

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 2005 there were 253 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 2004-05, grants and loans amounting to Rs. 12290.67 crore and Rs. 90.54 crore respectively were released by the Union Government to 242 autonomous bodies (**Appendix-I**). Of these, grants amounting to Rs. 5600.48 crore (45.57 *per cent* of total grants) were disbursed by the Ministry of Human Resource Development to 91 educational institutions, Rs. 870.35 crore (7.08 *per cent*) were disbursed by the Ministry of Health and Family Welfare to 23 health and research institutions, Rs. 340.35 crore (2.77 *per cent*) were disbursed by the Ministry of Commerce to 14 autonomous bodies and Rs. 173.97 crore (1.41 *per cent*) were disbursed by the Ministry of Culture to 26 autonomous bodies.

Information for 2004-05 in respect of 11 bodies were not furnished by the concerned Ministries; thus, the amount of Government grants released by them was not available as of December 2005 (**Appendix-II**).

1.1.1 According to information furnished by various Ministries there were 198 central autonomous bodies as on 31 March 2005, 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. 3346.68 crore from the Union Government during 2004-05 (**Appendix-III**). Annual accounts of these entities are audited by Chartered Accountants.

1.1.2 Delay in submission of accounts by autonomous bodies

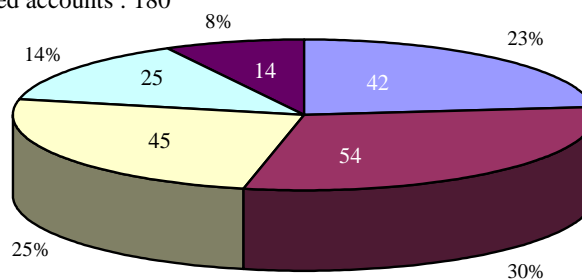
The Committee on Papers Laid on the Table of the House recommended in their First Report (5th Lok Sabha) 1975-76 that after the close of the accounting year, every autonomous body should complete its accounts within a period of three months and make them available for audit and that the reports and the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

For the year 2003-04, audit of accounts of 251 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 2004. Out of these, the accounts of 71 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 180 autonomous bodies was delayed as indicated below: -

Delay upto one month	42
Delay of over one month up to three months	54
Delay of over three months upto six months	45
Delay of over six months	25
Accounts/information not received by December 2005	14
Total	180

Extent of delay in submission of accounts

Total number of delayed accounts : 180



- 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 2005

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 were not received as of December 2005 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:

1.	National Commission for Backward Classes, New Delhi	1993-94 onwards
2.	Central Agricultural University, Manipur	2002-03 onwards
3.	Indian Council for World Affairs, New Delhi	1999-2000 onwards
4.	National Legal Service Authority, New Delhi	1997-98 onwards
5.	Bharat Shiksha Kosh, New Delhi	2002-03 onwards

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

According to the existing arrangements for entrustment of audit under Section 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 2005, 67 audit reports of 45 bodies have 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 Non-preparation of accounts by Central Universities in the Uniform Format of Accounts

Based on the recommendations of the Parliamentary Committee on Papers Laid on the Table, the Government of India, Ministry of Finance had prescribed a Uniform Format of Accounts to be adopted by the Central autonomous bodies with effect from the financial period 2001-02. However, the following Central Universities have not adopted the Uniform Format of Accounts. This has adversely impacted the quality of the annual financial statements of these universities:

1. Delhi University
2. Jamia Milia Islamia, New Delhi
3. Aligarh Muslim University, Aligarh
4. Banaras Hindu University, Banaras
5. Maulana Azad National Urdu University, Hyderabad
6. North-Eastern Hill University, Shillong
7. Assam University, Silchar

Information in respect of Central Agricultural University, Manipur, Imphal was not available.

On the matter being pointed out in audit, the Ministry stated (September 2005) that three Central Universities viz., Jamia Millia Islamia, Aligarh Muslim

University and Maulana Azad National Urdu University would hopefully adopt the uniform format of accounts from the annual accounts for the year 2005-06. It also stated that the remaining four Central Universities namely Delhi University, Banaras Hindu University, Assam University and North-Eastern Hill University had been experiencing certain problems in adopting the uniform format of accounts and they were in constant touch with the University Grants Commission to resolve the problems and switch over to the new format of accounts at the earliest.

The fact, therefore, remains that despite recommendations of a Parliamentary Committee and instructions of the Government of India, all the Central Universities have not switched over to the prescribed format of accounts with the result that the purpose of bringing similarity and transparency in accounts has not been achieved.

1.4 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 55155 outstanding utilisation certificates involving Rs. 14425.17 crore in respect of grants released upto March 2004 due by March 2005 (after 12 months of release of grant) are given in **Appendix-VII**.

Out of a total of 44141 utilisation certificates involving Rs. 12687.15 crore which were awaited from 10 major Ministries/Departments at the end of March 2005, 37597 certificates involving Rs. 7492.55 crore related to grants released upto March 2003 as shown below:

Utilisation certificates outstanding as on 31 March 2005

(Rupees in crore)

Sl. no.	Ministry/Department	For the period ending March 2004		For the period ending March 2003	
		Number	Amount	Number	Amount
1.	Elementary Education and literacy	1748	3941.51	1212	2132.48
2.	Health	2452	2943.81	1956	1975.33
3.	Family Welfare	1593	1877.58	1170	738.46
4.	Environment and Forests	6923	849.21	5923	726.32
5.	Youth Affairs and Sports	7278	676.99	5930	487.15
6.	Higher Secondary Education	3342	652.84	2510	404.96
7.	Social Justice and Empowerment	11664	583.51	10862	525.39
8.	Culture	8887	475.89	7866	394.57
9.	Urban Development	169	361.05	100	31.80
10.	Urban Employment and Poverty Alleviation	85	324.76	68	76.09
Total		44141	12687.15	37597	7492.55

Thus, Ministries/Departments before releasing grants to statutory bodies and non-government organisations did not satisfy themselves about utilisation of grants in 85 *per cent* cases involving 59 *per cent* of the total grants released.

Even though a very large number of utilisation certificates had not been received, yet the following Ministries/Departments¹ released fresh grants to the defaulting statutory bodies/non-government organisations during 2004-05 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 2004-05

(Rupees in crore)

Sl. No.	Ministry/ Department	Utilisation Certificates due		Amount of fresh grants released without obtaining utilisation certificates of previous year
		Number	Amount	
1.	Atomic Energy	2	1.50	1.00
2.	Andaman and Nicobar Administration	38	49.53	52.11
3.	Civil Aviation	1	0.17	1.00
4.	Chemical and Petrochemicals	1	1.33	23.05
5.	Finance	9	20.15	63.97
6.	National Legal Service Authority	205	15.05	3.15
7.	Tourism	2	0.75	3.00
Total		258	88.48	147.28

By releasing fresh grants without ensuring that the previous grants had been utilised for the purpose for which they were sanctioned, the Ministries/Department contravened one of the essential conditions for the release of further instalments.

¹ In terms of the information received from the Ministries/Departments as of December 2005.