a consolidated volume containing the budget, performance and programme statements etc. for use of Parliament at the time of budget discussion. *The Committee again reiterate that recommendation. They also feel that to get a full picture of the role played by the public undertakings in the development of the*

*After the report had been sent to the press, the Committee have been informed by the Comptroller and Auditor-General of India that instructions have been recently issued by him to all the Accountants General etc. that a separate Audit Report should be submitted to Government under the provisions of various Acts along with the certified Annual Accounts. This report would contain really important points arising as a result of the audit of the annual accounts of the undertaking which it is considered essential to bring to the notice of the Government and the legislature and would be distinct from the Conventional Audit Report which would contain material arising as a result of propriety audit.

**Similarly, instructions have been issued to all the Accountants General etc. by the Comptroller and Auditor General to include the major irregularities having substantial financial significance arising out of the supplementary test audit conducted under section 619(3)(b) of the Companies Act, 1956 in the comments to be offered on the report of the Company Auditors under section 619(4) *ibid.*

country's economy and resources it would be essential that in addition to the annual reports of the Public Undertakings which are laid before Parliament individually a separate comprehensive report should be presented to Parliament indicating the Government's appraisal of their working.

The Committee are aware that there are certain undertakings which are promotional in nature and it may not be appropriate to club them with the other undertakings which work on commercial lines. The Committee suggest that the report to be presented to Parliament may be prepared in two parts, one relating to undertakings of industrial, commercial or financial nature and the other relating to undertakings of a purely promotional nature.

N. Form of the Report

26. The form and the content of the Annual Reports on Public Undertakings are left to the discretion of the executive. It had, however, been recommended in the 16th Report (First Lok Sabha) and the 11th Report (Second Lok Sabha) of the Estimates Committee that the Annual Reports of the Public Undertakings should be more elaborate. The suggestion was reiterated in the 19th Report of the Estimates Committee (Second Lok Sabha). *The Committee notice that the reports, with a few exceptions as in the case of Life Insurance Corporation, are not informative enough.*

27. *In this connection, it should be noted that Parliament is not interested merely in the rate of dividend declared by the Public Undertakings but it is also concerned with various other aspects of their working such as their physical and financial programme, achievements in relation to the programme, productivity, cost of production, price structure, employment trends, labour relations, organisational changes etc. The Committee suggest that in evolving a common pattern for the reports all these aspects may be kept in view. Pending the preparation of a common pattern, the Committee suggest that all the undertakings may be advised to describe in their reports their programme and achievements in greater detail; the industrial undertakings may indicate in their reports inter alia, their unit cost of production, the rate of output per man or per unit of capital employed, and the other undertakings also may be encouraged to indicate, where possible, similar co-efficients of efficiency appropriate to their business.*

28. The Committee understand that recently the Company Law Administration has issued instructions stressing the need for making the Annual Reports prepared by the Ministries on Government Companies as informative as possible so as to render the financial accounts of these companies more intelligible and meaningful to the public in the context of their management policy. *The Committee feel that similar instructions should also be issued to the statutory corporations.*

29. *The Committee further suggest that the Government may initiate a study of the reports prepared by nationalised industries and public corporations in other countries and evolve a common pattern on which the reports on Public Undertakings in India might be prepared.*

NEW DELHI;
The 19th February, 1960.
Magha 30th, 1881 (Saka).

H. C. DASAPPA,
Chairman,
Estimates Committee.

APPENDIX I

(Vide para 1)

List of Public Undertakings

Statutory Corporations:

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

Government Companies:

1. Ashoka Hotels Ltd., New Delhi.
2. Bharat Electronics Ltd., Bangalore.
3. Export Risks Insurance Corporation (P) Ltd.
4. Eastern Shipping Corporation Ltd., Bombay.
5. Government Telephones Board (P) Ltd.
6. Heavy Electricals (P) Ltd., Bhopal.
7. Hindustan Aircrafts (P) Ltd., Bangalore.
8. Hindustan Antibiotics (P) Ltd., Pimpri.
9. Hindustan Cables (P) Ltd., Rupnarainpur.
10. Hindustan Housing Factory (P) Ltd., New Delhi.
11. Hindustan Insecticides (P) Ltd., Delhi.
12. Hindustan Machine Tools Ltd., Bangalore.

