

## CHAPTER 1: GENERAL

### 1.1 Annual accounts of autonomous bodies

This report deals with central autonomous bodies other than those under Scientific departments. The Committee on Papers laid on the Table of the House recommended in its First Report (5th Lok Sabha) 1975-76 that after the close of the accounting year, every autonomous body should complete its accounts within a period of three months and make them available for audit and that the reports and the audited accounts should be laid before the Parliament within nine months of the close of the accounting year

(i) For the year 1997-98, audit of Accounts of 214 central autonomous bodies was to be conducted under Sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971 and these audited accounts were to be placed before the Parliament by 31 December 1998. Out of these, the accounts of 62 autonomous bodies only were made available for audit within the prescribed time limit of three months after the close of the accounting year. Submission of accounts of the balance 152 autonomous bodies was delayed as indicated in the chart.

In Appendix I, the position of autonomous bodies whose accounts were delayed between three to six months and for over six months is given. The list of bodies whose accounts were not received is given in Appendix II.

(ii) Grants/loans received by central autonomous bodies during 1998-99 are given in the following table:

**Table 1.1 : Abstract of grants/loans received by Central autonomous bodies during 1998-99**

CAG's (DPC) Act, 1971, Section under which audited	Total no. of Central Autonomous Bodies	Grants	Loans	Remarks
		(Rupees in lakh)		
19(2) and 20(1)	216	434107.82	65997.06	The amounts relate to 195 bodies only. Annual accounts/information of remaining 21 bodies had not been furnished.
14(1) and 14(2)	221	13687.88	Nil	The amount relate to 33 bodies only. Annual accounts/information of remaining 188 bodies had not been furnished.

As on 31 March 1999 there were 216 central autonomous bodies (other than those under Scientific departments) including 17 universities, whose annual accounts were to be audited by the Comptroller and Auditor General of India as the sole auditor under Section 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971. During 1998-99 grants and loans amounting to Rs 4341.08 crore and Rs 659.97 crore respectively were paid by the Union Government to 195 autonomous bodies (Appendix III). Of these, grants to the extent of Rs 556.97 crore were received by 14 universities from University Grants Commission/Central Government as detailed in (Appendix IV). The annual accounts/information for 1998-99 in respect of the balance 21 bodies were not furnished by the concerned bodies and thus, the amount of Government grants received by them was not available as of February 2000 (Appendix V).

(iii) As on 31 March 1999, there were 221 central autonomous bodies (other than those under Scientific departments) whose annual accounts were initially audited by Chartered Accountants and supplementary audit was to be conducted by the Comptroller and Auditor General of India under Section 14(1) and 14(2) of the Act. As per information available up to February 2000, 33 of these bodies received grants amounting to Rs 136.88 crore from the Union Government during 1998-99 (Appendix VI). The annual accounts/information in respect of 188 bodies were not furnished by the concerned bodies (Appendix VII).

## **1.2 Result of certification audit**

Separate audit reports for each of the autonomous bodies audited under sections 19(2) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are appended to the certified final accounts required to be tabled by Ministries in Parliament. Some of the important cases in which major comments were issued to the Organisations/Ministries concerned are mentioned below:

### ***1.2.1 Form of Annual Accounts adopted by Central autonomous organization:***

#### ***1.2.2 Format of accounts***

The Rajya Sabha-Committee on Papers laid on the Table, in its 60th Report (presented on 27th March 1998) observed that there was an urgent need for reviewing the methods of presentation of accounts of the central autonomous organisations, which usually take pretext of not having a standard set of accounts, as prescribed by the Companies Act in respect of the companies incorporated under that Act. The Committee also observed that an important requirement is to present the accounts in a manner that even a layman, not having specialised knowledge of accounting matters could understand them easily. The Committee recommended that Government should set up a Committee of Experts to work out a format prescribing standard forms of accounts for all central autonomous organisations/institutions to bring similarity and transparency in the presentation of their accounts.

The Committee set up by Ministry of Finance, Department of Expenditure on 26th May 1999 was to submit its report within one year. The Report of the Committee was awaited as of February 2000.

