

**COMMITTEE
ON
PAPERS LAID ON THE TABLE
(1978-79)**

(SIXTH LOK SABHA)

NINETEENTH REPORT

(Presented on 10th May, 1979)



**LOK SABHA SECRETARIAT
NEW DELHI**

May, 1979/Vaisakha, 1901 (Saka)

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COMPOSITION OF THE COMMITTEE ON PAPERS LAID ON
(1978-79)

Shri Kanwar Lal Gupta—*Chairman*

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

Shri N. N. Mehra—*Senior Table Officer.*

Shri P. C. Chaudhry—*Senior Table Officer.*

INTRODUCTION

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

2. On examination of certain papers laid during the Second, Third, Fifth and Sixth Sessions (Sixth Lok Sabha), the Committee have come to certain conclusions in regard to delay in laying before Parliament the annual reports of the Tannery and Footwear Corporation of India Limited, Kanpur.

3. On 20 June, 1978, the Committee took evidence of the representatives of the Ministry of Industry on the subject.

4. The Committee wish to express their thanks to the Ministry of Industry for furnishing information desired by the Committee.

5. The Committee considered and adopted this Report at their sitting held on 2nd May, 1979.

6. A statement giving summary of Recommendations/Observations of the Committee is appended to the Report (Appendix II).

NEW DELHI;
May 4, 1979
Vaisakha 14, 1901 (Saka).

KANWAR LAL GUPTA,
Chairman,
Committee on Papers Laid on
the Table.

REPORT

DELAY IN LAYING BEFORE PARLIAMENT ANNUAL REPORTS OF TANNERY AND FOOTWEAR CORPORATION OF INDIA LIMITED, KANPUR

The Annual Report of Tannery and Footwear Corporation of India Limited, Kanpur for the year 1973-74 was laid alongwith 'Review' on the Table of Lok Sabha on 22 June, 1977 under Section 619A(1) of the Companies Act, 1956 which provides as under:

"Where the Central Government is a member of a Government company, the Central Government shall cause an annual report on the working and affairs of that Company to be—

- (a) prepared within three months of its general meeting before which the audit report is placed under subsection (5) of section 619; and
- (b) as soon as may be after such preparation 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 and Auditor-General of India."

1.2. While laying the Annual Report of the Corporation for 1973-74, the Minister of Industry did not lay on the Table the requisite statement showing reasons for the delay in laying that Report.

1.3. The Ministry of Industry, on being asked to furnish reasons for delay in laying on the Table the Annual Report for 1973-74 of Tannery and Footwear Corporation of India and the reasons for not laying on the Table the requisite statement showing reasons for delay alongwith that Annual Report, intimated *vide* their communication dated 28 June, 1977, *inter alia*, as under:

"The 5th Annual Report of the Tannery and Footwear Corporation of India Ltd., Kanpur, alongwith Government's review on the working of Corporation for the year 1973-74 was sent to the Table Office of Lok Sabha and Rajya

Sabha Secretariats on the 20th June, 1977 for laying on the Table of the respective House. It was, however, subsequently noticed that the statement containing the reasons for delay in laying the Report had not accompanied the Annual Report. A statement giving the reasons for delay was, therefore, prepared and the requisite number of copies sent to the Table Office of both the Houses on the 22nd June, 1977 alongwith an authenticated copy. In the meantime, however, the Annual Report of the Corporation was placed on the Table of the Lok Sabha on 22nd June, 1977 itself, i.e. before the statement giving reasons for delay could reach the Table Office of the House. In the Rajya Sabha, however, the Annual Report was placed on the 23rd June 1977 alongwith the statement giving the reasons for the delay. The failure to lay the statement in the Lok Sabha alongwith the Annual Report is therefore, inadvertent and is very much regretted."