13. Hindustan Steel Ltd., Ranchi.
14. Hindustan Shipyard (P) Ltd., Visakhapatnam.
15. Indian Rare Earths (P) Ltd., Alwaye, Bombay.
16. Indian Telephone Industries (P) Ltd., Bangalore.
17. Indian Mining and Construction Co. (P) Ltd.
18. Kulu Valley Transport (P) Ltd.
19. Manipur State Bank Ltd.
20. Nahan Foundry (P) Ltd., Nahan.
21. National Projects Construction Corporation (P) Ltd., New Delhi.
22. National Small Industries Corporation (P) Ltd., New Delhi.
23. National Research Development Corporation of India (P) Ltd., New Delhi.
24. Nangal Fertilizers and Chemicals (P) Ltd., Nangal.
25. Neyveli Lignite Corporation (P) Ltd., Neyveli.
26. National Coal Development Corporation (P) Ltd., Ranchi.
27. National Industrial Development Corporation (P) Ltd., New Delhi.
28. Orissa Mining Corporation (P) Ltd.
29. Orissa Road Transport Co. Ltd.
30. Sindri Fertilizers and Chemicals (P) Ltd., Sindri.
31. State Trading Corporation of India (P) Ltd.
32. Travancore Minerals (P) Ltd., Quilon.
33. Western Shipping Corporation (P) Ltd., Bombay.
34. Rehabilitation Housing Corporation Ltd., New Delhi.
35. Sultania Cotton Manufacturing Co. Ltd., Bombay.
36. National Instruments (P) Ltd.
37. Hindustan Salt Co. (P) Ltd., Jaipur.
38. Indian Refineries (P) Ltd., New Delhi.
39. Indian Handicrafts Development Corporation (P) Ltd., New Delhi.
40. Heavy Engineering Corporation, Ranchi.
41. National Newsprint and Paper Mills.
42. National Minerals Development Corporation (P) Ltd.
43. Praga Tools Corporation, Secundrabad.

44. Rehabilitation Industries Corporation.

45. Indian Oil Company Ltd.

Committees:

1. Indian Central Cotton Committee.
2. Indian Lac Cess Committee.
3. Indian Coconut Committee.
4. Indian Oilseeds Committee.
5. Indian Central Jute Committee.
6. Indian Central Tobacco Committee.
7. Indian Central Arecanut Committee.
8. Indian Central Sugarcane Committee.

Boards:

1. Coffee Board.
2. Rubber Board.
3. Central Silk Board.
4. Coal Board.
5. Tea Board.
6. Coir Board.
7. National Co-operative Development and Warehousing Board.

Commission:

1. Khadi and Village Industries Commission.

Councils :

1. Indian Council of Agricultural Research.
2. Council of Scientific and Industrial Research.
3. Indian Council of Medical Research.

Miscellaneous :

1. Sahitya Akademi.
2. Sangeet Natak Akademi.
3. Lalit Kala Akademi.

N.B.—The foregoing list is not exhaustive.

APPENDIX IIA

(Vide Para 4)

Forms of Statements and Budgets

(Name of the Corporation)

1. Current Authorisation :

(Appropriation for the expenditure of the Corporation from the Public Enterprise Fund)

Appropriated 1958 \$.....

Estimates 1959 \$.....

(Name of the Corporation) Fund

Public Enterprise Funds

2. Programme of Financing :

	Actual 1957	Estimate 1958	Estimate 1959
(a) Programme of activities			
(i) Operating Costs :			
Total operating costs :			
(ii) Capital Outlay:			
Total programme obligation			
(b) Financing			
(i) Amounts becoming available			
(a) Appropriations			
(b) Revenue & Receipts			
Total amount becoming available			

Brief Explanation of the Programme and proposals for finance

4. Source & Application of Funds (Operations)

	Actual 1957	Estimate 1958	Estimate 1959
(a) Gross expenditures (funds applied)			
(i)			
(ii)			
(iii)			
Total gross expenditures			

	Actual 1957	Estimate 1958	Estimate 1959
--	----------------	------------------	------------------

(b) *Receipts from operations (funds provided)*

- (i)
- (ii)
- (iii)

Total receipts from operations

Budget expenditures.

5. *Revenue, Expenses and Retained Earnings.*

	Actual 1957	Estimate 1958	Estimate 1959
--	----------------	------------------	------------------

6. *Financial Condition*

	Actual 1957	Estimate 1958	Estimate 1959
--	----------------	------------------	------------------

(a) *Assets:*

- (i) Cash with Treasury
- (ii) Current receivables, net
- (iii) Inventories
- (iv) Land, structures, and equipment.

Total assets.

(b) *Liabilities :*

- (i) current liabilities
- (ii) Deferred credits

Total liabilities and deferred credits.