#### ***1.2.3 Non-approval of form of accounts by competent authority***

During the course of audit, it was noticed that in the case of 51 central autonomous organisations as detailed in Appendix VIII, the format in which the annual accounts were to be maintained by the institutions was not approved by the Ministry/Governing Body/competent authority.

#### ***1.2.4 Non-preparation of accounts in approved format by University Grants Commission (UGC)***

The UGC maintains only receipts and payments account supported by various schedules of balances and details of certain transactions/accounts. The UGC could not provide a copy of format of accounts approved by competent authority and in its absence it was not possible to verify whether the UGC was preparing its annual accounts in the approved format.

As subsidiary records were not being maintained, it was not possible to link up expenditure item-wise and verify the deployment and utilisation of resources and it was difficult to be satisfied about the correctness of accounts in its totality. The Public Accounts Committee (1977-78) in para 10.21 of its 73rd Report recommended revision of form of annual accounts of the UGC to provide scheme/programme-wise break-up of the Plan expenditure. Despite comments in the separate Audit Reports from 1982-83 onwards, the form of accounts had not been revised and got approved from the competent authority in accordance with the recommendations of the Public Accounts Committee. The UGC had agreed (June 1996) for preparation of income and expenditure account and balance sheet on cash basis but no action in this regard has been initiated by the UGC.

### ***1.2.5 Unspent Grants***

#### **National Cooperative Development Corporation (NCDC)**

Out of Rs 1187.55 lakh received as recurring grant during the year 1998-99, only Rs 11.19 lakh was utilised, leaving unutilised balance of Rs 1176.36 lakh not shown as 'Returnable'.

The Corporation in their reply (October 1999) stated that it may not be appropriate to show the unutilised subsidies as 'Returnable' particularly when these are utilised in the next financial year for the purpose for which provided. This is not tenable, since it violates the conditions under GFRs subject to which the grants were given.

### ***1.2.6 Defaults in repayment of loans by Port Trusts***

The following three Port Trusts continued to default in repayment of loans to Government of India.

#### **(a) Jawaharlal Nehru Port Trust (JNPT)**

During 1998-99 Port defaulted on payment of Rs 30638.23 lakh (principal Rs 4752.66 lakh +interest Rs 25885.57 lakh) to the World Bank which was not disclosed in the accounts. The increase in transfer to reserves was Rs 3374.06 lakh (Rs 23424.06-Rs 20050 lakh) which included Rs 14800 lakh transferred to "reserves for development, repayment of loans and contingencies". No amount from the surplus/reserves was utilized for repayment of any part of World Bank loan (principal and interest).

#### **(b) Cochin Port Trust (CoPT)**

During 1998-99, Cochin Port Trust had defaulted repayment of loans from Government of India to the extent of Rs 516.49 lakh. The total amount of repayment defaulted up to March 1999 was Rs 5433.74 lakh and interest Rs 15376.95 lakh and penal interest for defaulted principal, Rs 14967.35 lakh. During the year there was a surplus of Rs 3125.40 lakh, of which an amount of Rs 2149.50 lakh was transferred to various reserves leaving

a balance surplus of Rs 975.90 lakh, which was transferred to Revenue Reserve. The reserve for development, repayment of loans and contingencies stood at Rs 983.86 lakh. No amount of reserve/surplus was utilised for repayment of loan.

**(c) Paradip Port Trust (PPT)**

During the year 1998-99, the Paradip Port Trust had defaulted repayment of loan from Government of India to the extent of Rs 2345.77 lakh (Principal-Rs 750.67 lakh and interest-Rs 1595.10 lakh) and thereby attracting levy of penal interest (for this year -Rs 2019.98 lakh). In the year 1998-99 there was a surplus of Rs 4800.80 lakh of which an amount of Rs 800.00 lakh had been transferred to capital reserves. As per balance sheet a sum of Rs 3588.54 lakh had been shown against the development and repayment of loans and contingencies reserve. No amount of surplus/reserve had been utilised for repayment of the above loan.