1.4. The statement giving reasons for delay in laying the Annual Report for 1973-74 of Tannery and Footwear Corporation of India, Kanpur, was laid on the Table of the House on 29th June, 1977. The statement reads as under:

"The annual accounts of the Tannery & Footwear Corporation of India for the year 1973-74 were drawn up and placed before the Board of Directors of the Corporation in December, 1974. The Board desired that the accounts should be modified taking into account the upward revision of the prices applicable to Defence Orders affecting the sales for the years 1972-73, 1973-74, and 1974-75. The accounts were, therefore, modified after adjustment, as directed by the Board. The Director of Commercial Audit was, however, of the view that the benefit accruing as a result of the price revision should be adjusted over the affected years proportionately. The Corporation had, therefore, to revise the accounts and could make available to Government the printed copies of the Annual Report for the year 1973-74, after obtaining the approval of the Board, only in April, 1976. Some discrepancies were noticed in the figures relating to the value of sales, capacity utilisation, etc. as shown in the printed Report. These had to be resolved in consultation with the Corporation. Government's review on the working of the

Corporation for the year 1973-74 could, therefore, be finalised and sent to the Secretariat of the House for laying on the Table of the House only on 18th December, 1976. The Secretariat returned the copies suggesting that these may be sent after the commencement of the next session was announced. As the House had only a brief session during March-April, 1977 the Report could not be placed on the Table of the House at that time."

1.5. The Annual Report for 1974-75 of the Tannery and Footwear Corporation of India Limited, Kanpur was laid on the Table of Lok Sabha on 3rd August, 1977 alongwith 'Review' and 'statement showing reasons for delay in laying the Annual report'. In the statement the Ministry of Industry advanced the following reasons:

- "(i) The audit of the accounts of the Corporation could commence only in December, 1975, as there was delay in finalisation of the appointment of Statutory Auditors and the fixation of their remuneration.
- (ii) The printed copies of the Annual Report could be obtained only in November, 1976, although the annual accounts were adopted in the Annual General Meeting of the share holders held in February, 1976.
- (iii) The Annual Report of the Corporation for the earlier year (1973-74) could be laid on the Table of the House only in June, 1977."

1.6. The Annual Report of Tannery and Footwear Corporation of India for 1975-76 alongwith 'Review' and 'statement showing reasons for delay in laying the Annual Report' was laid on the Table of Lok Sabha on 23rd December, 1977. In the statement of reasons for delay, delay has been attributed to the following factors:

- "(i) The Accounts for the year 1974-75 were finalised very late and consequently there was delay in finalisation of the accounts for the year 1975-76.
- (ii) The Board of Management of the Corporation, in their meeting held on 30-12-1976 deferred consideration of the accounts for the year 1975-76 and assigned additional duties to the Statutory Auditors with regard to reconciliation of accounts of all depots and retail shops, and

also detailed scrutiny of all sundry debtors and sundry creditors.

- (iii) On the basis of the detailed report submitted by the Statutory Auditors in March, 1977, adjustments were made in the accounts which were finally approved by the Board on 25th March, 1977. The comments of the Comptroller and Auditor General of India on the accounts were received on 21-4-1977, and the accounts were finally adopted in the Annual General Meeting of the Company held on 25th June, 1977. Thereafter, the accounts were sent to the Press for printing and printed copies of the Annual Report were received by the Corporation from the Press in the last week of October, 1977."

1.7. The Committee on Papers laid on the Table, in paragraph 4.16 of their Second Report (Fifth Lok Sabha) presented to the House on 12-5-1976, recommended as under:

"16. The Committee, therefore, recommend that as in the case of the Reports of the Autonomous Organisations, Reports of Government Companies should also be laid within 9 months of the close of the accounting year. The Committee further recommend that where it is not possible for the Government to lay the Report of any Company within that period they should lay on the Table a statement explaining the reasons for not laying the Reports, within 30 days from the expiry of the period of nine months and if the House is not in Session at that time, the Statement should be laid on the Table within seven days of re-assembly of the House. However, to give some more time to the Government to lay the Reports of the Government Companies pertaining to the periods upto the end of 1974-75 which were in arrears, the Committee recommend that these Reports alongwith the delay statements should be laid on the Table by 31st December, 1976. Reports for the year 1975-76 and subsequent years should be laid on the Table within 9 months of the close of the accounting year."

1.8. As the Ministry of Industry had not adhered to the time schedule recommended by the Committee on Papers Laid on the Table in para 4.16 of their Second Report (Fifth Lok Sabha) in the matter of laying the Annual Reports of Tannery and Footwear

Corporation of India, the Committee took evidence of the representatives of the Ministry of Industry and the Tannery and Footwear Corporation of India, Kanpur on the subject on 20th June, 1978.

