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SPECIAL ISSUE ON AUTONOMOUS BODIES

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ABOUT THE INSTITUTE OF PUBLIC AUDITORS OF INDIA (IPAI)

The Institute of Public Auditors of India (IPAI) was established in 1996, with the Comptroller and Auditor General of India as its ex officio patron, primarily with the objective of spreading public awareness on accountability in governance and tapping the experience and expertise of audit and accounts professionals in assisting public authorities to improve accounting, auditing and financial management practices.

IPAI has established its credentials in the areas of internal audit and investigative examination, regulatory inspections, monitoring and evaluation of programmes/schemes/projects, internal controls and governance appraisals, management consultancy on behalf of the Union and State governments, autonomous organizations and local bodies.

IPAI has a presence across the country through its nineteen Regional Chapters located at Agartala, Ahmedabad, Allahabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Patna, Ranchi, Shimla, Srinagar and Thiruvanthapuram. This network helps IPAI to take up coordinated assignments on regional and all-India basis with oversight from the IPAI Headquarters. Each Chapter is equipped to undertake consultancy assignments and organize training programmes.

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FROM THE DESK OF EDITOR-IN-CHIEF

The global trend in the growth and diversification in governmental functions has been accompanied by another trend in governance paradigm: The emergence of parastatal bodies to supplement the work of core government. Two defining characteristics of parastatal bodies are their separate legal entity status and their functions mimicking the functions of State. These bodies are perceived as extended arms of governments operating in somewhat autonomous manner under attenuated controls - the controls that characterize more rigid functioning of core government. The parastatal bodies are expected to be governed in a somewhat 'autonomous' manner.

The dictionary meaning of the word "autonomous" is "self governing". Obviously therefore, such autonomous institutions were set up whenever it was felt that certain functions had to be discharged outside the governmental set up, with some amount of independence and flexibility, without the day-to-day interference of the governmental machinery. The parastatal bodies of varied organizational forms act as extended arms, agencies and instrumentalities of State.

The IPAI Editorial Board is happy to present this special issue of our journal on the theme of governance of a special type of parastatal bodies which are non-commercial/quasi-commercial in character. This monograph is an exploration of their role in the governance and public finance system in India, and issues connected with their financing and governance system from an accountability perspective.

We have attempted to summarize the regulatory framework for autonomous bodies provided under the General Financial Rules 2017 that supplements the specific laws governing them, their accounting system and their audit, especially by the CAG wherever applicable.

Highlights of the findings of the CAG concerning autonomous bodies have also been summarized. Finally, we take stock of the reforms initiated based on the recommendations of the Expenditure Reforms Commission, the reforms undertaken in the United Kingdom that provide important lessons in the Indian context; highlight some of the ongoing reforms and attempt crystal gazing at the emerging scenario in the governance paradigm of autonomous bodies.

We hope that the analysts and practitioners of public finance would find this compendium useful. An academic work is always open to comment / criticism and we welcome readers' feedback for effecting continuous improvement in the body of work done by the Institute of Public Auditors of India.

SUBHASH CHANDRA PANDEY

List of Abbreviations/Acronyms

AAI	Airports Authority of India
AERA	Airports Economic Regulatory Authority
AFT	Armed Forces Tribunal
AICTE	All India Council for Technical Education
APEDA	Agriculture Produce Export Development Authority
CAB/CABs	Central Autonomous Body/Bodies
CAG	Comptroller and Auditor General of India
CBSE	Central Board of Secondary Education
CCI	Competition Commission of India
CERC	Central Electricity Regulatory Commission
CGA	Controller General of Accounts
CSIR	Council of Scientific & Industrial Research
CSR	Corporate Social Responsibility
DDA	Delhi Development Authority
DRT	Debt Recovery Tribunal
ERC	Electricity Regulatory Commission
FSSAI	Food Safety and Standards Authority of India
GOI	Government of India
GSTAT	Goods and Service Tax Appellate Tribunal
ICAI	Institute of Chartered Accountants of India
ICAR	Indian Council of Agricultural Research
ICMR	Indian Council of Medical Research
IFRS	International Financial Reporting Standards

IIEST	Indian Institute of Engineering Science and Technology
IIFT	Indian Institute of Foreign Trade
IIT	Indian Institute of Technology
IOCL	Indian Oil Corporation Limited.
IRDAI	Insurance Regulatory and Development Authority of India
ITAT	Income Tax Appellate Tribunal
KVIC	Khadi and Village Industries Commission
MoRTH	Ministry of Road Transport and Highways
MPEDA	Marine Produce Export Development Authority
MSME	Ministry of Micro, Small and Medium Enterprises
NCLAT	National Company Law Appellate Tribunal
NDDB	National Dairy Development Board
NFRA	National Financial Reporting Authority
NGT	National Green Tribunal
NHAI	National Highways Authority of India
NHRC	National Human Rights Commission
NIT	National Institute of Technology
NMC	National Medical Commission
NOIDA	New Okhla Industrial Development Authority
NSDF	National Sports Development Fund
NTPC	National Thermal Power Corporation
ONGC	Oil & Natural Gas Commission

PFRDA	Pension Fund Regulatory and Development Authority
PSB	Public Sector Bank
RCT	Railway Claims Tribunal
REC	Rural Electrification Corporation
RERA	Real Estate Regulatory Authority
SBI	State Bank of India
SEBI	Securities and Exchange Board of India
SET	Securities Appellate Tribunal
SPA	School of Planning and Architecture
TDSAT	Telecom Disputes Settlement Appellate Tribunal
TIFR	Tata Institute of Fundamental Research
TRAI	Telecom Regulatory Authority of India
UGC	University Grants Commission
WDRA	Warehousing Development and Regulatory Authority

EVOLUTION AND PROFILE OF AUTONOMOUS BODIES: THE NON-COMMERCIAL PARASTATAL

Role of Autonomous Bodies in governance and public finance

Main ingredients of a modern nation State is the existence of a central authority claiming to exercise sovereign control over a certain territory and seeking to enforce its laws – the commands of the sovereign – while acting with or without the consent and representation of the people inhabiting the territory. Most popular form of this central authority is democracy where the real power to make and enforce laws vests in the different types and layers of representative governments with ultimate sovereignty vesting with the people who directly or indirectly elect their representatives. Various positions in the governing authority of a nation State are held by hereditary monarchs and/or by elected office bearers and selected officials. In the democratic government – of the British Commonwealth variety – that we the people of India have chosen under the Constitution of India, the executive power of the Union government vests with the President of India acting with the aid and advice of the Council of Ministers. The government is organized in various Ministries and Departments.

Benevolent sovereigns and representative governments serve the people not just by providing basic minimum functions of State like internal and external security, maintenance of law and order, administration of justice and calamity relief but also by assisting the people to be healthy, educated and skilled with access to livelihood opportunities and social security. Going beyond this basic set of functions is the expectation for the government to address socio-economic inequality while raising standards of life for all. That requires fair regulation and facilitation of trade and commerce, enforcement of contracts etc. The functions of State have expanded worldwide from a minimalist police state to cover a wide gamut of activities like regulation, promotion, welfare, infrastructure development and even direct provision of goods and services by the State itself engaging in business activities.

The global trend in the growth and diversification in governmental functions has been accompanied by another trend in governance paradigm: The emergence of parastatal bodies to supplement the work of core government. Two defining characteristics of parastatal bodies are their separate legal entity status and their functions mimicking the functions of State. These bodies are perceived as extended arms of governments operating in somewhat autonomous manner under attenuated controls – the controls that characterize more rigid functioning of core government. The parastatal bodies are expected to be governed in a somewhat 'autonomous' manner. The dictionary meaning of the word "autonomous" is "self governing". Obviously therefore, such autonomous institutions were set up whenever it was felt that certain functions had to be discharged outside the governmental set up, with some amount of independence and flexibility, without the day-to-day interference of the governmental machinery.