(c) *Contributions in aid of construction :*

(d) *Government Investment :*

- (i) Non-interest bearing Capital
- (ii) Retained earnings.

Total Govt. investment.

APPENDIX IIB

(Vide para 4)

Forms of Statements and Budgets

1. *Public enterprise funds :*

Authority to utilise the funds of a Corporation for meeting the expenditure of the Corporation.

2. *Programme and Financing :*

	Actual 1957	Estimate 1958	Estimate 1959
(a) <i>Programme by activities :</i>			
(i) Capital Outlay			
(ii) Operating costs			
Total operating costs funded			
Total programme costs, funded			
(iii) Relation of cost to obligations :			
Costs financed from obligations of other years (unpaid undelivered orders), net(—)			
Total program (obligations).			
(b) <i>Financing :</i>			
(i) Amounts becoming available:			
New authorization to expend from public debt receipts.			
Revenue : Shipping tolls.			
(ii) Unobligated balance brought forward (authorisation to expend from public debt receipts)			
Total amounts available.			
(iii) Unobligated balance carried forward (authorization to expend from public debt receipt)			
Financing applied to program.			
3. <i>Brief Explanation of the Program :</i>			

4. Sources and Application of Funds :

	Actual 1957	Estimate 1958	Estimate 1959
(a) <i>Gross expenditures (funds applied):</i>			
(i) Acquisition of assets			
(ii) Expense			
(iii) Increase in selected working capital.			
Total Gross expenditure			
(b) <i>Receipts from operations (funds provided) :</i>			
(i) Revenue			
(ii) Accrued interest deferred			
(iii) Decrease in selected working capital.			
Total receipts from operations.			

Budget Expenditures

5. Revenue, Expense, and Retained Earnings :

	Actual 1957	Estimate 1958	Estimate 1959
(a) Revenue			
(b) Operating expense			
(c) Operating costs capitalized during construction(—)			
Total expense (net)			
Net loss(—) for the year [deficit(—) end of year].			

6. Financial Condition :

	Actual 1957	Estimate 1958	Estimate 1959
(a) <i>Assets :</i>			
(i) Cash with Treasury and in banks.			
(ii) Cash on hand			
(iii) Accounts receivable			
(iv) Land, structures and equipment, net.			
Total assets.			

Actual 1957	Estimate 1958	Estimate 1959
----------------	------------------	------------------

(b) Liabilities :

(i) Current

(ii) Accrued interest-deferred.

Total liabilities.

(c) General Investment :

(i) Interest-bearing capital :

Start of year

Borrowings from Treasury during year, net.

End of year

Deficit(—)

Total Government investment.

7. Status of Certain Balances :

Actual 1957	Estimate 1958	Estimate 1959
----------------	------------------	------------------

(a) Unexpended balance :

Budget authorization

Total unexpended balance.

(b) Obligated balance, net :

(i) Current liabilities

(ii) Unpaid undelivered orders

(iii) Accounts receivable, net(—)

Total obligated balance.

(c) Unobligated balance.

APPENDIX IIIA

(Vide para 16)

Statement showing the position regarding the laying of Annual Reports and Accounts of Statutory Corporations on the Table of the Lok Sabha

Sl. No.	Name of the Corporation	Provisions in the relevant Acts regarding laying of annual reports & accounts on the Table of the House	Period covered by the report	Date of laying on the Table of the Lok Sabha	Time taken in laying after close of the financial year (approx.)	REMARKS
1	2	3	4	5	6	7

1. Air India International Corporation, Bombay. [Sec. 15(4) of the Air Corporations Act, 1953].

The Accounts of the Corporations as certified by the Comptroller and Auditor-General of India or any other persons

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.

Annual Reports (Section 37 of the above Act)

(1) Each of the Corporation shall, as soon as may be after the end of each financial year prepare and submit to the Central Government in such form as may be prescribed a report giving an account of its activities during the previous financial year, and the report shall also give an account of the activities, if any, which are likely to be undertaken by the Corporation during the next financial year.

(2) The Central Government shall cause every such report to be laid before both Houses of Parliament as soon as may be after it is submitted.

Budget Estimates : (Rule 3 of the Air Corporations Rules, 1954).

(5) A summary of the budget estimates as submitted by the Corporation shall be laid before both Houses of Parliament, as soon as possible after the demands for grants to

1953—54	30-4-55	1-1
1954—55	24-7-56	1-4
1955—56	19-3-57	1-0
1956—57	15-11-57	0-8
1957—58	9-12-58	0-8
1958—59	21-12-59	0-8

meet the expenditure of the Central Government have been assented to by Parliament.

