

CHAPTER I : GENERAL

1.1 Annual accounts of autonomous bodies

Bodies established by or under law made by 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). Audit of other organisations (corporations or societies) is entrusted to C&AG in public interest under section 20(1). The nature of audit conducted under these provisions is that of certification of annual accounts and value for money audit.

As on 31 March 2004 there were 241 central autonomous bodies (other than those under Scientific Departments) 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 Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (Act).

During 2003-04, grants and loans amounting to Rs. 8164.03 crore and Rs. 95.85 crore respectively were released by the Union Government to 218 autonomous bodies (**Appendix-I**). Of these, grants amounting to Rs. 4737.59 crore (58.03 *per cent* of total grants) were disbursed by the **Ministry of Human Resource Development** to 81 educational institutions, Rs. 630.49 crore (7.72 *per cent* of total grants) were disbursed by the **Ministry of Health and Family Welfare** to 21 health and research institutions, Rs. 314 crore (3.85 *per cent* of total grants) were disbursed by the **Ministry of Commerce** to 14 autonomous bodies and Rs. 202.65 crore (2.48 *per cent* of total grants) were disbursed by the **Ministry of Culture** to 27 autonomous bodies.

Information for 2003-04 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 2004 (**Appendix-II**).

- (i) According to information furnished by various Ministries there were 91 central autonomous bodies as on 31 March 2004, 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 were released grants/loans amounting to Rs. 2509.37 crore by the

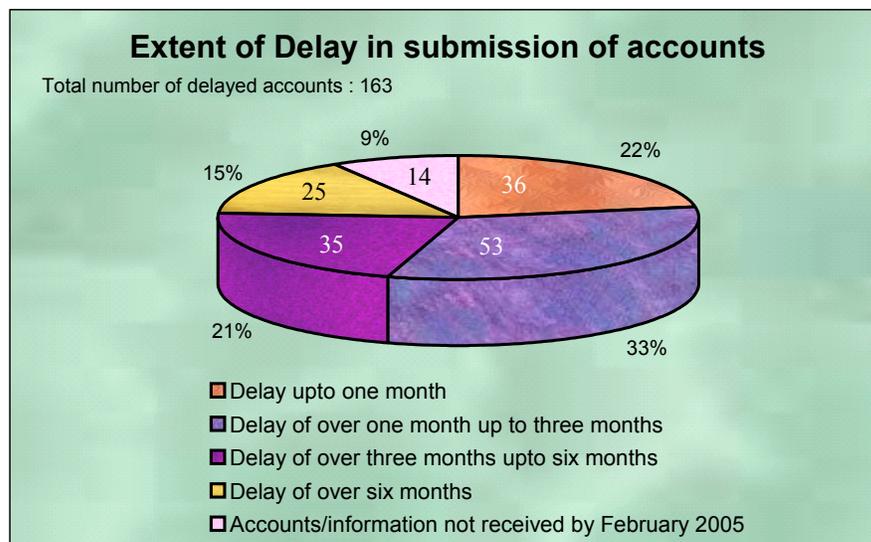
Union Government during 2003-04 (**Appendix-III**). Annual accounts of these entities were to be audited by Chartered Accountants.

(ii) Delay in submission of accounts by autonomous bodies

The Committee on Papers Laid on the Table of the House recommended in their 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 2002-03, audit of accounts of 232 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 2003. Out of these, the accounts of only 69 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 remaining 163 autonomous bodies was delayed as indicated below:-

Delay upto one month	36
Delay of over one month up to three months	53
Delay of over three months upto six months	35
Delay of over six months	25
Accounts/information not received by February 2005	14
Total	<u>163</u>



In **Appendix-IV** 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/information were not received as of February 2005 is given in **Appendix-V**.