The practice of government departments transferring part of their work to be supplemented or amplified by separate legal entities - created for this sole purpose - is known as 'agencification' of government. It has been extensively studied as an established paradigm of new public management.

Keen observers of governmental functioning worldwide have noticed a trend toward 'agencification' of government. Increasingly, the government is seen transferring its functions to other entities – government agencies, instrumentalities, parastatal bodies – specifically created for this purpose. Primary motivation is to achieve greater flexibility in operations because core government functioning is found rather rigid and 'bureaucratic', a term often used with pejorative connotations. This trend is not a sudden or recent development but part of a longer term trend based on a global consensus that has evolved in public administration theory and practice.

The conference held in 1968 at the Minnowbrook Conference Center of Syracuse University in New York popularly known as the "Minnowbrook Conference" is an important milestone in this context. Since its inception in 1968, the 'Minnowbrook Conferences' has so far been held thrice in 1968, 1988 and 2008 and helped develop praxis of NEW PUBLIC ADMINISTRATION, NEW PUBLIC MANAGEMENT AND NEW PUBLIC SERVICE, respectively.

Systems of public administration have been disaggregated into a multitude of different kinds of (semi-) autonomous organizations, denoted as 'agencies' or 'quangos' (Flinders and Smith 1999; Pollitt and Talbot 2004). This disaggregation through 'agencification' is the result of a process of vertical and horizontal specialization, based on geography as well as different types of purposes, tasks, customer groups or processes (Christensen et al. 2007; Roness 2007). In this process of agencification and autonomization, the responsibilities and autonomy of public organizations are redefined (structural aspect). Moreover, the way in which they are controlled by government, including the mechanisms of accountability, is redesigned — mostly from *ex ante* to *ex post*, and from input-based to result-based rationales (functional aspect).[1]

The government agencies discharge government-like functions and responsibilities but are not part of core government and are regulated differently, under regulations that are supposedly

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[1] (Verhoest, K. (2013). Agencification Processes and Agency Governance: Organizational Innovation at a Global Scale?. In: Valkama, P., Bailey, S.J., Anttiroiko, AV. (eds) Organizational Innovation in Public Services. Governance and Public Management. Palgrave Macmillan, London. https://doi.org/10.1057/9781137011848_4)
https://link.springer.com/chapter/10.1057/9781137011848_4#citeas

less rigorous, and less rigid than the regulations pertaining to core government. The guiding purpose of creating these agencies is to provide flexibility from government regulations, mainly on financial management and human resource management.

Relevance of study of Autonomous Bodies in Public Finance

The different forms and structures of government and the different systems of decentralization of governmental functions make inter-country comparisons difficult. Therefore, attempts have been made to identify these differences and evolve common reporting parameters for fiscal and other aggregates. In this context, it is apt to refer to the Government Fiscal Statistics (GFS) brought out by the International Monetary Fund, last revised in 2014[2]. Relevant extracts from GFS 2014 are reproduced below:

"2.1 In principle, GFS should cover all entities that materially affect fiscal policies. Normally, fiscal policies are carried out by entities, established by political processes, wholly devoted to the economic functions of government (see paragraph 2.38), such as government ministries or municipal councils.

The term "government" is often used as a collective noun for various combinations of entities in a country involved in the functions of government, or reference is made to the various individual governments of a country. For example, a country may have one central government; several state, provincial, or regional governments; and many local governments. Nonprofit institutions under government control may also exist. In addition to those entities, government-owned or controlled enterprises that engage in some commercial activities may be instruments of fiscal policy (see paragraphs 2.104–2.105).

These government-owned enterprises, such as the central bank, post office, or railroad, which are often referred to as public corporations, state-owned enterprises, or parastatals in a legal

[2] https://www.imf.org/external/Pubs/FT/GFS/Manual/2014/gfsfinal.pdf

sense, may be part of the general government or public sector, and statistics should be compiled for all of them."

The term 'Autonomous Bodies' used in India is closest to the term 'Nonprofit institutions under government control' defined in IMF's GFS 2014. IMF expects member countries to strive towards a goal where their accounting and statistical systems are able to report consolidated receipts, payments and other fiscal aggregates for the 'general government' covering both national and subnational governments and 'Nonprofit institutions under government control' which exist as extended arms - agencies and instrumentalities - of government carrying out the governmental agenda of action in public interest.

Types of parastatal bodies

The parastatal bodies include commercially run corporations and companies and other entities of a non-commercial, not-for-profit character, clothed in a variety of organizational forms like Trusts, Societies, not-for-profit companies.

The Public Sector Undertakings (PSUs) which are organized either as Companies registered under the Companies Act, 2013 or as statutory corporations created under special laws passed by the competent legislature form an important class of parastatal.

Such PSU companies or statutory corporations owned by the Union government are regulated, in addition to the applicable regulatory framework of the Companies Act or the Act creating the PSU, by the Department of Public Enterprises, Ministry of Finance which is responsible for framing broad policies and guidelines applicable to all PSUs.

A common regulatory framework for the remaining parastatal bodies –statutory bodies and authorities like sector regulators, Trusts, Societies – is provided under the General Financial Rules, 2017 (GFRs) administered by the Department of Expenditure, Ministry of Finance. The GFRs supplement the regulatory framework under the specific law applicable to the body.

Some of these bodies are societies registered under the Societies Registration Act, 1860, some as Trusts under the Indian Trusts Act or under State Acts governing trusts, some incorporated as companies under Section 8 of the Companies Act, 2013 (Section 25, of the 1956 Act) while some are statutory bodies/authorities created under a general or special Central or State Act. Some autonomous bodies are created by administrative action through issue of Gazette Notifications. ABs established under Gazette Notifications are neither registered under the Societies Registration Act 1860 nor under any other Act. For example, National Cultural Fund, National Sports Development Fund, etc. In such ABs, the governance structure remains similar to any other AB.

Statutory autonomous bodies

Some Autonomous Bodies are statutory bodies created under specific Acts of Parliament or State Legislatures.

- Some statutory authorities are adjudicating/appellate bodies and tribunals having quasi-judicial functions (Lokpal, CVC, NHRC, TDSAT, SET, NCLT, NCLAT, ITAT, GSTAT, DRT, NGT, RCT etc.)
- Some statutory bodies are regulatory bodies tasked with regulation and development of economic activities in different sectors (SEBI, TRAI, IRDAI, PFRDA, CCI, CERC, State ERCs, RERAs, NFRA, FSSAI, AERA, WDRA, APEDA, MPEDA and Commodity Boards like the Tea Board, Coffee Board, Tobacco Board, Spices Board, Rubber Board etc.)
- Some like CBSE, UGC, AICTE, NMC, and ICAI are regulatory as well as standard setting bodies created by specific statutes for affiliation / accreditation of schools, technical education colleges etc.
- Area development authorities like DDA and NOIDA are engaged not just in developmental and regulatory activities

but also in direct provision of public infrastructure and services.

- Then there are statutory bodies governed by specific Acts of Parliament which are exclusively engaged in provision of public services and infrastructure (like Prasar Bharati, NDDB, FCI, NHAI, Major Port Authorities, UIDAI, KVIC, TDB, the Central Universities, Indian Institutes of Technology, National Institute of Design, National Institutes of Fashion Technology, AIIMS etc. Some like UGC and TDB also perform the role of a grant / loan sanctioning/disbursing agencies.

Non-statutory autonomous bodies

Non-statutory bodies organized as Societies or Trusts or not-for profit companies. Some large scientific organizations like the Indian Council of Agricultural Research (ICAR), Council of Scientific and Industrial Research (CSIR) and Indian Council of Medical Research (ICMR) are distinct legal entities as societies registered under the Societies Registration Act, 1860.

