

CHAPTER XIII : GENERAL

13.1 Annual accounts of autonomous bodies

As on 31 March 2000 there were 218 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 1999-2000 grants and loans amounting to Rs 3962.02 crore and Rs 448.18 crore respectively were paid by the Union Government to 203 autonomous bodies (Appendix V). Of these, grants to the extent of Rs 544.49 crore were received by 13 universities from University Grants Commission/Central Government as detailed in (Appendix VI). The annual accounts/information for 1999-2000 in respect of the balance 15 bodies were not furnished by the concerned bodies and thus, the amount of Government grants received by them was not available as of March 2001 (Appendix VII).

(i) As on 31 March 2000, there were 126 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 March 2001, 32 of these bodies received grants amounting to Rs 66.51 crore from the Union Government during 1999-2000 (Appendix VIII). The annual accounts/information in respect of 94 bodies were not furnished by the concerned bodies (Appendix IX).

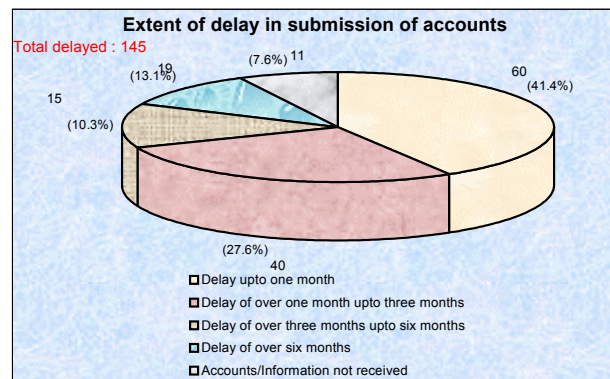
(ii) The position in regard to number of autonomous bodies whose accounts were to be audited by CAG under section 19(2) & 20(1) and 14(1) & 14(2) of the CAG Act and the position of grants/loans received by these bodies during 1998-99 and 1999-2000 is given below:

Table 13.1 : Abstract of grants/loans received by central autonomous bodies during 1998-99 and 1999-2000

Year	Total No. of Central Autonomous Bodies	Grants	Loans	Remarks	CAG's DPC Act, 1971, Section under which audited
		(Rs in lakh)			
1998-1999	216	434107.82	65997.06	The amount relate to 195 bodies only. Annual accounts/information of remaining 21 bodies had not been furnished	19 (2) and 20 (1)
1998-1999	221	13687.88	Nil	The amount relate to 33 bodies only. Annual accounts/information of remaining 188 bodies had not been furnished	14 (1) and 14 (2)
1999-2000	218	396201.88	44818.23	The amount relate to 203 bodies only. Annual accounts/information of remaining 15 bodies had not been furnished	19 (2) and 20 (1)
1999-2000	126	6651.33	Nil	The amount relate to 32 bodies only. Annual accounts/information of remaining 94 bodies had not been furnished	14 (1) and 14 (2)

(iii) The Committee on Papers laid on the Table of the House recommended in its First Report (Fifth 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.

For the year 1998-99, audit of accounts of 218 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 1999. Out of these, the accounts of 73 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 145 autonomous bodies was delayed as indicated in the chart.

In Appendix X, 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 XI.

13.2 Results 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 :

13.2.1 Defaults in repayment of loans by Port Trusts

(a) Jawaharlal Nehru Port Trust

The figures for Capital debt in accounts of the Port Trust was shown as Rs 84078.36 lakh. This was understated by Rs 36842.08 lakh by not providing for the defaulted payment of Rs 4332.45 lakh towards principal and Rs 32509.63 lakh towards interest to the World Bank loan.

(b) Cochin Port Trust

During 1999-2000 Cochin Port Trust had defaulted in repayment of loans from Government of India to the extent of Rs 894.57 lakh. The total amount of repayment defaulted upto 31 March 2000 was Rs 6328.31 lakh and interest of Rs 16507 lakh. Penal interest amounting to Rs 17688.65 lakh on defaulted repayments as on 31 March 2000 had not been disclosed in accounts.