Arrears in submission of accounts:

A few Autonomous Bodies have not submitted the accounts even for earlier years as per details given hereunder:

1.	Central Agricultural University, Imphal	1999-00 onwards
2.	Indian Council of World Affairs, New Delhi	1999-00 onwards
3.	North-East Zone Cultural Centre, Dimapur, Nagaland	2000-01 onwards
4.	National Institute of Public Co-operation and Child Development, New Delhi	2001-02 onwards
5.	National Commission for Backward Classes, New Delhi	1993-94 onwards
6.	National Institute of Adult Education, New Delhi	2001-02 onwards
7.	Indira Gandhi National Center for Arts, New Delhi	2001-02 onwards

1.2 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 these had been properly utilised for the purpose for which these were sanctioned. The Ministry/Department-wise details indicating the position of 41038 outstanding utilisation certificates due by March 2004 involving Rs. 10572.56 crore in respect of grants released upto March 2003 are given in **Appendix-VI**. The Ministry of Human Resource Development and the Election Commission did not furnish the required information.

Out of 37698 utilisation certificates amounting to Rs. 9881.77 crore awaited from 10 major Ministries/Departments for the period ending March 2003, 26391 certificates for Rs. 5899.04 crore related to grants released upto March 2002 as shown below:

Utilisation certificates outstanding as on 31 March 2004

(Rupees in crore)

Sl. no.	Ministry/Department	For the period ending March 2003		For the period ending March 2002	
		Number	Amount	Number	Amount
1.	Agriculture and Cooperation	144	163.97	75	56.00
2.	Environment and Forest	5359	642.83	5216	606.03
3.	Ocean Development	872	230.92	804	109.47
4.	Health	2354	2121.27	1749	1060.84
5.	Family Welfare	1279	954.07	838	480.76
6.	Economic Affairs	19	1613.80	18	1612.86

(Rupees in crore)

Sl. no.	Ministry/Department	For the period ending March 2003		For the period ending March 2002	
		Number	Amount	Number	Amount
7.	Urban Employment & Poverty Alleviation	266	531.98	116	178.81
8.	Social Justice and Empowerment	27294	1252.35	17546	901.78
9.	Information and Broadcasting	35	2155.87	13	888.63
10.	Small Scale Industries and Agro and Rural Industries	76	214.71	16	3.86
Total		37698	9881.77	26391	5899.04

Thus, before releasing grants to statutory bodies and non-government organisations, the Ministries/Departments did not satisfy themselves about utilisation of grants in 70 per cent cases involving 60 per cent of the total grants released.

While 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 2003-04 without insisting on the utilisation certificates in respect of grants released in the previous years. Fresh grants were released despite Ministry of Finance, Department of Expenditure's instructions (May 2003) following the judgement of the High Court of Delhi directing that no fresh grant was to be released unless utilisation certificates for the previous grants were furnished.

Fresh grants released during 2003-04

(Rupees in crore)

Sl. No.	Ministry/ Department	No. of utilisation certificates due	Amount	Amount of fresh grants released without obtaining utilisation certificates of previous year
1.	Atomic Energy	143	5.84	0.02
2.	Industry (three deptt.)	117	324.54	24.43
3.	Economic Affairs	19	1613.80	32.31
4.	Civil Aviation	1	1.10	0.50
5.	Andaman & Nicobar Administration	48	23.67	68.60
6.	National Legal Service Authority	285	13.53	0.92
7.	Mines	38	29.51	0.09
8.	Information and Broadcasting	35	2155.87	1000.73
9.	Tourism	11	7.16	1.49
		697	4175.02	1129.09

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.

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

The Comptroller & Auditor General of India is entrusted with audit of accounts of Central Autonomous Bodies u/s 19(2) and 20(1) of the CAG's (DPC) Act, 1971. According to existing arrangements for entrustment of audits u/s 20(1) and the provisions contained in Section 19(A)(2) of the Act *ibid*, audit reports 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 2004, 87 audit reports have not been tabled in the Parliament. The details of the cases, where there have been delays are indicated in **Appendix VII**. 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.