The Central Board of Secondary Education was set up in 1929 under a Government Resolution as 'an organisation to supervise and regulate High School and Intermediate Education' having an obligation to prepare its own 'annual accounts and balance sheet'. In 1935, it was converted into a Society registered under Societies Registration Act, 1860.

The National Health Authority (NHA) engaged in delivery of flagship schemes in the Health Sector like delivery of public services through 'Ayushman Bharat Pradhan Mantri Jan Arogya Yojana' and 'National Digital Health Mission' is a special autonomous body without a distinct legal status of its own. NHA is the successor of the National Health Agency, which was functioning as a registered society since 23rd May, 2018. Pursuant to Cabinet decision, National Health Agency was reconstituted as the National Health Authority on 2nd January 2019 as an 'attached office of the

Ministry of Health and Family Welfare with full functional autonomy'. It is governed by a Governing Board chaired by the Union Minister for Health and Family Welfare.

Profile of 'Central Autonomous Bodies'

Unlike the annual survey of public enterprises brought out by the Department of Public Enterprises, there is no overall report on autonomous bodies. Hence, a comprehensive database / listing of all the ABs intended to be so governed by GFRs are not available at one place nor can be prepared in the absence of a clear, formal definition of the term "Autonomous Bodies (ABs)".

However, the practitioners of public finance recognize these ABs as agencies and instrumentalities of government working as extended arms of government to carry out functions and activities what the government would have otherwise done itself. An AB is created by government – under a law or by executive action - to whom certain functions and activities are entrusted which are or were performed by the government directly. An AB is typically a distinct legal entity.

Some entities are officially declared as 'Autonomous Bodies' in the Allocation of Business Rules of Government of India which contains the schedules of work and subjects 'allocated' to different Ministries and Departments. These schedules also list the Subordinate Offices, 'Autonomous Bodies', Public Sector Undertaking, Statutory Corporations etc. with which the Ministry/Department is concerned, giving rise to the idea of 'administrative Ministry' for each of these 'entities'. For example, under the list of items of work allotted to Ministry of Road Transport and Highways, several entities are listed under the heading AUTONOMOUS ORGANISATIONS- Statutory and Autonomous Bodies and Training Institutes. It has sub-headings like the National Highways Authority of India (NHAI) listed under subheading 'Autonomous Bodies' and National Institute of Training for Highway Engineers listed under subheading 'Societies/Associations'.

How many Autonomous Bodies are there?

It is difficult to correctly estimate the number of autonomous bodies set up by the Central and State governments. There is no centralized repository even for each government. There is no nodal point in the central government coordinating autonomous bodies unlike central public sector enterprises (CPSEs), where the nodal role is played by Department of Public Enterprises.

An exhaustive list of 'Autonomous Bodies' is not available in any official publication partly because the term itself is not legally defined. We explore some sources to get a sense about the profile of autonomous bodies from public finance perspective.

The number of Autonomous Bodies: GoI web directory

As many as 563 entities were listed under the category 'Statutory / Autonomous Bodies'[3] and 292 entities under the category of 'PSUs / JVs / Companies / Societies[4] on the GoI web directory on 4th December 2022. So, the number of autonomous bodies should be at least 563.

The number of Autonomous Bodies : the CAG Reports

The number of Central and State level ABs under the audit jurisdiction of CAG has increased substantially as seen from following details though for various reasons of under-reporting, these numbers may not include all the ABs:

- In 1986-87, there were 169 Central ABs and 105 State ABs. [Page 294 - CAG of India Analytical History 1947-1989 by Shri RK Chandrasekharan]
- There were 322 ABs in 1995-96 and 437 ABs in 1998-99 covered under sole or superimposed audit by the CAG as per the CAG Reports for those years.

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[3] https://igod.gov.in/ug/E051/organizations
[4] https://igod.gov.in/ug/E059/organizations

- As on 31.03.2005, the number of Central ABs under sole audit of CAG grew to 253 receiving financial grant of Rs.12290.64 crore. [Page 554 – "A Thematic History 1990-2007 by Shri Vijay Kumar]5

- The CAG was the sole auditor in respect of 354 Central ABs. Grants /loans of Rs.32247.97 crore were released to 222 CABs during 2011-12. Information in respect of 132 was not furnished by the concerned Ministries. The Compliance and Performance Audit of 329 CABs (u/s 14(1)(2)) whose financial / certification audit was entrusted to private auditors is the responsibility of the CAG. As per information furnished by the concerned Ministries, grants / loans aggregating Rs.9572.32 crore were released to 236 ABs during 2011-12. Information in respect of remaining 93 bodies was not furnished by concerned Ministries. [CAG's Report No.23 of 2013 for the financial year 2011-12]

- As on 31.03.2018, there were 462 CABs under CAG's sole audit, i.e., excluding CABs subject to audit under the provisions of S.14. [Ref : CAG's Report No.2 of 2021]

Note : More details about number of CABs as per CAG's different Union Government – Civil (Other Autonomous Bodies) / Compliance Audit Reports since 2010-11 onwards are given in Annexure – I. The list is illustrative. Due to reallocation of work in the IAAD, different Audit offices have been entrusted audit of CABs. Hence, consolidated data and audit findings on autonomous bodies are no longer available in a single CAG Report. Different Compliance Audit Reports issued by those offices do not provide an overview of the autonomous bodies under their audit mandate.

[5] https://cag.gov.in/en/page-history-of-indian-audit-and-accounts-department

The number of Central Autonomous Bodies receiving grants-in-aid as per Union Budget

Subject to exceptions, an Autonomous Body is typically a distinct legal entity (a society, trust or not-for-profit company or a statutory body/ authority created as a body corporate under a specific law). An AB may or may not be necessarily dependent on government for recurring budgetary support. For, some may be provided one time corpus grants or authorized to collect certain fees and fines or otherwise enabled and endowed to be self-sufficient, say endowed with valuable public assets like land and creation of housing and commercial infrastructure. For example, area development authorities like DDA and NOIDA are given special rights over government lands to raise financial resources which are credited to their own accounts outside government accounts.

For the bodies and authorities receiving grants-in-aid from the Union government, summarised lists (though scattered and incomplete) are available in the Budget documents. Since these disclosure requirements are not standardised across Union and State governments, the practice across State is not uniform. This is one reason why Audit Offices find it difficult to maintain a comprehensive database of all grantee bodies to find out which are auditable by the CAG.

The Autonomous Bodies mainly financed by the Union government typically receive grants-in-aid or loans from the Consolidated Fund of India. The Expenditure Budget Vol I (Statements 23 & 24) contains list of these grantee Autonomous Bodies along with the amount of grants in aid for proposed to be provided in the budget. However, there would be autonomous bodies who do not receive grants from the central government. These Statements for Budget 2022-23 may be accessed at https://www.indiabudget.gov.in/doc/eb/vol1.pdf [**Statement 23** Budget Provisions under 'Grants-in-aid Salaries' and **Statement 24** Assistance given to Autonomous/Grantee Bodies].

Detailed Demands for Grants presented by Ministries/Departments (Union Government)

Statement 23 & 24 referred above are a secondary source where lists of grantee bodies are grouped and compiled and consolidated. The primary source is the Detailed Demands for Grants(DDGs) presented by Ministries/Departments which contain details of individual grantees receiving grants above a threshold monetary value say more than Rs.10 lakhs in the financial year to which the DDGs pertain. For example, Stt.23 and 24 of Expenditure Budget Vol. 1 contain a single line item for grants to 'Indian Institutes of Technology' as a grouped entry. To know about details of grants to individual IITs one needs to look into the DDGs of Ministry of Education.