1.9. During evidence, when the Committee enquired about the extent of delay in laying the Annual Reports of the Tannery and Footwear Corporation, the representative of the Ministry of Industry stated:

“For 1973-74 it could be done by 31st December, 1976, which means there was six-and-a-half months’ delay beyond the time given. For 1974-75 it was laid on the Table of the House on 3rd August, 1977 which meant there was a delay of about seven months from December, 1976. For 1975-76 it was laid on the Table on 23rd December, 1977 which means there was a delay of 12 months from the time given i.e. from 31-12-1976.”

1.10. From the statement laid on Table showing reasons for delay in laying the Annual Report of the Tannery and Footwear Corporation for 1973-74, the Committee noticed that due to short duration of the Session held in March-April, 1977 the Annual Report for 1973-74 could not be laid on the Table during that session and enquired as to how the short duration of the Parliament session came in the way of laying the Report for 1973-74 before Parliament. The representative of the Ministry admitted that that was not a correct reason for the delay as a good number of papers had been laid during the short session of the House.

1.11. The Committee then invited the attention of the representative of the Ministry to the following observations made by the Auditors in their Audit Report on the accounts of the Tannery and Footwear Corporation for 1973-74 and enquired about the reasons therefor:—

“The system of accounting and the system of internal controls are weak and require to be considerably improved and strengthened. Stock-in trade have not been properly valued on the principle of cost or net realisable value whichever be lower.

Several large amounts debited to Profit and Loss Account were not properly supported and the correctness thereof could not be verified.”

The representative of the Ministry stated:

"The Company had been in a bad way in so many respects, particularly in respect of administration. In the last year we took several steps to clean up the entire administration. The Manager (Finance and Accounts) who was in a way responsible for some of the delays has been sent a way from the Company and since last year about 19 people of the Company were also dismissed. A full-time Managing-Director has joined only a few months ago and we are now really taking the affairs of the Company in hand."

1.12. As regards the position of Annual Report of the Corporation for the year 1976-77, he stated that the report had been printed and it was expected to be laid during the session of Parliament to be held in July-August, 1978. A statement submitted to the Committee showing dates of completion of accounts and printing of the Annual Reports for 1973-74, 1974-75, 1976-77 of the Tannery and Footwear Corporation of India Limited is given at Appendix-I.

1.13. When asked about the position of the Annual Report for the year 1977-78, the representative of the Ministry informed:—

"We have drawn up a time-table for action and, according to that, auditors were appointed by the C & AG on 14-2-78 and the compilation of accounts is to be completed by 31-3-78; the annual general meeting will be on 30-9-78; printing of the report will be done by 15-11-78 and it will be laid on the Table on 31-12-78."

1.14. Asked whether any study on the losses suffered by that Corporation had been made the representative of the Ministry replied that the affairs of the Company had been examined in detail not only by the Ministry but also by the Audit whose report was under completion.

1.15. On further probe the representative of Tannery and Footwear Corporation admitted that the Company lost about Rs. 15 crores in 1976-77 and during 1977-78 more losses were expected. The Committee were informed that the witness had suggested to the Government certain steps that could be taken to increase the production and to effectively organise the marketing. The witness further explained:

"I made an analysis that indicated that our overheads are Rs. 3 crores and the sale is Rs. 4.40 crores. We have to increase

our sales to Rs. 20 crores, which is a Herculean task. What we are going to do is to change the product-mix, lay greater emphasis on exports and have our retail outlets like Batas where the margin is much more. We expect that with modernization and expansion in the retail market and export, we should be able to reach the take-off point in three years' time."

1.16. The Committee were assured by the representative of the Ministry that the delay in laying the Annual Reports before Parliament due to non-appointment of auditors would not recur in future because a time bound schedule for the purpose had been laid down.

1.17. The Annual Reports of the Tannery and Footwear Corporation of India, Kanpur for the year 1976-77 and 1977-78 were laid on the Table of Lok Sabha on 23 August, 1978 and 20 December, 1978 respectively, alongwith 'Review' in each case, on the working of the Corporation.

1.18. As there was delay in laying the Annual Report of the Corporation for the year 1976-77, the Minister of Industry while laying the Annual Report also laid a statement showing reasons for delay in laying that Report.