2. Indian Airlines Corporation, New Delhi. Do. 1953-54 16-8-55 1-4
 1954-55 24-7-56 1-4
 1955-56 5-12-56 0-8
 1956-57 15-11-57 0-8
 1957-58 9-12-58 0-8
 1958-59 2.1.2-59 0-8

3. Central Warehousing Corporation, New Delhi. *Audit Report* [Sec. 42 of the Agricultural Produce (Development & Warehousing) Corporations Act, 1956] 1957-58 7-8-59 1-4 Annual Report, accounts and audit report were laid.

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.

4. Damodar Valley Corporation, Calcutta. *Budget* [Sec. 44(3) of the Damodar Valley Corporation Act, 1948]

The budget shall be laid before the Central and the Provincial Legislatures concerned as soon as may be after it is prepared.

<i>Annual Report</i> (Section 45 of the Act)	1950-51	4-6-52	1-2
(1) The Corporation shall prepare in such form as may be prescribed, an annual report within six months after the end of each financial year giving a true and faithful account of its activities during the previous financial year, with particular reference to :	1951-52	Pt. I 16-3-54	2-0
	1952-53	17-2-56	2-11
	1953-54	17-2-56	1-11
	1954-55	6-8-56	1-4
	1955-56	22-12-56	0-9
	1956-57	5-5-58	1-1
	1957-58	29-8-59	1-5

(i) irrigation;

(ii) water supply;

(iii) electrical energy;

(iv) flood control;

(v) navigation;

(vi) to affore station;

(vii) soil erosion;

(viii) use of lands;

(ix) resettlement of displaced population;

i	2	3	4	5	6	7
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(x) sanitation and public health measures;
and

(xi) economic and social welfare of the
people.

(2) The annual report shall also give a true and faithful account of the income and expenditure during the previous financial year; the net amounts attributable to each of the three main objects and the distribution of the capital cost between the three participating Governments and show the progressive totals from the inception of the Corporation and the up-to-date financial results.

(3) The payments provisionally made by each of the three participating Governments on the basis of the budget estimates shall be adjusted as soon as possible in accordance with the allocation made in the annual report.

(4) Printed copies of the annual report shall be made available to each of the three participating Governments by the 15th day of October each year.

(5) The annual report shall be laid before the Central and the Provincial Legislatures concerned as soon as may be after it is prepared.

[The Rules framed under the Act provide that the Audit Report shall be printed along with the Annual Report and Annual Accounts *vide* para 31 of late Ministry of Works, Mines & Power Notification No.DW.III-A-4(7) Dam, dated the 23rd April, 1948].

5. Employees' State Insurance Corporation, New Delhi.

Budget, Audited Accounts and Annual Report

(Section 36 of the Employees' State Insurance Act, 1948).

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.

1951-52	11-5-53	1-11
1952-53	24-2-55	1-11
1953-54	28-2-56	1-11
1954-55	17-8-57	2-5
1955-56	13-9-57	1-5
1955-56*	26-8-58	2-0
1956-57	26-8-58	1-0
1956-57*	9-9-58	1-5
1957-58	17-9-58	0-6
1957-58*	27-4-59	1-1
1958-59	11-8-59	0-9
together with		
RE 58-59		
BE 59-60		

6. Industrial Finance Corporation of India, New Delhi. *Audit Report* [Sec. 34(7) of the Industrial Finance Corporation Act, 1948]. *Audited Accounts.

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

Annual Report and Accounts [Sec. 35(3) of the Act.]

The Corporation shall furnish to the Central Government and the Reserve Bank within three months of the close of the financial year a statement in the prescribed form of its assets and liabilities as at the close of that year together with a profit & loss account for the year and report of the working of the Corporation during the year, and copies of the said statement, account and report shall be published in the official Gazette and shall be laid before Parliament.

Year ending

30-6-52	7-11-52	0-4
30-6-53	18-11-53	0-5
30-6-54	21-9-54	0-3
30-6-55	28-9-55	0-3
30-6-56	20-11-56	0-5
30-6-57	11-11-57	0-4
30-6-58	5-12-58	0-5
30-6-59	23-11-59	0-5

7. Life Insurance Corporation of India, Bombay. *Audit Report, Report of Actuaries and Annual Report* (Sections 27 & 29 of the Life Insurance Corporation Act, 1956.).