13.2.2 Non-plan administrative fund of Rs 870 lakh

Khadi and Village Industries Commission, Mumbai

As against the ceiling limit of Rs 165 lakh fixed by the Government for retention for meeting expenditure for the succeeding year, KVIC retained Rs 870 lakh as on 31.3.2000 without obtaining permission from Government.

13.2.3 Utilisation certificates not furnished/received

(i) National Oil Seeds and Vegetable Oils Development Board, Gurgaon

During the year 1999-2000, the board released grant of Rs 591.84 lakh to various autonomous bodies/institutions for promoting/developing oilseeds and vegetable oils but out of above amount utilisation certificates worth Rs 313.95 lakh were still awaited (November 2000).

(ii) Jawaharlal Nehru Port Trust

Utilisation certificates had not been issued in respect of loan amounting to Rs 94697 lakh received from Government of India, World Bank and other bodies.

13.2.4 Calcutta Port Trust

Subsidy from Central Government for river dredging and maintenance shown in excess by Rs 1298.61 lakh resulting in overstatement of Sundry Debtor to this extent due to:

Inclusion of expenditure not directly related to dredging activity as the vessels remained out of dredging operation during 1999-2000. **Rs 944.69 lakh**

CPT¹ stated in December 2000 that the Government of India has allowed reimbursement of 100 *per cent* expenditure directly related to river dredging and river maintenance without any condition and CPT was entitled to receive subsidy even for expenditure incurred on inoperative vessels.

The reply is not tenable as the vessels were inoperative and did not perform any dredging work during 1999-2000 and, therefore, expenditure incurred thereon can not be treated as directly related to the activity of dredging.

¹ Calcutta Port Trust

Inclusion of operating cost of vessels not used in calculation of allocable expenditure for normal port facilities/pilotage.

Rs 288.79 lakh

CPT stated in December 2000 that in terms of the main format approved by the Ministry, a portion of expenditure under the Marine Survey and Navigational Aids will be allocated to river dredging and river maintenance and another portion will be allocated to pilotage on the basis of the operating cost of the vessels used.

The reply is not tenable as the operating cost of vessels not used was also taken into consideration for calculating the ratio of allocable expenditure on account of normal port facilities/pilotage.

Claiming of gross amount of D.C.I. bills without adjustment of rebate received for prompt payment.

Rs 65.13 lakh

CPT stated in December 2000 that according to D.C.I. CPT has not earned the rebate and hence the amount could also be refunded to D.C.I. if situation so arise.

The reply is not tenable as the rebate does not constitute expenditure on dredging and hence not reimbursable by the Government.

13.2.5 Non-incorporating of expenditure of Electro Mechanical Works in annual accounts

Betwa River Board

The Act provides for the constitution of a Betwa River Board Fund to which the sums paid to the Board² by the Government of Madhya Pradesh and Uttar Pradesh shall be credited for meeting the expenditure of the Board, including that on the construction of Rajghat Power House.

In the Board meeting of August 1992 and March 1993 it was decided that Madhya Pradesh State Electricity Board will provide funds through the Betwa River Board Fund for Electro-Mechanical Works of the Rajghat Power House.

Audit scrutiny revealed (July 1999) that in contravention of provisions of the Act and earlier decisions (August 1992 and March 1993) of the Board, the Board decided in August 1993 that MPEB³ may be authorised to make direct payments for Electro-Mechanical Works (against share of Madhya Pradesh Government) and submit monthly accounts to the Financial Advisor of Board, regularly. These payments made in contravention of the provisions of the Act were pointed out in the Audit Report of Board for the year 1998-99. No satisfactory reply was furnished to audit.

² Betwa River Board

³ Madhya Pradesh Electricity Board

It was, again observed (June 2000) that MPEB furnished a statement of expenditure of Rs 61.85 crore incurred upto February 2000 on Electro-Mechanical Works, as against Rs 59.24 crore as on 31 March 1999. Full particulars in support of this expenditure were not available with the Board which had not incorporated it in its annual accounts, which were understated to this extent.