1.19. In the statement showing reasons for delay in laying the Annual Report of the Tannery and Footwear Corporation of India, the Ministry have mentioned the following reasons for the delay:

"The appointment of Statutory Auditors for conducting audit of accounts for the year 1976-77 was communicated to the Corporation by the Company Law Board as late as May, 1977, as a result of which commencement of audit of accounts by the Statutory Auditors was delayed.

The Audited Balance Sheet was received from the Statutory Auditors on 15th December, 1977. The comments of the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956, were received on 30th December, 1977. The audited Balance Sheet together with the report of the Statutory Auditors and comments of the Comptroller and Auditor-General of India were adopted by the share-holders in the Annual General Meeting held on 7th January, 1978.

The printed copies of the Annual Report were received by the Corporation on 12th June, 1978 and made available to Government on 22nd June, 1978."

1.20. The following observations made by the Statutory Auditors in their Reports for 1975-76, 1976-77 and 1977-78 of Tannery and Footwear Corporation and the replies given thereto by the Corporation are noteworthy:—

Auditor's Report for 1975-76

Corporation's reply

"Although the company has an Internal Audit department, in our opinion, the scope of audit covered by the said Internal Audit department is not adequate and needs to be sufficiently enlarged."

The question of strengthening the Internal Audit Department is already receiving the attention of the Management.

Auditor's Report for 1976-77

"Although the Company has an Internal Audit Department in our opinion, the scope of audit covered by the said Internal Audit Department is not adequate and needs to be sufficiently enlarged."

The question of strengthening Internal Audit Department is already receiving the attention of the management. An Internal Audit Manual is under compilation and will be implemented shortly.

Auditor's Report for 1977-78

Although the Company has an Internal Audit Department, in our opinion, the scope of Audit covered by the said Internal Audit Department is not adequate and needs to be sufficiently enlarged."

The question of strengthening the Internal Audit Department has been receiving the attention of the management. An Internal Audit Manager is going to be recruited shortly. The Internal Audit Manual will be compiled and implemented after the Internal Audit Manager assumes office.

1.21. The Committee are distressed to note the delay in laying on the Table the Annual Reports of Tannery and Footwear Corporation of India for 1973-74, 1974-75, 1975-76 and 1976-77, which were laid on the Table of Lok Sabha on 22-6-1977, 3-8-1977, 23.12.1977 and 23.8.78 respectively despite recommendation made by the Committee in para 4.16 of their Second Report (Fifth Lok Sabha) presented on 12-5-1976 that reports of Government companies pertaining to the periods upto the end of 1974-75 should be laid on the Table along with the statements showing reasons for delay in laying the report

accounts by 31-12-1976 and that the reports for 1975-76 and subsequent years should be laid on the Table within 9 months of close of the accounting year and if for any reason, it was not possible to lay the Report of any company within that time, Government should lay within 30 days from expiry of the prescribed period a statement showing reasons for not laying the Reports within that period and if the House was not in session at that time, the statement should be laid on the Table within 7 days of reassembly of the House.

1.22. From the statement (Appendix-I) furnished by the Ministry of Industry, showing dates of completion of accounts and printing of Annual Reports of the Tannery and Footwear Corporation of India for the years 1973-74, 1974-75, 1975-76 and 1976-77, the Committee find that after the appointment of auditors to audit the accounts of the Corporation for those years, 11 months time, 8 months time, 16 months time and 7½ months time, respectively, was taken in finalising the accounts of those years, their auditing and their adoption at the respective Annual General Meetings of the Corporation and after the Annual Reports of the Corporation for those years were sent to the press, it took 10 months time, 5 months time, 3 months time and 3½ months time respectively in printing them. The Committee further note that on receipt of the copies of Annual Reports for 1973-74, 1974-75, 1975-76 and 1976-77 the Ministry of Industry took about 14½ months, 9 months, 2 months and 2½ months respectively, in laying those Reports on the Table of Lok Sabha. This exhibits an extremely sorry state of affairs in the Corporation and an unsatisfactory role played by the Ministry in the matter of laying on the Table of the House the Annual Reports of Tannery and Footwear Corporation of India.

