

CHAPTER I : GENERAL

1.1 Annual accounts of autonomous bodies

Bodies established by or under law made by the Parliament and containing specific provisions for audit by the Comptroller and Auditor General of India are statutorily taken up for audit under Section 19 (2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971 (Act). Audit of other organisations (corporations or societies) is entrusted to the Comptroller and Auditor General of India in public interest under section 20(1) of the Act *ibid*. The nature of audit conducted under these provisions is certification of annual accounts as well as value for money audit.

As on 31 March 2006 there were 259 central autonomous bodies whose annual accounts were to be audited by the Comptroller and Auditor General of India as the sole auditor under Sections 19(2) and 20(1) of the Act.

During 2005-06, grants and loans amounting to Rs. 13222.69 crore and Rs. 175.47 crore respectively were released by the Union Government to 251 autonomous bodies (**Appendix-I**). Of these, grants amounting to Rs. 5257.28 crore (39.76 *per cent* of total grants) were disbursed by the Ministry of Human Resource Development to 92 educational institutions, Rs. 1007.59 crore (7.62 *per cent*) were disbursed by the Ministry of Health and Family Welfare to 23 health and research institutions, Rs. 438.95 crore (3.32 *per cent*) were disbursed by the Ministry of Commerce to 7 autonomous bodies and Rs. 252.42 crore (1.91 *per cent*) were disbursed by the Ministry of Culture to 31 autonomous bodies.

Information for 2005-06 in respect of 8 bodies were not furnished by the concerned Ministries; thus, the amount of Government grants released by them was not available as of December 2006 (**Appendix-II**).

1.1.1 According to information furnished by various Ministries there were 214 bodies and authorities as on 31 March 2006, which were substantially financed by grants/loans from the Union Government and attracted audit by the Comptroller and Auditor General of India under the provisions of Sections 14(1)/14(2) of the Act. Audit under these provisions is in the nature of value for money audit. These bodies received grants/loans amounting to Rs. 2966.65 crore from the Union Government during 2005-06 (**Appendix-III**). Annual accounts of these entities are audited by Chartered Accountants.

1.1.2 Delay in submission of accounts by Central Autonomous Bodies

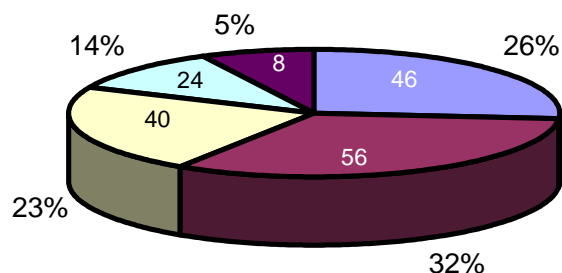
The Committee on Papers Laid on the Table of the House recommended in its First Report (5th Lok Sabha) 1975-76 that after the close of the accounting year, every autonomous body should complete its accounts within a period of three months and make them available for audit and that the reports and the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

For the year 2004-05, audit of accounts of 255 Central autonomous bodies was to be conducted under Section 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 31st December 2005. Out of these, the accounts of only 81 autonomous bodies were made available for audit within the prescribed time limit of three months after the close of the accounting year. Submission of accounts of 174 autonomous bodies was delayed as indicated below :

Delay up to one month	46
Delay of over one month up to three months	56
Delay of over three months up to six months	40
Delay of over six months	24
Accounts/information not received by December 2006	<u>08</u>
Total	<u>174</u>

Extent of delay in submission of accounts

Total number of delayed accounts:174



- Delay upto one month
- Delay of over one month upto three months
- Delay of over three months upto six months
- Delay of over six months
- Accounts/Information not received by December 2006

The position of Autonomous Bodies whose accounts were delayed between three to six months and for over six months is given in **Appendix IV**. The list of bodies whose accounts were not received as of December 2006 is given in **Appendix V**.