Analysis of Budget 2022-23: Budgetary support to Autonomous Bodies

Statement 24 in the latest Expenditure Budget Vol I shows that in Budget Estimates 2022-2023, that during 2022-23, the grantee bodies would receive from the Union government Rs.34191.36 crore as Grants-in-Aid(General), Rs.20939.28 crore as Grants-in-Aid for creation of capital assets, Rs.45,207.3 crore as Grants-in-Aid for salaries and would have total resource availability of Rs.103,641.1 crore with the balance Rs.3,303.19 crore being contributed by their internal resources, grants from others sources and borrowings (IEBR- Internal and Extra Budgetary Resources). Total grants-in-aid from the Union government in 2022-23 is proposed to be Rs.100,337.94 crore. Actual amount of total grants-in-aid is not available from this Statement for any year. However, Statement 23 which contains details of only Grants-in-aid for salaries shows actual for 2020-21: Rs.42,331.43 crore against which Budget 22-23 provision for GIA(Salaries) is shown as Rs.48,981.11 crore. This does not tally with the figure of Rs.45,207.3 crore shown as BE22-23 of GIA (salaries) for 2022-23.

However, despite these differences in exact figures, it is seen that the total grants-in-aid in 2022-23 by the Union government to various grantee bodies is proposed to be over Rs.one lakh crore, which is significant when compared total 'net expenditure' of almost Rs.39.5 lakh crore budgeted for 2022-23. (Rs.39,44,909 crore). Gross disbursements from the Consolidated Fund of India budgeted are of course much higher, Rs.122,43,046.57 crore as per Demands for Grants and Rs.113,65,359.73 crore as per Annual Financial Statement. [vide Statement 17 in Expenditure Budget Vol 1 titled 'Reconciliation between expenditure shown in demands for grants, annual financial statement and expenditure profile statement 16'.

As further seen from the Analysis of Budget for the year 2022-23, as available in Websites[6], the total outgo to the CABs under different important ministries will be as under :

Ministry	**Amount (Rs. in crore)**
Education (ABs, Universities, IITs, UGC, AICTE, NITs, IIEST	40453 (39% of total budget of the Ministry)
Health ABs (including AIIMS, ICMR, statutory & regulatory bodies)	12655 (11.8% of the total budget of the Ministry)
Agriculture (ICAR, Central Agricultural Universities)	6476 (out of total budget of Rs. 8514 crore)
Commerce Tea Board, Coffee Board, Rubber Board, Spices Board, MPEDA, APEDA, IIFT, Indian Institute of Packaging	993 (out of total budget of Rs.6073 crore)

[6] https://prsindia.org/files/budget/budget_parliament

Some points about 'grants-in-aid' deserve mention as follows:-

- GIA-General and GIA-Salaries are not mutually exclusive. It is possible that GIA-General is for meeting both salary and non-salary expenses. (For example, National Human Rights Commission has provision for only GIA(General), not for GIA(Salaries) and also has no internal resource generation.)

- Some Autonomous Bodies are organised as not-for-profit companies and may get financial support from the government in the form of equity contribution instead of or in addition to grants-in-aid.

- Some statutory bodies collect fees and fines enabled by the statute (like SEBI and TRAI) besides receiving grants-in-aid from the government. However, these grantee bodies are not included in Statement 23 or 24 as seen from the omission of Telecom Regulatory Authority of India (TRAI) which receives grants-in-aid. Similarly, the Statements 23 & 24 do not cover all Demands for Grants such as those of Ministry of Defence and Railways. It implies that the scale of grants-in-aid to autonomous bodies of various legal forms is higher than that depicted in these Statements.

- **Access to CSR funds:** Companies Act 2013 as amended in 2014 has included provisions of Corporate Social Responsibility (CSR) - setting apart fixed percentage of profits by specified companies to be utilised on the projects / activities detailed in Section 135 and Schedule VII of the Act (Annexure-II). The list includes financial support to public funded universities, IITs, National Laboratories and autonomous bodies established by Departments of Atomic Energy, Bio-Technology, Science & Technology, ICAR, ICMR & CSIR etc. Some autonomous bodies are also dependent on CSR funds given by large PSUs / PSBs/ private sector corporate houses. Such ABs may also be receiving grants-in-aid from Central Government and CSR Funds. Funds like NSDF, NCF, PM CARES Fund etc are the beneficiaries of CSR Funds from major donors. Major CSR donors being ONGC, Coal India Ltd., IOCL, NTPC, AAI, SBI etc. The CSR funds are released for general and specific purposes / creation of infrastructure as per the CSR Policy of the CSR donor companies. Access to these extra-budgetary funds is expected to be shown as part of the IEBR – Internal and Extra Budgetary Resources.

- **Access to funding from Consultancy / sponsored research / IRD projects**: Besides CSR funds, many academic and scientific research and development bodies (IITs, SPAs, ICMR, Central Universities, NITs etc.) also have access to earning from Industrial Research & Development (IRD) / consultancy / sponsored research projects. This is an important area of applied research activity and involves giving technical / scientific advice on time bound and focused research inputs to industries, government bodies and PSUs. This type of activity is guided by the relevant rules, manuals, operational guidelines of the organization(s) concerned. It is essential for the CAB to charge administrative overhead for utilisation of manpower, resources, infrastructure of the institute on fixed percentage for credit to Institute account for furtherance of research promotion and IRD activities. Similarly, for distribution of funds received between the staff and the organization for the sponsored projects, instructions issued by the Ministry of Finance have to be referred to. In the CAG's Report No.13 of 2011-12 about setting up of National Institutes of Technology, a comment was made about "Absence of uniform guidelines for treatment of fee received from Testing and Consultancy jobs". It was also indicated that there were no specific guidelines of GOI for distribution of the consultancy fees between Institute Development Fund (IDF) and the staff and violation of NIT Guidelines.

[Ref : CAG's Report No.13 of 2011-12 – Para 3.6.1]

Major recipients of government grants-in-aid

The following is the list of major grantee entities whose total resource availability is more than Rs.1000 crore in 2022-23 as per Budget (The line items from Statement 24):-

Grantee Body/Bodies	Amount (Rs. in crore)
Central Universities	9,420
Indian Institutes of Technology	8,195
Kendriya Vidyalaya Sangathan	7,650
Indian Council of Agricultural Research (ICAR)	6,348
Council of Scientific and Industrial Research (CSIR)	5,103
University Grants Commission	4,901
National Institutes of Technology (NITs) and Indian Institute of Engineering Science and Technology (IIEST)	4,364
Prasar Bharati###	4,250
All India Institute of Medical Sciences, New Delhi	4,190
Navodaya Vidyalaya Samiti	4,115
Aided Institutions	2,821
National Mission for Clean Ganga	2,800
Indian Council of Medical Research, New Delhi	2,198
Eklavya Model Residential Schools (EMRS)	2,000
Post-Graduate Institute of Medical Education and Research, Chandigarh	1,840
Indian Institute of Science, Education and Research (IISER)	1,380

Grantee Body/Bodies	Amount (Rs. in crore)
Jawaharlal Institute of Post Graduate Medical Education and Research, Puducherry	1,340
Unique Identification Authority of India (UIDAI)	1,110
Centre for Development of Advanced Computing (CDAC)@@@	1,100

including IEBR of Rs.1,380 crore

@@@ including IEBR of Rs.850 crore

Major grantee bodies as per Budget 2022-23 are UGC, ICAR, CSIR, IITs, NITs, KVS, NVS, AIIMS and Prasar Bharti. as detailed above. An analysis of the Central assistance released to the central autonomous bodies as grants-in-aid during the years 2007-08 to 2011-12 revealed that five central autonomous bodies received maximum assistance.

Year	Amount of Central Grant to Central Autonomous Body (Rs. in crore)				
	ICAR	UGC	PB	CSIR	NVS
2007-08	2230.43	1836.34	1093.27	1863.70	1104.80
2008-09	2870.47	2514.00	1218.94	2356.20	1549.87
2009-10	3242.32	3195.91	1440.71	2666.44	1676.20
2010-11	5296.70	3573.54	1586.23	2929.34	1655.40
2011-12	4878.83	10136.00	1923.68	3139.30	1621.90

[CAG's Report No.23 of 2013]

During 2018-19, the amount of Central grants to the same five Central ABs was as follows:

(Amount: Rs. in crore)

ICAR	UGC	PB	CSIR	NVS
7654.82	11368.20	3101.26	4521.28	N.A.