1.23. On examination of the reasons for delay as mentioned in the statement showing reasons for delay in laying the Annual Report for 1973-74, the Committee do not find any cogent reason for the delay except that the accounts for 1973-74 had to be modified at the instance of the Board of Directors. The Committee would like to point out that the Ministry of Industry were in possession of the copies of the Annual Report of Tannery and Footwear Corporation of India for 1973-74 on the date of presentation (12-5-1976) of second Report (Fifth Lok Sabha) of the Committee on Papers laid on the Table but the Ministry failed to take any action to see that the laying of the Annual Report for 1973-74 was not delayed beyond December, 1976 as recommended by the Committee. Instead, the Ministry sat over this Report till 22-6-1977 when Report was laid on the Table of the House and have tried to justify the delay on their part by

advancing lame excuse that due to short session of Parliament the report could not be laid, which is most unconvincing and without any basis.

1.24. The Committee would like to point out that short sessions do not bar the Ministries from laying the Reports on the Table of the House. The Ministries are aware that there is always a time gap between the date of issue of notification regarding commencement of a session and the actual date of commencement of the session, during which each Ministry has to initiate action, as soon as date for commencement of the session is announced, for laying on the Table of the House, at the earliest opportunity during the session, the papers which are due for laying and copies of which are available. The Committee, therefore, feel that had the Ministry been vigilant, the Annual Report for 1973-74 of Tannery and Footwear Corporation of India could have been laid in time. The representative of the Ministry admitted during evidence that the reason advanced by the Ministry in the statement showing reasons for delay was not correct. The Committee would like to emphasise that Ministries should take greater care in preparing statements to be laid before Parliament and ensure that the facts stated and the reasons advanced therein should be correct, factual and logical and at no time attempt should be made to treat the House lightly by advancing reasons and arguments which cannot stand scrutiny.

1.25. The Committee are concerned to note from the statement appended to the Annual Report of Tannery and Footwear Corporation of India for 1974-75, showing reasons for delay in laying that Report on the Table of the House, that although the printed copies of that Report were available with the Ministry in November, 1976 the Report could not be laid in time because the Annual Report for the earlier year (1973-74) could be laid only in June, 1977. The Committee have inevitably to conclude that the apathetic attitude of the Ministry contributed to the delay in laying of the Reports of Tannery and Footwear Corporation of India which were already in arrears.

1.26. As regards the reasons adduced by the Ministry in the delay statement laid alongwith the Annual Report for 1975-76, the Committee do not agree with the explanation of the Ministry that "the accounts for the year 1974-75 were finalised very late and consequently there was delay in finalisation of the accounts for the year 1975-76". In this connection, the Committee note from the

statement (Appendix-I) showing dates of completion of accounts and printing of Annual Reports of Tannery and Footwear Corporation of India for 1973-74, 1974-75, 1975-76 and 1976-77, that the accounts of the Corporation for 1974-75 had been finalised in the 1st week of July, 1975 and the comments of Comptroller and Auditor General on those accounts had been received on 22 January, 1976, whereas the following accounting year 1975-76 closed on March 31, 1976 and accounts for that year were finalised in June, 1976. In the Committee's opinion the accounts for 1974-75 should not be made an excuse for delay in the finalisation of accounts for 1975-76.

1.27. The Committee further note that the Board of Management of Tannery and Footwear Corporation of India at their sitting held on 30-12-1976 deferred consideration of accounts for 1975-76 as the Board assigned additional duties to statutory Auditors with regard to reconciliation of accounts of depots and retail shops etc. of the Corporation. It means that the work regarding auditing of accounts for 1975-76 had been completed before December, 1976.

1.28. The Committee feel that the Corporation had not been earnest enough to ensure that the Report for 1975-76 was not delayed on account of any avoidable circumstance inasmuch as the Auditors could have been asked to do the additional duties before the accounts for 1975-76 were finally audited. Had the Corporation been vigilant, the time which had been lost in reconciling the accounts of the depots and retail shops in scrutinising sundry debtors and sundry creditors and thereafter in preparing detailed report thereon and making adjustments in the accounts, could have been saved and much of the delay that occurred in laying the Report on the Table of the House, could have been eliminated.