27. The Corporation, as soon as may be, after the end of each financial year, prepare and submit to the Central Government in such form as may be prescribed a report giving an account of its activities during the previous financial year and the report shall also give an account of the activities, if any, which are likely to be undertaken by the Corporation in the next financial year.

Interim Report on activities. 17-8-57
 Report for the period from 1-9-56 to 31-12-57. 13-3-59 1-2-0
 Actuaries report of the position as on 31-12-57. 5-8-59

29. The Central Government shall cause the Report of the auditors under section 25, the report of the actuaries under section 26 and the report giving an account of the activities of the Corporation under section 27 to be laid before both Houses of Parliament as soon as may be after each such report is received by the Central Government.

31-12-58 1-12-59 0-11-0

8. Rehabilitation Finance Administration, New Delhi. *Audit Report.* [Section 16(4) of the Rehabilitation Finance Administration Act, 1948 as amended by Rehabilitation Finance Administration (Amendment) Act, 1953].

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

APPENDIX III B

(Vide para 17)

Statement showing the position regarding the laying of Annual Reports of Government companies on the Table of the Lok Sabha

Provisions in the Companies Act, 1956

In addition to the general annual report referred to in section 638, the Central Government shall cause an annual report on the working and affairs of each Government Company to be prepared and laid before both Houses of Parliament, together with a copy of the Audit Report and any comments upon or supplement to the audit report made by the Comptroller & Auditor General of India. (Section 639 (1) of the Companies Act, 1956).

Sl. No.	Name of the Government Company	Period covered	Date of laying on the Table of the Lok Sabha	Time taken in laying after close of the financial year (Approx.)	Remarks
1	2	3	4	5	6
				Years	Months
1	Ashoka Hotels Ltd., New Delhi.	Year ending 30-9-56 30-9-57 30-9-58	8-8-57 22-8-58 28-8-59	0-10 0-11 0-11	
2	Bharat Electronics (P) Ltd., Bangalore.	1956-57 1957-58	24-9-58 4-5-59	1-6 1-1	
3	Export Risks Insurance Corporation (P) Ltd.	From 30-7-57 to 30-9-58	27-4-59	0-8	
4	Eastern Shipping Corp. Ltd., Bombay.	1956-57 1957-58	20-2-58 12-3-59	0-11 0-11	

1	2	3	4	5	6
5	Government Telephones Board (P) Ltd. <small>प. म.</small>	1956-57 } 1957-58 }	25-11-59	2-8 1-8	
6	Heavy Electricals (P) Ltd., Bhopal.	1956-57 1957-58 1958-59	31-3-58 28-8-59 21-12-59	1-0 1-5 0-5	
7	Hindustan Aircrafts (P) Ltd., Bangalore.	1956-57 1957-58	9-5-58 4-5-59	1-1 1-1	
8	Hindustan Antibiotics (P) Ltd., Pimpri.	1956-57 1957-58 1958-59	19-2-58 11-12-58 15-12-59	0-11 0-8 0-9	
9	Hindustan Cables (P) Ltd. Rupnarainpur. <small>प. म.</small>	1956-57 1957-58	13-3-58 27-4-59	1-0 1-1	
10	Hindustan Housing Factory (P) Ltd., New Delhi.	Year ending 31-7-57 31-7-58	27-2-58 30-4-59	0-7 0-9	
11	Hindustan Insecticides (P) Ltd., Delhi.	1956-57 1957-58	14-8-58 23-2-59	1-5 0-11	
12	Hindustan Machine Tools Ltd., Bangalore.	1956-57 1957-58 1958-59	28-8-57 22-9-58 6-8-59	0-5 0-6 0-4	
13	Hindustan Steel Ltd., New Delhi.	1956-57 1957-58	26-3-58 18-3-59	1-0 1-0	
14	Hindustan Shipyard (P) Ltd., Visakhapatnam.	1956-57 1957-58	27-3-58 31-3-59	1-0 1-0	
15	Indian Rare Earths (P) Ltd., Alwaye, Bombay.	1956-57 1957-58 Director's Report.	14-3-58 6-3-59 11-8-59	1-0 0-11 1-4	
16	Indian Telephone Industries (P) Ltd., Bangalore.	1956-57 1957-58 1958-59	12-8-58 20-4-59 18-12-59	1-5 1-1 0-8	
17	Indian Mining & Construction Co. (P) Ltd.	1956-57 1957-58	21-8-58 8-9-59	1-5 1-5	