In addition to above, the following Central ABs also received substantial funding from the Central Government

ICMR	KVS	National Mission for Clean Ganga	AICTE	SAI
1447.85	5006.75	2307.50	706.34	899.07

Total outgo to the 157 Central ABs was Rs.52337.24 crore. [Ref : Appendix-II of CAG's Report No. 2 of 2021]

Note : More details about the number of CABs and the grants in aid received by them since 2010-11 are given in **Annexure-III.**

REGULATORY FRAMEWORK FOR AUTONOMOUS BODIES

Extent of autonomy for Autonomous Bodies

The Autonomous Bodies are nonprofit institutions created on purpose to provide for more flexible operations that are difficult to achieve in relatively more rigid/'bureaucratic' operating environment within government. The Expenditure Reforms Commission (2001) had commented: *"The dictionary meaning of the word "autonomous" is "self governing". Obviously therefore, such autonomous institutions were set up whenever it was felt that certain functions had to be discharged outside the governmental set up, with some amount of independence and flexibility, without the day-to-day interference of the governmental machinery."*. Theoretically, these bodies should be 'autonomous' in their day to day operations and be controlled by government only at the macro level, for policy formulation and performance monitoring. There is always an institutional stress and strain regarding desirability of functional autonomy and tight regulation and control due to public funding involved with these entities.

An irresistible analogy in this context is that of remote-controlled drones or driverless cars. Autonomous drones are remote controlled. These are packed with requisite amount of energy source and equipped with navigation and guidance system. Drones are set free to navigate their further path in an autonomous manner only after equipping them well with necessary resources

The autonomy given is not absolute. It is always with respect to certain functions and purposes. Mechanisms of granting autonomy may vary. In some cases, it may be defined in detailed charters specifying what can be done while in others it may be by way of a negative charter specifying what they cannot do, i.e., specifying redlines, no-go areas.

What is the prevalent control regime for Autonomous Bodies in India? Are the controls excessive or relaxed? What are the mechanisms of ensuring accountability for desired, intended results? Is there a need to curtail government funding and nudge these bodies towards increased self-reliance in financial terms? What are challenges in such attempts? Some of these important questions have been dealt with in the succeeding paras.

Regulation through the applicable Acts

As noted above, Autonomous Bodies are set up using different mechanisms either under general or specific laws or through executive instructions. There are Autonomous Bodies governed by specific Acts of Parliament or State Legislation governing the composition, functions and powers of that Body. Some others are registered under the Societies Registration Act, 1860, Indian Trusts Act 1882, Charitable Endowments Act, 1890, Bombay Public Trust Act 1950, or the Multistate Cooperatives Act, 2002.

The Acts of Parliament or State Legislatures creating regulatory bodies for various sectors of economy empower the government to issue directions and also provide for the regulatory bodies giving recommendations, opinions and reports (suo moto or on specific reference). Broad regulatory framework for them mainly includes provision of audit of accounts by the CAG of India and submission of audited annual accounts with annual reports to the Legislature.

Regulation of Autonomous Bodies through General Financial Rules

The General Financial Rules are a thematic compendium of orders and instructions. These were first issued by the Union government in 1947 'bringing together in one place all existing orders and instructions pertaining to financial matters' and later revised in 1963, 2005 and 2017. Unlike the statutory rules issued under enabling provisions of the Constitution of India or an Act of Parliament, the GFRs are not delegated legislation. These are issued and amended by the Ministry of Finance, Government of India and also supplemented by additional orders/instructions from time to time.

During last revision of GFRs in 2017, the Government took note of many innovative changes in the way it conducts its business. Reforms in Government budgeting like removal of distinction in non-plan and plan expenditure, merger of Railway Budget with General Budget, focusing on outcomes through an improved Outcome Budget document, all needed to be reflected in the GFRs. Increased focus on Public Finance Management System (PFMS), reliance on the Direct Benefit Transfer (DBT) Scheme to ensure efficient delivery of entitlements, introduction of new e-sites like Central Public Procurement Portal, Government e-Marketing (GeM) Portal, Non-Tax Revenue Portal also necessitated revision of the existing GFRs to keep them in tune with the changing business environment. The objective was to make the GFRs facilitate efficiency rather than create impediments in smooth and timely implementation while following principles of accountability and procedures of financial discipline and administrative due diligence.

The Expenditure Management Commission was set up in 2014 to recommend ways in which efficiency of public expenditure could be increased. EMC made several recommendations especially with respect to Autonomous Bodies. The Public Accounts Committee in April 2015, Group of Secretaries in February 2016 and the Expenditure Management Commission in March 2016 had recommended setting up a Task Force to review the GFRs so as to frame comprehensive rules to address the issues.

The General Financial Rules 2017 (GFRs) contain several provisions about 'Autonomous Bodies' 'Autonomous/Statutory Bodies' and 'Autonomous Organizations' (collectively referred as simply ‘Autonomous Bodies’ hereinafter) without explicitly defining these terms. Almost all of these provisions are contained in two Chapters of GFRs: Chapter 6- PROCUREMENT OF GOODS AND SERVICES and Chapter 9 - GRANTS-IN-AID AND LOANS.

Rule 1 of GFRs stipulate that the provisions contained in the GFRs are deemed to be applicable to Autonomous Bodies except to the extent the bye-laws of an Autonomous Body provides for separate Financial Rules which have been approved by the Government.

The government control or lack of it (relative autonomy enjoyed by autonomous bodies) can broadly be classified into following areas: Recruitment of permanent and temporary personnel, their compensation package and social security, systems of procurement of goods and services, internal and external audit, vigilance and anti-corruption mechanism, asset control and governance, transparency and public disclosure obligations like obligations under Right to Information Act or inclusion of relevant information in the Annual Report of the Ministry/Department or the audited annual accounts and annual report of the Autonomous Body itself being placed in the Parliament or State Legislature along with audit report. Systems of Periodic performance monitoring, Peer Reviews, Performance evaluation by third party independent professional agencies and of entering into Memorandum of Understanding (MoU) between an Autonomous Body and the concerned Ministry/Department have also been institutionalized.

These are discussed below in detail.

Restrictions on creating new autonomous bodies or subordinate bodies of existing bodies. (Rule 229(i)-(iii))

No new autonomous institutions should be created by Ministries or Departments without the approval of the Cabinet. In order that this provision is not circumvented the Rules further stipulate that no new autonomous institution should be created by an Autonomous Body itself, the appraisal/approval process for creation of new autonomous bodies would apply in such cases too. However, Regional Centres/Offices/Sub-Stations of any autonomous body can be created with the prior approval of the administrative ministry in consultation with Ministry of Finance.

Stringent criteria should be followed for setting up of new autonomous organizations and the type of activities to be undertaken by them. The Ministry or Department should examine in detail: (a) whether the activities proposed to be taken up are necessary at all; (b) whether these activities, if necessary, need to be undertaken by setting up an autonomous organization only or whether these could be performed by the concerned Government agency or any other organization already existing.

These controls on creation of new Bodies and sub-Bodies grew out of concerns raised by the Expenditure Reforms Commission (2001) about proliferation of such bodies by various Ministries/Departments. Requirement of Cabinet approval for creation of new autonomous body was first introduced in 2001.

Internal resource generation (Rule 229(iv)-(v)

All autonomous organizations, new or already in existence should be encouraged to maximize generation of internal resources and eventually attain self-sufficiency. The Ministry or Department may consider creating a Corpus Fund for an Autonomous Body only with the prior concurrence of Ministry of Finance if the corpus is created out of budgetary allocation. If the corpus is created out of internal accruals of the body, approval of the administrative Ministry is mandatory.