1.29. The Committee find that the Department of Company Affairs are also to some extent responsible for the delay caused in laying of Annual Report of Tannery and Footwear Corporation of India for 1974-75 and 1976-77. According to the statement (Appendix-I) the Department of Company Affairs had been requested by the Corporation for the appointment of Statutory Auditors for 1974-75 and 1976-77, even before the closing of those years but the Department of Company Affairs took about 5 months in each case in appointing the Auditors. The Committee are of the opinion that the Department of Company Affairs should not have taken so much time in appointing the Statutory Auditors. The Committee trust that the Department of Company Affairs would not take so much time in future in the appointment of Statutory Auditors after a request for the purpose is made to them by any Corporation/Company.

1.30. It is, however, heartening to note that the Annual Report of the Tannery and Footwear Corporation of India, Kanpur for the year 1977-78 was laid on the Table of the House in time i.e. on 20-12-78. The Committee hope that in future also the Reports of the Corporation would be laid in time as per recommendation made by them in para 4.16 of Second Report (Fifth Lok Sabha).

1.31. In two Auditors' Reports on the accounts for 1975-76, 1976-77 and 1977-78, of the Tannery and Footwear Corporation of India the Audit have made repeatedly the following observation:

"Although the company has an Internal Audit department, in our opinion, the scope of audit covered by the said Internal Audit Department is not adequate and needs to be sufficiently enlarged."

The Committee fail to understand as to why serious attention has not been given to such observations of the Audit. The Committee would like to re-emphasise that if accounts are not maintained and compiled properly, there is bound to be delay in finalising the Audit Report and this would naturally delay laying on the Table of the House the Report and the audited Accounts. The Committee are of the opinion that in order to keep the accounts up-to-date and in proper shape it is all the more necessary that the Internal Audit department of the Corporation must be adequate and well-equipped with accounting manual etc., which are necessary for the efficient functioning of the Audit Department of the Corporation. This will also help in the expeditious auditing of the accounts and consequently in timely laying of the Report/accounts on the Table of the House. The Committee trust that necessary and urgent steps would be taken to make up the deficiencies pointed out by the Auditors.

NEW DELHI;

KANWAR LAL GUPTA

May 2, 1979

Chairman,

Vaisakha 12, 1901 (Saka). Committee on Papers laid on the Table.

APPENDIX I

(Vide Para 1.12., 1.22. 1.26 and 1.29)

Statement showing dates of completion of Accounts and printing of Annual Reports of Tannery & Footwear Corporation of India Limited, Kanpur for the years 1973-74, 1975-76, 1975-76 & 1976-77

	1973-74	1974-75	1975-76	1976-77
(a) Date when the Deptt. of Company Affairs was requested for appointment of Auditors	12-3-74	25-1-75	5-1-76	18-12-76
(b) Date when auditors were appointed	26-4-74	23-6-75	4-3-76	21-5-77
(c) Date of finalisation of Accounts	22-7-74	1st week July, 75	June, 76	19-11-77
(d) Date of completion of Audit	28-1-75	1-1-76	25-3-77	15-12-77
(e) Date when the auditors gave the Audit Report	Do.	Do.	Do.	Do.
(f) Date when CAG's comments were received	17-3-75	22-1-76	21-4-77	—
(g) Date of final approval of Accounts by the Board	21-3-75	18-2-76	25-6-77	7-1-78
(h) Date of Annual General Meeting	Do.	Do.	Do.	Do.
(i) Date when sent to the Press for printing	10-6-75	10-6-76	5-8-77	24-2-78
(j) Date of receipt of printed copies	9-4-76	30-10-76	24-10-77	12-6-78
(k) Date when submitted to Government	10-4-76	1-11-76	24-10-77	13-6-78
(l) Date when laid before Parliament	22-6-77	3-8-77	23-12-77	23-8-78
Total time taken to place the Report in Parliament from the close of the Accounting year viz 31st March	39 months	28 months	21 months	16 months
Period of delay with reference to due date for placing the Report on the Table viz 31st December	30 months	19 months	12 months	7 months