1.1.3 Arrears in submission of accounts

A few Autonomous Bodies are yet to submit the accounts even for earlier years as per details given below:

Sl. No	Name of organisation	Year
1.	National Commission for Backward Classes, New Delhi	1993-94 onwards
2.	Indian Council of World Affairs, New Delhi	1999-2000 onwards

1.2 Delay in presentation of Reports in relation to accounts of Central Autonomous Bodies before both the Houses of Parliament

According to the provisions contained in Section 19(A)(2) and the existing terms and conditions for entrustment of audit under Section 20(1) and audit reports in relation to accounts of Central Autonomous Bodies audited under Section 19(2) and Section 20(1) of the Act *ibid* are required to be placed before the Parliament. There have been abnormal delays in presentation of audit reports in respect of a number of Central Autonomous Bodies. As on 31 October 2006, 47 audit reports of 26 bodies had not been tabled in the Parliament. The details of the cases, where there have been delays are indicated in **Appendix VI**. The delay in presentation of audited accounts has deprived both the Houses of Parliament of information on the financial position and performance of the Central Autonomous Bodies.

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 the grants had been properly utilised for the purpose for which these were sanctioned. The Ministry/Department-wise details indicating the position of total number of 37428 outstanding utilisation certificates involving amount of Rs. 14595.33 crore in respect of grants released upto March 2005 due by March 2006 (after 12 months of financial year in which grant was released) are given in **Appendix VII**. Ministries of Culture, Social Justice and Empowerment and Science and

Technology (except Department of Biotechnology) did not furnish the information of outstanding utilisation certificates.

Out of the total number of 32187 utilisation certificates amounting to Rs. 12693.61 crore awaited from 10 major Ministries/Departments at the end of March 2006, 26296 certificates amounting to Rs. 7151.27 crore related to grants released up to March 2004 as shown below:

Utilisation certificates outstanding as on 31 March 2006

(Rupees in crore)

Sl. No.	Ministry/Department	For the period ending March 2005		For the period ending March 2004	
		Number	Amount	Number	Amount
1.	Elementary Education and Literacy	1730	4641.99	1395	3295.12
2.	Health	1927	2283.12	1531	1339.23
3.	Higher Secondary Education	3550	1501.84	2300	484.85
4.	Family Welfare	1340	1266.26	938	372.64
5.	Environment and Forests	7546	922.48	6668	780.19
6.	Youth Affairs and Sports	8653	535.82	7017	307.59
7.	Information Technology	431	466.31	240	180.91
8.	Ocean Development	894	394.69	737	100.47
9.	Women and Child Development	6036	342.19	5428	243.93
10.	Housing and Urban Poverty Alleviation	80	338.91	42	46.34
Total		32187	12693.61	26296	7151.27

Thus, authorities in the Government of India, before releasing grants to statutory bodies and non-government organisations did not satisfy themselves about utilisation of grants in 82 *per cent* cases involving 56 *per cent* of the total grants released.

Even as very large number of utilisation certificates were pending receipt, the following Ministries/Departments released fresh grants to the defaulting statutory bodies/non-government organisations during 2005-06 without insisting on the utilisation certificates in respect of grants released in the previous years:

Fresh grants released during 2005-06

(Rupees in crore)

Sl. No.	Ministry/ Department	Number of utilisation certificates due	Amount	Amount of fresh grants released without obtaining utilisation certificates of previous year
1.	Health and Family Welfare	13	10.40	34.62
2.	Andaman and Nicobar Administration	5	0.53	2.30
3.	National Legal Service Authority, Ministry of Law Justice and Company Affairs	294	19.13	5.10
4.	Ministry of Finance, Department of Economic Affairs	10	41.32	14.70
Total		322	71.38	56.72

Thus, Ministries/Departments released fresh grants to statutory bodies, non-government organisations etc. without ensuring that the previous grants had been utilised for the purpose for which they were sanctioned, violating one of the essential conditions for release of further instalments.