User Charges: (Rule 229(vi)-(vii)

Governing Body of the Autonomous Body is required to review user charges/ sources of internal revenue generation at least once a year and inform the administrative Ministry. This exercise should preferably be completed before the formulation of Union Annual Budget.

All Autonomous Bodies are required to maintain database relating to grants, income, expenditure, investment assets and employee strength in the format prescribed by the Department of Expenditure, Ministry of Finance.

Some of the major autonomous bodies like KVIC, NHAI, NDDB and major Port Trusts operate public services of a commercial/quasi-commercial nature with significant operating revenues. They prepare their accounts under special instructions to reckon their operating deficit/surplus, return on capital employed etc.

Financial advice for Autonomous Bodies: (Rule 229(viii))

Every autonomous organization is required to designate an officer at appropriate level to render financial advice whose concurrence should be obtained for sanction and incurring of expenditure. The financial limits up to which such concurrence is mandatory may be drawn up by each organization. The Chief Executive Officer of the Autonomous body will be responsible for overall financial management of the autonomous bodies.

Performance Review of Autonomous Bodies

Under Rule 229 (ix), (x) and (xii) GFRs 2017, Ministries are required to put in place a system of external or internal peer review of autonomous organizations every three or five years depending on the size and nature of activity to focus, inter alia, on;

a. the objective for which the autonomous organisation was set up and whether these objectives have been or are being achieved;

b. whether the activities should be continued at all, either because they are no longer relevant or have been completed or if there has been a substantial failure in achievement of objectives.

c. whether the nature of the activities is such that these need to be performed only by an autonomous organisation.

d. whether similar functions are also being undertaken by other organizations, be it in the Central Government or State Governments or the Private Sector, and if so, whether there is scope for merging or winding up the organizations under review.

e. whether the total staff complement, particularly at the support level, is kept at a minimum: whether the enormous strides in information technology and communication facilities as also facilities for outsourcing of work on a contract basis, have been taken into account in determining staff strength; and whether scientific or technical personnel are being deployed on functions which could well be carried out by non-scientific or non-technical personnel etc.?

f. whether user charges including overhead/ institutional charges /management fee in respect of sponsored projects, wherever the output or benefit of services are utilised by others, are levied at appropriate rates?

g. what is the scope for maximizing internal resources generation in the organisation so that the dependence upon Government budgetary support is minimized?

An organisation whose performance is found to be outstanding and internationally acclaimed as a result of the peer review above is entitled to be granted greater autonomy and increased flexibility in matters of recruitment and financial rules thereby enabling it to devise and adopt staff structures, procedures and rules suited to improving their productivity. Findings of the peer review should be examined and put up for appropriate decision to the Secretary by the concerned programme division of the Administrative Department. Further releases of Grant (after three or five years, as the case may be), should be made conditional on conduct and decisions on the findings of such peer review.

The system of peer reviews was started when the GFRs were revised in 2005. There is no status report on the bodies where the peer review is due, in progress or has been completed. The requirements stems from an anxiety from public representatives about proper utilisation of government grants in an economical, efficient and effective manner for intended results.

The Public Accounts Committee of Parliament has recommended that the CAG should, in addition to the normal expenditure audit, undertake an achievement audit of these organizations indicating their original targets and achievements.

A periodic peer review – internal or external - or performance audit by the CAG of autonomous bodies may help the policy planners ascertain whether the autonomous bodies have been able to achieve the objectives for which they were set up and whether a certain autonomous body is still relevant and continues to serve a public purpose. The review could also examine whether the public purpose could be served in a more efficient manner by other entities in the Government or by the private sector.

However, one need not apply the same yardsticks as are commonly applied to profit oriented commercial enterprises. Efficacy and effectiveness of government investments in CPSUs can be substantially measured in terms of financial parameters such as return on capital or market capitalisation in the case of listed companies. However, the return on investments in autonomous bodies cannot be measured purely in financial terms because of their non-profit, promotional nature of activities where results take time to fructify and hence the time frame for evaluation needs to be over a fairly extended period. If the bodies are adjudged to meet the objectives for which they were set up, the financial parameters may be secondary, a function of budget affordability.

Besides the requirement of Peer Reviews, another instrument of performance oversight is the requirement of 'Achievement-cum- Performance Reports'. Under Rule 242, the Grantee Institutions or Organisations should be required to submit performance cum achievement reports soon after the end of the financial year, and in any case, not later than six months after the close of the financial year. The performance parameters should be clearly set to allow better oversight of the Autonomous Body.

Performance- cum-achievement reports need not be obtained for non-recurring Grants such as those meant for celebration of anniversaries, conduct of special tours and maintenance Grants for education. However, in the case of recurring Grants, submission of achievement-cum-performance reports should usually be insisted upon in all cases. However, in the case of Grants-in-aid not exceeding Rupees twenty five lakhs, the sanctioning authority may dispense with the submission of performance- cum-achievement reports and should, in that event, refer to the Utilization Certificates and other information available with it to decide whether or not the Grants-in-aid should continue to be given.

Reporting to Parliament

The Annual Reports and Audited Statements of Accounts of Autonomous Organisations are required to be laid on the table of the Parliament. In such cases, the Ministries / Departments need not incorporate performance-cum-achievement reports in the Annual Reports. In all other cases, if the Grants-in-aid exceed Rupees ten lakhs but less than rupees fifty lakhs, the Ministry or Departments of the Central Government should include a statement in their Annual Report of their own assessment of the achievements or performance of the Institution or Organisations.

In cases where the Grants-in-aid are for Rupees fifty lakhs or more, the Ministry or Departments of the Central Government should include in their Annual Report a review of the utilization of the Grants - in-aid individually, specifying in detail the achievements vis-à-vis the amount spent, the purpose and destination of Grants. v. Where the accounts of the Grantee Institutions or Organisations are audited by the CAG of India copies of the performance-cum-achievement reports, furnished by the grantee Institution to the Administrative Ministry or sanctioning authority should be made available to audit. In other cases, copies of such reports received by the Departments of the Central Government or the sanctioning authority should be made available to audit when local audit of such Grants - in - aid in the Administrative Ministry or Department or sanctioning authority is conducted or when it is called for by the Accountant General.

Certain Disclosures in Annual Reports of Ministries for certain bodies:

Administrative Ministries / PSUs /Subordinate / Statutory / Autonomous Bodies may have financial stakes in Public Private Partnerships (PPP)/ Production Sharing Contracts (PSCs)/ Joint Ventures (JV's)/ Subsidiary companies etc. In such case details of the financial stakes of the Government or other entities mentioned above, should be disclosed in the Annual Report of the Administrative Ministry. (Rule 91 GFRs 2017)

Memorandum of Understanding with the Administrative Ministry / Department: (Rule 229 (xi) GFRs2017)

Autonomous organizations as also others with a budgetary support of more than Rupees five crores per annum, should be required to enter into a Memorandum of Understanding with the Administrative Ministry or Department, spelling out clearly performance parameters, output targets in terms of details of programme of work and qualitative improvement in output, along with commensurate input requirements. The output targets, given in measurable units of performance, should form the basis of budgetary support extended to these organizations. The roadmap for improved performance with clear milestones should form part of the MoU.

There is no status report on the bodies which are required to enter into MoUs with their administrative Ministry and whether these have been have concluded or under finalisation. Some Ministries publish the MoUs on their website but since there is no mandatory requirement or standardization, it is not clear whether all or some MoUs are in public domain.