APPENDIX II

Summary of Recommendations/Observations contained in the Report

S. No.	Reference to para No. of the Report	Summary of Recommendations/ Observations
1	2	3
1	1.21	The Committee are distressed to note the delay in laying on the Table the Annual Reports of Tannery and Footwear Corporation of India for 1973-74, 1974-75, 1975-76 and 1976-77 which were laid on the Table of Lok Sabha on 22-6-1977, 3-8-1977, 23-12-1977 and 23-8-1978, respectively despite recommendation made by the Committee in para 4.16 of their Second Report (Fifth Lok Sabha)—presented on 12-5-1976—that reports of Government companies pertaining to the periods up to the end of 1974-75 should be laid on the Table along with the statements showing reasons for delay in laying the report/accounts by 31-12-1976 and that the reports for 1975-76 and subsequent years should be laid on the Table within 9 months of close of the accounting year and if for any reason, it was not possible to lay the Report of any company within that time, Government should lay within 30 days from expiry of the prescribed period a statement showing reasons for not laying the Reports within that period and if the House was not in session at that time, the statement should be laid on the Table within 7 days of reassembly of the House.
2	1.22	From the statement (Appendix-1) furnished by the Ministry of Industry, showing dates of completion of accounts and printing of Annual Reports of the Tannery and Footwear Corporation of India for the years 1973-74, 1974-75, 1975-76 and 1976-77, the Committee find that after the

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appointment of auditors to audit the accounts of the Corporation for those years, 11 months time, 8 months time, 16 months time and 7½ months time, respectively, was taken in finalising the accounts of those years, their auditing and their adoption at the respective Annual General Meetings of the Corporation and after the Annual Reports of the Corporation for those years were sent to the press, it took 10 months time, 5 months time, 3 months time and 3½ months time respectively in printing them. The Committee further note that on receipt of the copies of Annual Reports for 1973-74, 1974-75, 1975-76 and 1976-77 the Ministry of Industry took about 14½ months, 9 months, 2 months and 2½ months respectively, in laying those Reports on the table of Lok Sabha. This exhibits an extremely sorry state of affairs in the Corporation and an unsatisfactory role played by the Ministry in the matter of laying on the Table of the House the Annual Reports of Tannery and Footwear Corporation of India.

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On examination of the reasons for delay as mentioned in the statement showing reasons for delay in laying the Annual Report for 1973-74, the Committee do not find any cogent reason for the delay except that the accounts for 1973-74 had to be modified at the instance of the Board of Directors. The Committee would like to point out that the Ministry of Industry were in possession of the copies of the Annual Report of Tannery and Footwear Corporation of India for 1973-74 on the date of presentation (12-5-76) of Second Report (Fifth Lok Sabha) of the Committee on Papers laid on the Table but the Ministry failed to take any action to see that the laying of the Annual Report for 1973-74 was not delayed beyond December, 1976 as recommended by the Committee. Instead, the Ministry set over this Report till 22-6-1977 when Report was laid on the Table of the House and have tried

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to justify the delay on their part by advancing lame excuse that due to short session of Parliament the report could not be laid, which is most unconvincing and without any basis.

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The Committee would like to point out that short sessions do not bar the Ministries from laying the Reports on the Table of the House. The Ministries are aware that there is always a time gap between the date of issue of notification regarding commencement of a session and the actual date of commencement of the session, during which each Ministry has to initiate action, as soon as date for commencement of the session is announced, for laying on the Table of the House, at the earliest opportunity during the session, the papers which are due for laying and copies of which are available. The Committee, therefore, feel that had the Ministry been vigilant, the Annual Report for 1973-74 of Tannery and Footwear Corporation of India could have been laid in time. The representative of the Ministry admitted during evidence that the reason advanced by the Ministry in the statement showing reasons for delay was not correct. The Committee would like to emphasise that Ministries should take greater care in preparing statements to be laid before Parliament and ensure that the facts stated and the reasons advanced therein should be correct, factual and logical and at no time attempt should be made to treat the House lightly by advancing reasons and arguments which cannot stand scrutiny.

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1.25

The Committee are concerned to note from the statement appended to the Annual Report of Tannery and Footwear Corporation of India for 1974-75, showing reasons for delay in laying that Report on the Table of the House, that although the printed copies of that Report were available with the Ministry in November, 1976, the Report could not be laid in time because the

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(3)

Annual Report for the earlier year (1973-74), could be laid only in June, 1977. The Committee have inevitably to conclude that the apathetic attitude of the Ministry contributed to the delay in laying of the Reports of Tannery and Footwear Corporation of India which were already in arrears.