1	2	3	4	5	6
18	Kulu Valley Transport (P) Ltd., Simla.	1956-57	17-11-59	2-8	
19	Manipur State Bank Ltd.	Year ending 31-12-57	10-12-58	0-11	
20	Nahan Foundry (P) Ltd., Nahan.	1956-57 1957-58	14-8-58 14-8-59	1-5 1-5	
21	National Projects construction Corp. (P) Ltd., New Delhi.	From 9-1-57 to 31-3-58	19-12-58	0-9	
22	National Small Industries Corporation (P) Ltd., New Delhi.	1956-57 1957-58	11-2-58 27-4-59	0-11 1-1	
23	National Research Development Corporation of India (P) Ltd., New Delhi.	1956-57 1957-58	28-2-58 12-2-59	0-11 0-10	
24	Nangal Fertilizers & Chemicals (P) Ltd., Nangal.	1956-57 1957-58	22-11-57 23-2-59	0-8 0-11	
25	Neyveli Lignite Corporation (P) Ltd., Neyveli.	1956-57 1957-58	9-5-58 25-2-59	0-9 0-11	A review by Government of the report was also laid.
26	National Coal Development Corporation (P) Ltd., Ranchi.	1956-57 1957-58	13-8-58 17-2-59	1-4 0-11	Do.
27	National Industrial Development Corporation (P) Ltd., New Delhi.	Year ending 31-12-56 31-12-57	14-11-57 16-12-58	0-11 1-0	
28	Orissa Mining Corporation (P) Ltd.	1956-57 1957-58	16-2-59 19-11-59	1-11 1-8	
29	Orissa Road Transport Co. Ltd.	1956-57 1957-58	25-11-59	2-8 1-8	
30	Rehabilitation Housing Corporation.	1956 1957	21-12-59 21-12-59	2-11 1-11	

1	2	3	4	5	6
31	Sindri Fertilizers & Chemicals (P) Ltd., Sindri.	1956-57 1957-58	21-2-58 13-2-59	0-11 0-11	
32	State Trading Corporation of India (P) Ltd.	Year ending 30-6-57 Year ending 30-6-58	21-11-57 29-4-59	0-5 0-10	
33	Travancore Minerals (P) Ltd., Quilon.	1957-58	6-3-58	0-11	
34	Western Shipping Corporation (P) Ltd., Bombay.	1956-57 1957-58	20-2-58 12-3-59	0-11 0-11	

Government companies in respect of which no reports have yet been presented

	<u>Report due</u>
35 Sultania Cotton Manufacturing Co. Ltd., Bombay	1956-57 and onwards.
36 National Instruments (P) Ltd.,	1957-58 and onwards.
37 Hindustan Salt Co. (P) Ltd., Jaipur	1958-59
38 Indian Refineries (P) Ltd., New Delhi	1958-59
39 Indian Handicrafts Development Corporation (P) Ltd., New Delhi	1958-59

APPENDIX IV

(Vide footnote to para 19)

Copy of Department of Company Law Administration letter No. 1(5)-CL-VI/59, dated the 30th May, 1959.

SUBJECT:—Preparation and circulation of annual Accounts—expedition of.

I am directed to invite your attention to this Department letter of even number dated the 6th February, 1959 in which the Department had brought to the notice of Government companies the need for adoption of a well-planned time-table for finalisation of annual accounts to facilitate compliance with the provisions of the Act relating to holding of annual general meetings and presentation of accounts to the share-holders well within the time limits prescribed in the Act. In this connection it will be of interest to you to know that the Hindustan Machine Tools Limited a Central Government company has completed the process relating to accounts for 1957-58 in about 3 months from 31st March, 1958. This was achieved by the company by following the time-schedule indicated in the enclosure. I am to suggest that it may be possible for you also to adopt a similar time-table with suitable modification for expeditious finalisation of your annual reports.

TIME SCHEDULE

1. Preparing monthly accounts and balance sheet and getting the March accounts ready by 20th of April.
2. Making final adjustments by the end of April so that the accounts are ready for statutory audit by the first week of May.
3. Planning statutory audit in consultation with the statutory Auditors in such a way that the whole year's transactions are audited by the end of April so that they are ready to audit the final accounts by the first week of May.
4. Planning along with the Deputy Director of Commercial Audit posting their audit team so that they are ready to take up the accounts as audited by the Statutory Auditors by middle of May.
5. Getting the accounts adopted by the Board by middle of May, by circular, if necessary.
6. Getting the local Deputy Director of Commercial Audit's report on part IV of the accounts by the end of May and

expediting the final certificate of the Director of Commercial Audit by the first week of June.

7. Planning of printing etc. of the annual report by the first week of June and publishing the same by the second week of June as soon as the Director of Commercial Audit's certificate is obtained.