On this being pointed out in audit (June 2000), the Board stated that in a meeting between MPEB officers and the Financial Advisor held on 29 May 2000, it was pointed out that the MPEB had prepared their account on commercial accounting principles which cannot be clubbed with the civil account of the Power Project as maintained by the Board. The accounts prepared by the MPEB and audited by the Accountant General (Audit)-I, M.P Gwalior, would be made available to the Board alongwith certificate by the MPEB. It was, further stated that the audit of E&M part of Rajghat Power Project is in progress and audited accounts alongwith audit certificate will be made available to Board by MPEB in due course.

According to the Act, all expenditure should have been routed through the fund of the Board and included in its accounts. The procedure followed contravened the Act and the expenditure of Rs 61.35 crore at the end of February 2000, as against Rs 59.24 crore as on 31 March 1999, remained unaudited and outside the accounts of the Board.

13.3 Utilisation certificates

Consequent 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 total number of 35390 outstanding utilisation certificates involving amount of Rs 7035.96 crore in respect of grants released upto March 1998 due by September 1999 (after 18 months of financial year in which grant was released) at the end of March 2000 are given in Appendix XII. The Ministries/Departments of Social Justice and Empowerment and National Informatics Centre did not furnish the required information.

Out of a total number of 34122 utilisation certificates amounting to Rs 6856.91 crore awaited from 10 major Ministries/Departments at the end of March 2000, 28614 certificates amounting to Rs 4126.66 crore related to grants released upto 1996-97 are as shown below:

Table 13.3 (i) : Utilisation certificates outstanding as on 31 March 2000
(Rs in crore)

Sl No	Ministry/Department	For the period ending March 1998		For the period ending March 1997	
		Number	Amount	Number	Amount
1.	Agriculture and Cooperation	304	54.51	172	20.59
2.	Environment and Forest				
	(i) Environment and Forest	3570	456.61	2849	351.44
	(ii) Ocean Development	608	34.57	495	16.51
3.	Food Processing Industries	261	32.29	198	20.93
4.	Health and Family Welfare				
	(i) Health	1363	462.34	960	202.98
	(ii) Family Welfare	1439	243.83	1140	147.76
5.	Human Resource Development				
	(i) Women and Child Development	8849	1126.02	7884	988.42
	(ii) Youth Affairs and Sports	3468	304.77	3,052	206.41
	(iii) Education	6620	3361.79	5755	1600.43
	(iv) Culture	5272	382.97	4,207	286.94
6.	Labour	643	34.91	587	30.14
7.	Non-Conventional Energy Sources	274	16.17	176	9.65
8.	Space	300	7.76	230	3.24
9.	Textiles				
	Development Commissioner of Handicrafts, Delhi	638	22.18	459	16.38
10.	Urban Affairs and Employment	513	316.19	450	224.84
	Total	34122	6856.91	28614	4126.66

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 83.86 per cent cases involving 60.18 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 1999-2000 without insisting for the utilisation certificates in respect of grants released in the previous years:

Table 13.3 (ii) : Fresh grants released during 1999-2000
(Rs in crore)

Sl. No.	Ministry/Department	No.of utilisation certificates outstanding by Sep. 1999 at the end of March 2000	Amount	Amount of fresh grants released without obtaining utilisation certificates of previous year
1.	Agriculture and Cooperation	304	54.51	67.99
2.	Space	300	7.76	4.55
3.	Planning	84	7.10	0.32
4.	Tourism	17	2.69	15.05
5.	Textiles	638	22.18	6.16
6.	Andaman and Nicobar Islands	14	12.91	26.56
7.	Urban Affairs and Employment	513	316.19	102.76
8.	Department of Industrial Policy and Promotion	1	1.83	1.54
9.	Information and Broadcasting	5	8.87	5.04
10.	Finance (Economic Affairs)	1	0.35	65.05
	Total	1877	434.39	295.02

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

The Ministries/Departments of Health and Family Welfare, Human Resource Development, Social Justice and Empowerment, External Affairs, Labour did not furnish the information about fresh grants released during 1999-2000 without obtaining utilisation certificates for the previous years.

New Delhi
Dated: 27 July 2001

(H.P. DAS)
Director General of Audit
Central Revenues

Countersigned

New Delhi
Dated: 30 July 2001

(V.K. SHUNGLU)
Comptroller and Auditor General of India