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As regards the reasons adduced by the Ministry in the 'delay statement' laid along with the Annual Report for 1975-76, the Committee do not agree with the explanation of the Ministry that "the accounts for the year 1974-75 were finalised very late and consequently there was delay in finalisation of the accounts for the year 1975-76". In this connection, the Committee note from the statement (Appendix-I) showing dates of completion of accounts and printing of Annual Reports of Tannery and Footwear Corporation of India for 1973-74, 1974-75, 1975-76 and 1976-77 that the accounts of the Corporation for 1974-75 had been finalised in the 1st week of July, 1975 and the comments of Comptroller and Auditor General on those accounts had been received on 22 January, 1976, whereas the following accounting year 1975-76 closed on March 31, 1976 and accounts for that year were finalised in June, 1976. In the Committee's opinion the accounts for 1974-75 should not be made an excuse for delay in the finalisation of accounts for 1975-76.

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1.27

The Committee further note that the Board of Management of Tannery and Footwear Corporation of India at their sitting held on 30-12-76 deferred consideration of accounts for 1975-76 as the Board assigned additional duties to Statutory Auditors with regard to reconciliation of accounts of depots and retail shops etc. of the Corporation. It means that the work regarding auditing of accounts for 1975-76 had been completed before December, 1976.

(1)	(2)	(3)
8	1.28	<p>The Committee feel that the Corporation had not been earnest enough to ensure that the Report for 1975-76 was not delayed on account of any avoidable circumstance inasmuch as the Auditors could have been asked to do the additional duties before the accounts for 1975-76 were finally audited. Had the Corporation been vigilant, the time which had been lost in reconciling the accounts of the depots and retail shops, in scrutinising sundry debtors and sundry creditors and thereafter in preparing detailed report thereon and making adjustments in the accounts could have been saved and much of the delay that occurred in laying the Report on the Table of the House, could have been eliminated.</p>
9	1.29	<p>The Committee find that the Department of Company Affairs are also to some extent responsible for the delay caused in laying of Annual Report of Tannery and Footwear Corporation of India for 1974-75 and 1976-77. According to the statement (Appendix-I) the Department of Company Affairs had been requested by the Corporation for the appointment of Statutory Auditors for 1974-75 and 1976-77, even before the closing of those years but the Department of Company Affairs took about 5 months in each case in appointing the Auditors. The Committee are of the opinion that the Department of Company Affairs should not have taken so much time in appointing the Statutory Auditors. The Committee trust that the Department of Company Affairs would not take so much time in future in the appointment of Statutory Auditors after a request for the purpose is made to them by any Corporation/Company.</p>
10	1.30	<p>It is, however, heartening to note that the Annual Report of the Tannery and Footwear Corporation of India, Kanpur for the year 1977-</p>

(1)	(2)	(3)
		78 was laid on the Table of the House in time i.e. on 20-12-1978. The Committee hope that in future also the Reports of the Corporation would be laid in time as per recommendation made by them in para 4.16 of Second Report (Fifth Lok Sabha).
11	1.31	<p data-bbox="412 441 1057 584">In the Auditors' Reports on the accounts for 1975-76, 1976-77 and 1977-78, of the Tannery and Footwear Corporation of India, the Audit have made repeatedly the following observation:</p> <p data-bbox="491 609 1057 811">"Although the company has an Internal Audit department, in our opinion, the scope of audit covered by the said Internal Audit Department is not adequate and needs to be sufficiently enlarged."</p> <p data-bbox="400 836 1057 1574">The Committee fail to understand as to why serious attention has not been given to such observations of the Audit. The Committee would like to re-emphasise that if accounts are not maintained and compiled properly, there is bound to be delay in finalising the Audit Report and this would naturally delay laying on the Table of the House the Report and the Audited Accounts. The Committee are of the opinion that in order to keep the accounts up-to-date and in proper shape it is all the more necessary that the Internal Audit Department of the Corporation must be adequate and well-equipped with accounting manual etc., which are necessary for the efficient functioning of the Audit Department of the Corporation. This will also help in the expeditious auditing of the accounts and consequently in timely laying of the Report/accounts on the Table of the House. The Committee trust that necessary and urgent steps would be taken to make up the deficiencies pointed out by the Auditors.</p>