APPENDIX V

Summary of Conclusions/Recommendations of the Estimates Committee relating to Report on Preparation of Budget Estimates of Public Undertakings and Presentation of their Annual Reports and Accounts to Parliament.

Serial No.	Ref. to the para No. of the Report	Summary of conclusions/recommendations
1	2	3
1	2	<p>Considering the huge investment of Public Funds in the Public Undertakings, the existing methods available to Parliament of keeping itself fully informed about these undertakings are neither adequate nor satisfactory. Under the existing arrangement Parliament does not get a comprehensive picture of the undertakings. Firstly, there is no consolidated information available with regard to the total investment made by Government in the public undertakings and the subsequent changes made therein by way of addition or withdrawal. Secondly, no consolidated information is available with regard to the working of the undertakings and the net effect thereof on the national economy of the country. Thirdly, even with regard to individual undertakings Parliament does not get information in time with regard to their working and the state of their present condition and even when the information is made available it is found to be very often inadequate. There is, therefore, a real need for improving the methods of furnishing information to Parliament about the Public Undertakings.</p>
2	3	<p>The Estimates Committee, in their Twentieth Report (Second Lok Sabha) on Budgetary Reforms, recommended that the Industrial Undertakings should prepare a performance and programme statement for the budget year together with the previous year's statement and that it should be made available to Parliament at the time of the annual budget. They further recommended that these bodies</p>

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might also be encouraged to prepare business type budgets which could be of use to Parliament at the time of the budget discussion. The Government replied that the recommendations were under examination whereupon the Committee in their 60th Report suggested that the examination of the recommendations should be completed soon and they be implemented early. The Committee reiterate their earlier recommendations.

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The Committee suggest that the specimen forms of budget given in Appendix IIA and Appendix IIB might be suitably adapted for purposes of presenting the performance-cum-programme statements and the budgets of the Public Undertakings in India. In this connection, they would, however, like to recommend that the following particulars may be furnished in the statements/budgets:

(i) the principal objects of the undertakings;

(ii) their current principal activities;

(iii) achievements in physical terms during the previous year and the programme of achievement in physical terms during the current and the following years ;

(iv) result of operations in financial terms during the previous year and the anticipated results during the current and the following years ;

(v) a brief analysis of the balance sheets of the Undertakings; and

(vi) explanation for wide variations.

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The Committee desire that in the cases of the few organisations in regard to which the recommendation for having a common financial year for the Public Undertakings has not been accepted as yet, it may be implemented, as there could be no reason for having a different financial year for them.

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The Committee observe that there is no uniformity in regard to the submission of Annual Reports and Accounts of Public Undertakings to Parliament. In some cases, they are not required to be submitted at all. In some where they are required to be submitted, there are delays in submission, while in some others accounts not certified by the auditors are submitted.

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The Committee observe that in the case of the Rehabilitation Finance Administration the Law provides for the presentation of Half-yearly Reports and Annual Accounts. The Committee feel that in addition to an Half-yearly Report an Annual Report should also be presented to Parliament together with the Annual Accounts so that a uniform practice is followed in respect of the Public Undertakings.

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The Committee do not see why a distinction should be made between one statutory body and another in respect of presentation of the Annual Reports, nor do the Committee see any objection to the Reports being laid on the Table of the Houses of Parliament when they are being supplied to the Parliament Library. They, therefore, suggest that the matter of following a uniform practice in the case of all statutory corporations may be considered.

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As public funds are invested in certain companies which are not Government Companies and the Central Government have a direct interest in them and exercise control over them through the representatives on the Boards of Directors of the companies, the Committee do not see why the reports of such companies should not also be presented to the House. They, therefore, recommend that reports of such companies also be presented to Parliament.

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The Committee see no reason why in the case of all public bodies set up under special legislation or under the Companies Act or under the Registration of Societies Act the Annual Reports should not also be presented to Parliament. They, therefore, recommend that the Government may take suitable steps to present the Reports of all such bodies to Parliament.