For example, a specimen of MoU between Ministry of Labour & Employment and Dattopant Thengadi National Board for Workers Education and Development (DTNBWED) for the financial year 2020-21 may be seen at http://cbwe.gov.in/images/upload/MOU-2020-2021_ZQC3.pdf

Conditions and considerations of making government grants

Rule 230 (3) Award of Grants stipulate that grants should be considered only on the basis of viable and specific schemes drawn up in sufficient detail by the institution or organisation. It implies a desire to shift away from general purpose grants to scheme/project-based financing. The budget for such schemes should disclose, inter alia, the specific quantified and qualitative targets likely to be attained against the outlay. In the cases of the schemes where Grants are given as part of the expenditure on reimbursement basis (i.e. the expenditure has already been incurred on approved project/scheme and reimbursement from the Government in the form of Grant/Subsidy etc. is due) the same will be treated as the Central Financial Assistance (CFA) and no Utilization Certificate shall be required in such cases of reimbursements.

Rule 230 (9) stipulate that in making Grants to Non-Government or Quasi-Government Institutions or Organisations, a condition should be laid down that assets acquired wholly or substantially out of Government Grants, except those declared as obsolete and unserviceable or condemned in accordance with the procedure laid down in the General Financial Rules, shall not be disposed of without obtaining the prior approval of the authority which sanctioned the Grants-in-aid.

Restrictions on assets financed by government grants: Building ownership stipulation

Rule 230 (13) stipulate that the sanctioning authority, while laying down the pattern of assistance, may decide whether the ownership of buildings constructed with grants-in-aid may vest with Government or the grantee Institution or Organisation. Where the ownership is vested in the Government, the grantee Institution or Organisation may be allowed to occupy the building as a lessee. In such cases suitable record of details of location, cost, name of lessee and terms and conditions of lease must be maintained in the records of the granting Ministry or Department. In all cases of buildings constructed with grants-in-aid, responsibility of maintenance of such buildings should be laid on the grantee Institution or Organisation.

Rule 309 require that except where otherwise provided in any law, rule or order relating to the transfer of Government land, no land belonging to the Government or any of its bodies, including autonomous bodies, PSUs, etc. shall be sold without previous sanction of the Government.

Rule 233 Funding of Sponsored Projects or Schemes.

Ministries or Departments of Government sponsor projects or schemes to be undertaken by Universities, Indian Institute of Technology and other similar Autonomous Organisations such as ICAR, CSIR, ICMR etc., the results from which are expected to be in national interest. Normally, the entire expenditure on such projects or schemes including capital expenditure, is funded by the Ministry or Department. The funds released for such projects or schemes in one or more installments are not treated as Grants-in-aid in the books of the implementing agency. Apart from the requirement of submission of technical and financial reports on completion of the project or scheme, a stipulation should be made in such cases that the ownership in the physical and intellectual assets created or acquired out of such funds shall vest in the sponsor. While the Project or Scheme is ongoing, the recipients should not treat such assets as their own assets in their Books of Accounts but should disclose their holding and using such assists in the Notes to Accounts specifically.

On completion of the Projects or Schemes and the receipt of technical and financial reports, the Ministries/ Departments should decide and communicate to the implementing agencies whether the assets should be returned, sold or retained by them.

If the assets are to be sold, the proceeds therefrom should be credited to the account of the sponsoring Department/ Organisation. If the assets are allowed to be retained by the Institution/Organisation, the implementing agency should include the assets at the book value in their own accounts.

Controls on cash management by Autonomous Bodies

The aggregate quantum of grants-in-aid to autonomous bodies is quite substantial (over Rs. one lakh crore p.a.). Hence, any delay in utilisation of grants by the recipient bodies entails interest cost to the government as it operates on interest bearing Ways and Means Advances from the Reserve Bank of India. It has been persistent effort of the government to release just enough funds that can be reasonably be utilised within a short time while not making these entities living from hand to mouth with just-in-time funds release. Therefore, systems of seeking 'utlisation certificates' has been introduced before releasing fresh funds. Under Public Financial Management System (PFMS), the recipient bodies provide a bank mandate to the grant sanctioning Ministry with viewing rights on the transactions in their bank accounts so that the Ministry can check the available bank balances before making fresh releases of funds. Pursuing this line of tight control of 'unspent/unutilised funds', a system of Treasury Single Account (TSA) has been introduced for some large Autonomous Bodies like ICAR under which they operate on special accounts opened directly with the Reserve bank of India whose balances merge with the cash balances of the Government of India. The relevant provisions of GFRs are quoted below:

Rule 238 (1) Utilization Certificates. *In respect of non-recurring Grants to an Institution or Organization, a certificate of actual utilization of the Grants received for the purpose for which it was sanctioned in Form GFR 12-A, should be insisted upon in the order sanctioning the Grants-in-aid. The Utilization Certificate in* *respect of Grants referred to in Rule 230 (10) should also disclose whether the specified, quantified and qualitative targets that should have been reached against the amount utilized, were in fact reached, and if not, the reasons therefor. They should contain an output based performance assessment instead of input based performance assessment. The Utilization Certificate should be submitted within twelve months of the closure of the financial year by the Institution or Organization concerned. Receipt of such certificate shall be scrutinized by the Ministry or Department concerned. Where such certificate is not received from the Grantee within the prescribed time, the Ministry or Department will be at liberty to blacklist such Institution or Organization from any future grant, subsidy or other type of financial support from the Government.*

Rule 238 (2) *In respect of recurring Grants, Ministry or Department concerned should release any amount sanctioned for the subsequent financial year only after Utilization Certificate in respect of Grants of preceding financial year is submitted. Release of Grants-in-aid in excess of seventy five per cent of the total amount sanctioned for the subsequent financial year shall be done only after utilization certificate and the annual audited statement relating to Grants-in-aid released in the preceding year are submitted to the satisfaction of the Ministry/Department concerned. Reports submitted by the Internal Audit parties of the Ministry or Department and Inspection Reports received from Indian Audit and Accounts Department and the performance reports if any received for the third and fourth quarter in the year should also be looked into while sanctioning further Grants.*

Rule 238 (3) *Utilization certificates need not be furnished in cases where the Grants -in –aid / CFA are being made as reimbursement of expenditure already incurred on the basis of duly audited accounts. In such cases the sanction letters should specify clearly that the Utilization Certificates will not be necessary.*

Rule 238 (4) *In respect of Central Autonomous Organizations, the Utilization Certificate shall disclose separately* *the annual expenditure incurred and the funds given to suppliers of stores and assets, to construction agencies, to staff for (House Building and Purchase of conveyance) which do not constitute expenditure at that stage but have been met out of Grants and are pending adjustments. These shall be treated as unutilized Grants allowed to be carried forward. While recording the Grants in the subsequent year the amount carried forward shall be taken into account.*

Rule 238 (5) *In the case of Private and Voluntary Organizations receiving recurring Grants-in- aid from Rupees ten lakhs to less than Rupees fifty lakhs, all the Ministries or Departments of Government of India should include in their Annual Report a statement showing the quantum of funds provided to each of those organizations and the purpose for which they were utilized, for the information of Parliament. The Annual Reports and accounts of Private and Voluntary Organizations receiving recurring Grants-in-aid to the tune of Rupees fifty lakhs and above should be laid on the Table of the House within nine months of the close of the succeeding financial year of the Grantee Organizations.*

Rule 238 (6) *In the case of organizations receiving one-time assistance or non recurring Grants as Grants-in-aid from Rupees ten lakhs to Rupees fifty lakhs, all Ministries or Departments of Government of India should include in their Annual Reports, statements showing the quantum of funds provided to each of these organizations and the purpose for which the funds were utilized, for the information of Parliament. The Annual Reports and Audited Accounts of Private and Voluntary Organizations or societies registered under the Registration of Societies Act, 1860, receiving one-time assistance/non-recurring Grants of Rupees fifty lakhs and above should also be laid on the Table of the House, within nine months of the close of the succeeding financial year of the grantee Organizations.*

Procurement

Rule 159 GFRs on E-Publishing make it mandatory for all Ministries/ Departments of the Central Government, their attached and Subordinate Offices and Autonomous /Statutory Bodies to publish their tender enquiries, corrigenda thereon and details of bid awards on the Central Public Procurement Portal (CPPP).