### 1.3 Utilisation certificates

Consequent on the departmentalisation of accounts in 1976, certificates of utilisation of grants were required to be furnished by the Ministries/Departments concerned to the Controllers of Accounts in respect of grants released to statutory bodies, non-government organisations etc to ensure that grants had been properly utilised for the purpose for which they were sanctioned. The Ministry/Department-wise details indicating the position of outstanding utilisation certificates at the end of March 1999 are given in Appendix IX. The Ministries/Departments of Social Justice and Empowerment and Environment Forest and Ocean Development did not furnish the required information.

Out of a total number of 30517 utilisation certificates amounting to Rs 7535.49 crore awaited from ten major Ministries/Departments at the end of March 1999, 22658 certificates amounting to Rs 2701.79 crore related to grants released upto 1995-96 are as shown below:

**Table:- 1.3 (i) : Utilisation certificates outstanding as on 31 March 1999**

**(Rupees in crore)**

Sl No	Ministry/Department	Grants released upto September 1997		Grants released upto 1995-96	
		Number	Amount	Number	Amount
1.	Agriculture and Cooperation	355	116.68	171	58.81
2.	Commerce and Textiles				
	(i) Commerce	3	0.13	-	-
	(ii) Development Commissioner of handicrafts, Delhi	645	19.64	491	13.53
3.	Food processing industries	300	29.48	213	16.33
4.	Health and Family Welfare				
	(i) Health	1783	960.63	987	301.45

Sl No	Ministry/Department	Grants released upto September 1997		Grants released upto 1995-96	
		Number	Amount	Number	Amount
	Family Welfare	1576	412.57	863	134.96
5.	Human Resource Development				
	(i) Women and Child Development	8564	1589.53	7012	801.80
	(ii) Youth Affairs and Sports	3188	217.47	2494	118.17
	(iii) Education	7677	3458.22	6100	806.08
	(iv) Culture	4644	360.69	3231	220.76
6.	Labour	937	46.67	419	19.47
7.	Planning and Statistics				
	(i) Planning Commission and National Informatics Centre	142	11.25	113	9.86
8.	Power	58	12.94	30	8.72
9.	Urban Affairs and Employment	528	294.63	453	188.02
10.	Water Resources	117	4.96	81	3.83
	<b>Total</b>	<b>30517</b>	<b>7535.49</b>	<b>22658</b>	<b>2701.79</b>

Thus, authorities in Government of India before releasing grants to statutory bodies and non-government organisations did not satisfy themselves about utilisation of grants in 74.24 per cent of cases involving 35.85 per cent of the total grants released.

Pending receipt of huge number of utilisation certificates, the following Ministries/Departments released fresh grants to the defaulting statutory bodies/non-government organisations etc. during 1998-99 without insisting for the utilisation certificates in respect of grants released in the previous years:

**Table 1.3 (ii) : Fresh grants released during 1998-99**

**(Rupees in crore)**

Sl. No.	Ministry/Department	No. of utilisation certificates outstanding at the end of March 1999	Amount	Amount of fresh grants released without obtaining utilisation certificates of previous year
1.	Agriculture & Cooperation	355	116.68	64.21
2.	Fertilizers	23	15.25	10.00
3.	Planning	143	11.35	1.25
4.	Surface Transport	02	0.17	0.40
5.	Commerce & Textiles	648	19.77	5.89
6.	Andaman & Nicobar Islands	02	3.56	11.49
7.	Urban Affairs and Employment	528	294.63	153.23
8.	Small Scale Industries and Agro & Rural Industries	29	0.87	0.03
	<b>Total</b>	<b>1730</b>	<b>462.28</b>	<b>246.50</b>

This indicated that the authorities releasing grants to statutory bodies, non-government organizations etc. released the fresh grants without ensuring that the previous grants were utilized for the purpose for which they were sanctioned.

The Ministries/Departments of Health and Family Welfare, Human Resource Development, Law, Justice, Supreme Court of India, Steel and Mines, Civil Supplies and Consumer Affairs and Rural Development did not furnish the information about fresh grants released during 1998-99 without obtaining utilisation certificates for the previous years.