

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 2007 there were 264 central autonomous bodies whose annual accounts were to be audited by the Comptroller and Auditor General of India as sole auditor.

During 2006-07, grants and loans amounting to Rs. 8468.27 crore and Rs. 0.40 crore respectively were released by the Union Government to 241 autonomous bodies (including 53 autonomous bodies to which no grant was released) (**Appendix-I**). Of these, grants amounting to Rs. 2249.63 crore (26.56 *per cent* of total grants) were disbursed by the Ministry of Human Resource Development to 66 educational institutions, Rs. 1233.34 crore (14.56 *per cent*) were disbursed by the ministry of Health and Family Welfare to 23 health and research institutions, Rs. 420.96 crore (4.97 *per cent*) were disbursed by the Ministry of Commerce to six autonomous bodies and Rs.223.84 crore (2.64 *per cent*) were disbursed by the Ministry of Culture to 31 autonomous bodies.

Information for 2006-07 in respect of 23 bodies were not furnished by the concerned ministries; thus, the amount of Government grants released by them was not available as of December 2007 (**Appendix-II**).

1.1.1 According to information furnished by various ministries there were other 173 central autonomous bodies as on 31 March 2007, 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. 3032.22 crore and Rs.5.00 crore from the Union Government during 2006-07 (**Appendix-III**). Annual accounts of these entities are audited by Chartered Accountants.

1.1.2 Delay in submission of accounts by Central Autonomous Bodies

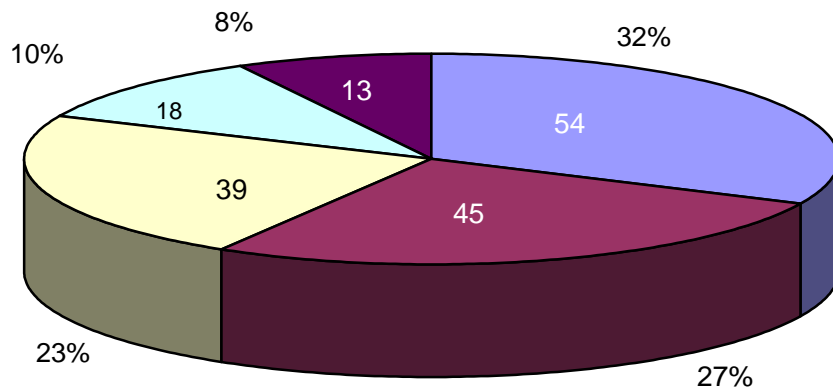
The Committee on Papers Laid on the Table of the House recommended in its First Report (5th Lok Sabha) 1975-76 that after the close of the accounting year, every autonomous body should complete its accounts within a period of three months and make them available for audit and that the Reports and the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

For the year 2005-06, audit of accounts of 262 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 2006. Out of these, the accounts of 93 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 169 autonomous bodies was delayed as indicated below:

Delay up to one month	54
Delay of over one month up to three months	45
Delay of over three months up to six months	39
Delay of over six months	18
Accounts/Information not received by November 2007	<u>13</u>
Total	<u>169</u>

Extent of delay in submission of accounts

Total number of delayed accounts: 169



- Delay up to one month
- Delay of over one month up to three months
- Delay of over three months up to six months
- Delay of over six months
- Accounts/Information not received by November 2007

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 November 2007 is given in **Appendix V**.

1.1.3 Arrears in submission of accounts

A few Autonomous Bodies have yet to submit the accounts even for earlier years as per details given here under :

Sl. No.	Name of Autonomous Body	Year to which Accounts relate
1.	National Commission for Backward Classes, New Delhi.	1993-94 onwards
2.	Indian Council for World Affairs, New Delhi.	2000-01 onwards
3.	Haj-Committee, Mumbai	2004-05
4.	Nagaland University, Kohima	2004-05
5.	Competition Commission of India, New Delhi	2002-03 onwards
6.	Municipal Council, Port Blair	1990-91 onwards

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

The Comptroller and Auditor General of India conducts audit of accounts of Central autonomous bodies under sections 19 and 20 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971. The audit reports on their accounts are required to be placed before the Parliament. There have been delays in presentation of audit reports in respect of a large number of Central autonomous bodies. As on 31 October 2007, 19 audit reports consisting of 15 for the year 2005-06 and four pertaining to earlier years issued to the Government of India/autonomous bodies up to 30 June 2007 had not been laid before the Parliament. The details of the cases, where there have been delays are indicated in the **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 respective 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 52979 outstanding utilisation certificates involving amount of Rs. 13432.44 crore in respect of grants released upto March 2006 due by March 2007 (after 12

months of financial year in which grant was released) are given in **Appendix VII**. Ministry of Tourism, Ministry of Human Resource Development, Ministry of Labour and Employment, Ministry of Railways, Ministry of Corporate Affairs, Ministry of Science and Technology and Dadra and Nagar Haveli Administration did not furnish the information of outstanding utilisation certificates.

Out of the total number of 36255 utilisation certificates amounting to Rs. 11818.85 crore awaited from 10 major Ministries/Departments at the end of March 2007, 28632 certificates amounting to Rs. 3371.96 crore related to grants released up to March 2005 as shown below:

Utilisation certificates outstanding as on 31 March 2007

(Rupees in crore)

Sl. No.	Ministry/Department	For the period ending March 2006		For the period ending March 2005	
		Number	Amount	Number	Amount
1.	Family Welfare	1902	3601.10	1132	686.50
2.	Agriculture	244	2107.13	152	24.29
3.	Health	2207	1813.91	1533	409.25
4.	Social Justice and Empowerment	16479	1040.23	12486	750.56
5.	Environment & Forests	8122	784.73	7117	555.32
6.	Information Technology	545	768.58	319	415.81
7.	Commerce	185	610.35	66	100.92
8.	Women & Child Development	6423	486.66	5772	322.56
9.	Housing and Urban Poverty Alleviation	99	327.02	35	61.27
10.	Heavy Industries	49	279.14	20	45.48
Total		36255	11818.85	28632	3371.96

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 79 per cent cases involving 29 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 2006-07 without insisting on the utilisation certificates in respect of grants released in the previous years:

Fresh grants released during 2006-07

(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.	Ministry of Urban Development	2	7.15	44.48
2.	Ministry of Housing and Urban Poverty Alleviation	30	276.82	41.65
3.	National Legal Services Authority	284	20.08	4.28
4.	Department of Fertilisers	4	0.59	0.42
Total		320	304.64	90.83

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.