

CHAPTER – VI

Commercial Activities

**The Chapter contains status of commercial activities of
the government**

CHAPTER VI

COMMERCIAL ACTIVITIES

AUDIT PARAGRAPHS

6.1 Government commercial and quasi-commercial undertakings

The Chapter deals with the Government commercial and quasi-commercial undertakings.

6.1.1 Lack of accountability for the use of public funds in departmental commercial undertakings

Activities of quasi-commercial nature are performed by the departmental undertakings of certain Government departments. These undertakings are to prepare annually *pro forma* accounts in prescribed formats showing the results of financial operations so that Government can assess the results of their working. The Heads of Departments in Government are to ensure that the undertakings which are funded by the budgetary releases, prepare the accounts in time and submit the same to Accountant General for Audit.

As of March 2002, there were six such undertakings under the control of Government of Andhra Pradesh. In addition, there were three departmentally managed units of Tungabhadra Project, which is a joint venture of Governments of Andhra Pradesh and Karnataka. However, the *pro forma* accounts for these up to 2001-02 was in arrears for various periods ranging from one year to 38 years (one unit for 38 years since inception in 1963, two for 30 years and more, one for more than 20 years, one for more than 10 years and four for less than 10 years)(Appendix XXIX).

The failure of the Heads of Departments and the managements in timely preparation of the *pro forma* accounts, was repeatedly commented upon in the earlier Reports of the Comptroller and Auditor General of India. Accountant General (Audit)-II had also been reminding the Secretaries to Government in the Finance Department and the Administrative departments concerned in the matter. But there was no improvement and out of 153 accounts/revised accounts due from the 9 units as of April 2001, no accounts were received during 2001-02. Government neither initiated action against the defaulting managements for their failure to prepare the accounts nor had taken any effective initiative to set right the position. As a result, accountability of the managements and Government in respect of the public funds spent by these undertakings, was not ensured.