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- 10 13 The Committee feel that as a certain amount of public funds has been invested in the international bodies like the International Finance Corporation, the International Bank for Reconstruction and Development and the International Monetary Fund Parliament would be interested in knowing the results of association with such bodies.
- 11 15 The Committee feel that an arrangement should be made in India also whereby a report on the activities of the international institutions so far as they relate to India is presented to Parliament every year.
- 12 18 It is felt that the supply of copies of Reports to the Members individually would not serve the purpose of laying the Reports on the Table of the House within a reasonable time.
- 13 19 In view of the fact that under Section 166 of the Companies Act the companies are required to hold their annual general meetings within 9 months from the end of the companies' financial year and the Central Government are empowered to extend the period by another 6 months the instructions issued by the Company Law Administration would allow a maximum time limit of 1½ years for the Central Government to present the Reports in respect of Government Companies. The Committee feel 18 months is far too long a period.
- 14 20 Since the Annual Reports of State enterprises are a valuable device of informing Parliament and Public about their operations and financial conditions, it is essential that Parliament should be seized of these reports within the least possible time after the expiry of the financial year.

The Committee feel that a similar time limit as is allowed in USA and UK for presentation of Annual Reports should be fixed for the presentation of the Reports of the corporations as well as Government Companies to Parliament.

- | 1 | 2 | 3 |
|--------|----|--|
| 15 | 21 | <p>The Comptroller and Auditor-General of India has suggested to the Committee that so far as the statutory corporations are concerned, it would be desirable that the Accounts and the Audit Report thereon should be presented to Parliament before the budget for the next year is discussed in Parliament. The Committee are entirely in agreement with the suggestion and feel that it would be very desirable to extend that principle to the Government Companies also.</p> |
| 16 | 22 | <p>The Committee recommend that the Accounts and Reports for the previous year of all the Public Undertakings, whether they are statutory corporations, Government Companies or other bodies, may be laid before the Parliament before the general budget for the following year is presented.</p> |
| 17 | 24 | <p>The Committee recommend that when there is a statutory provision for presentation of accounts to Parliament with the certificate of the Comptroller and Auditor-General only the accounts as certified by him should be presented. Even in other cases where there is no such statutory provision for certificate by the Comptroller and Auditor-General the accounts should be presented to Parliament only with necessary audit certificate by the professional auditors of the respective concerns and in the case of Government Companies with the comments of Comptroller and Auditor-General thereon as required under Section 619(4) of the Companies Act.</p> |
| 18 (i) | 25 | <p>In their 60th Report the Committee reiterated the recommendation made in their 20th Report (Second Lok Sabha) with regard to the desirability of bringing out a consolidated volume containing the budget, performance and programme statements etc. for use of Parliament at the time of budget discussion. The Committee again reiterate that recommendation. They also feel that to get a full picture of the role played by the Public Undertakings in the development of the country's economy and</p> |

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resources it would be essential that in addition to the annual reports of the Public Undertakings which are laid before Parliament individually, a separate comprehensive report should be presented to Parliament indicating the Government's appraisal of their working.

- 18 (ii) 25 The Committee are aware that there are certain undertakings which are promotional in nature and it may not be appropriate to club them with other undertakings which work on commercial lines. The Committee suggest that the report to be presented to Parliament may be prepared in two parts, one relating to undertakings of industrial, commercial or financial nature and the other relating to undertakings of a purely promotional nature.
- 19 26 It had been recommended in the 16th Report (First Lok Sabha) and the 11th Report (Second Lok Sabha) of the Estimates Committee that the Annual Reports of the Public Undertakings should be more elaborate. The suggestion was reiterated in the 19th Report of the Estimates Committee (Second Lok Sabha). The Committee notice that the reports, with a few exceptions as in the case of Life Insurance Corporation, are not informative enough.
- 20 27 It should be noted that Parliament is not interested merely in the rate of dividend declared by the Public Undertakings but it is also concerned with various other aspects of their working such as their physical and financial programme, achievements in relation to the programme, productivity, cost of production, price structure, employment trends, labour relations, organisational changes etc. The Committee suggest that in evolving a common pattern for the reports all these aspects may be kept in view. Pending the preparation of a common pattern, the Committee suggest that all the Undertakings may be advised to describe in their reports their programme and achievements in greater detail; the industrial undertakings may indicate in their reports *inter alia* their unit cost of production, the rate of output per man

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or per unit of capital employed, and the other undertakings also may be encouraged to indicate, where possible, similar co-efficients of efficiency appropriate to their business.

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The Committee understand that recently the Company Law Administration has issued instructions stressing the need for making the Annual Reports prepared by the Ministries on Government Companies as informative as possible so as to render the financial accounts of these companies more intelligible and meaningful to the public in the context of their management policy. The Committee feel that similar instructions should also be issued to the statutory corporations.

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The Committee suggest that the Government may initiate a study of the reports prepared by nationalised industries and public corporations in other countries and evolve a common pattern on which the reports on Public Undertakings in India might be prepared.