Individual cases where confidentiality is required, for reasons of national security, would be exempted from the mandatory e-publishing requirement. The decision to exempt any case on the said grounds should be approved by the Secretary of the Ministry/ Department with the concurrence of the concerned Financial Advisor. In the case of Autonomous Bodies and Statutory Bodies' approval of the Head of the Body with the concurrence of the Head of the Finance should be obtained in each such case. Statistical information on the number of cases in which exemption was granted and the value of the concerned contract should be intimated on a Quarterly basis to the Ministry of Finance, Department of Expenditure.

The above instructions apply to all Tender Enquiries, Requests for Proposals, Requests for Expressions of Interest, Notice for pre Qualification/ Registration or any other notice inviting bids or proposals in any form whether they are advertised, issued to limited number of parties or to a single party. In the case of procurements made though DGS&D Rate Contracts or through any other Central Procurement Organizations (CPOs) only award details need to be published. These instructions would not apply to procurements made in terms of provisions of Rules 154 (Purchase of goods without quotations) or 155 (Purchase of goods by purchase committee) of General Financial Rules.

Personnel policies

Recruitment and compensation policies decide the applicability of pay scales and other terms and conditions of service in Autonomous Bodies being the same as applicable to regular government employees or not and the scope of offering market related compensation to certain category of contract employees, applicability of job reservation for Scheduled Castes Scheduled Tribes, sportspersons and persons with disabilities.

Reservation policy

General Financial Rules (Rule 230 (17) require implementation of Job Reservation policy by Autonomous Bodies that are financially dependent on government grants. As a precondition to the sanction of grants-in-aid to the agencies where the recipient body employs more than twenty persons on a regular basis and at least fifty per cent of its recurring expenditure is met from grants-in-aid from Central Government. If the body is a registered society or a co-operative institution and is in receipt of a general purpose annual grants-in-aid of Rupees twenty lakhs and above from the Consolidated Fund of India; the grant sanctioning authority should ensure that a suitable clause is invariably included in the terms and conditions under which the grants-in-aid are given, to provide for reservation for Scheduled Castes and Scheduled Tribes or OBC in posts and services under such organizations or agencies.

Pay/allowances regulation

Grants-in-aid towards administrative expenditure may be sanctioned to voluntary organizations to ensure a certain minimum staff structure and qualified personnel to improve their effectiveness and expand their activities subject to the following terms and conditions:-

a) The grants-in-aid should not exceed twenty-five per cent of approved administrative expenditure on pay and allowances of the personnel of the voluntary organisation concerned;

b) Grants-in-aid to meet administrative expenditure to any private institutions other than the voluntary organizations should not ordinarily be sanctioned. In exceptional cases such grants can be considered for sanction in consultation with Internal Finance Wing.

c) All grantee Institutions or Organisations which receive more than fifty per cent of their recurring expenditure in the form of grants-in-aid, should ordinarily formulate terms and conditions of service of their employees which are, by and large, not higher than those applicable to similar categories of employees in Central Government. In exceptional cases, relaxation may be made in consultation with the Ministry of Finance.

Implementation of the 7th Pay Commission recommendations to the CABs was with specific riders issued by Ministry of Finance in OM dated 13.01.2017. It was provided therein that it would be necessary to ensure that the final package of benefits proposed to be extended to the employees of these Autonomous Organisations etc. is not more beneficial than that admissible to the corresponding categories of the Central Government employees. The final package recommended was required to be approved with the concurrence of the Ministry of Finance. It was also envisaged in the OM ibid that additional financial impact arising out of the implementation of the revised pay scales, as provided above, the parameters prescribed in the OM will be kept in view. [M/Finance, Department of Expenditure OM No.F.No.1/1/2016-E.III(A) dated 13.01.2017]

While almost all autonomous bodies now follow the pattern of pay and allowances admissible to Central Government employees, there is still significant variation in terms of coverage of healthcare benefits and retirement benefits. Some autonomous bodies have Contributory Provident Fund while some have shifted to pension and New Pension Scheme as applicable to Central Government employees. Recently, when the government contribution in NPS was raised from 10% of pay to 14% of pay, the Ministry of Finance categorically stipulated that these orders would not be automatically applicable to autonomous bodies but would require specific appraisal and approval on a case by case basis.

These controls on recruitment and remuneration policies as well as the controls on procurement of goods and services to comply with GFR requirements are often cited by Autonomous Bodies as indirect government controls that seem to militate against creation of the bodies to provide operational flexibility. The following comments / suggestions made by TRAI in its annual report for 2020-21 speaks for itself about remuneration control: *"4.24 If a minor portion of the licence fees being recovered from the regulatees is allowed to be utilized to meet TRAI's operational expenses, in the form of administrative charges, the need for governmental support in the form of grant-in-aid would totally cease. Such an arrangement would give TRAI the necessary flexibility and independence to perform effectively as an independent regulator. Regulators like IRDA, SEBI and RBI enjoy the freedom to recruit new talent at different levels from non-governmental sources also and determine their service conditions. There is an urgent need to emulate such healthy practices to enable TRAI to have the necessary skills to deal with the complex issues that arise in the telecom sector globally."*
https://www.trai.gov.in/sites/default/files/Annual_Report_06042022_0.pdf

MoF orders supplemental to GFRs 2017

A full list of orders issued by D/o Expenditure, Ministry of Finance concerning Autonomous Bodies are available on a specific webpage of Ministry of Finance. [https://doe.gov.in/order-circular-archives/Autonomous%20Bodies]

ACCOUNTING SYSTEM FOR AUTONOMOUS BODIES

Accounts of Grantee Institutions Rule 230 (5) of GFRs stipulate that the Central Autonomous Organisations which receive Grants should account for capital and revenue expenditure separately. The Government of India, Ministry of Finance has formulated standard formats for presentation of final accounts for all Central Autonomous Organisations. All Grant sanctioning authorities should enforce the condition of maintaining and presenting their annual accounts in the standard formats on all Central Autonomous Organisations. Rule 235 require that the Institutions or Organisations receiving grants should, irrespective of the amount involved, be required to maintain subsidiary accounts of the Government grant and furnish to the Accounts Officer a set of audited statement of accounts. These audited statements of accounts should be required to be furnished after utilization of the grants-in-aid or whenever called for.

Rule 237 prescribes the timelines for submission of annual accounts. The dates prescribed for submission of the annual accounts for Audit leading to the issue of Audit Certificate by the CAG and for submission of annual report and audited accounts to the nodal Ministry for timely submission to the Parliament are listed below:-

(i) Approved and authenticated annual accounts to be made available by the Autonomous Body to the concerned Audit Office and commencement of audit of annual accounts- 30th June.

(ii) Issue of the final SAR in English version with audit certificate to Autonomous Body/ Government concerned - 31st October.

(iii) Submission of the Annual Report and Audited Accounts to the Nodal Ministry for it to be laid on the Table of the Parliament -31st December.

Delays in submission of accounts to audit and presentation of audited accounts to the Parliament

Delay in rendition of accounts by CABs, resultant delay in audit and submission of audited accounts to the Parliament has been a persisting problem. The Committee on Papers Laid on the Table of the House had recommended in its First Report (Fifth Lok Sabha) 1975-76 that every autonomous body should complete its accounts within a period of three months after the close of the accounting year and make them available for audit. This is also stipulated in Rule 237 of GFRs 2017. The annual reports and audited accounts should be laid before the Parliament within 9 months of close of the accounting year.

The following details illustrate the issue of delays in submission of accounts to Audit and delays in presentation of audited accounts to the Parliament. The CAG report brings out that audit of accounts of 462 CABs was to be conducted by the CAG for the year 2017-18. Out of these, the accounts of 215 CABs were furnished after the due date as per details below:

Extent of delay	No. of CABs
Delay up to one month	81
Delay of 1 month to 3 months	58
Delay of 3 months to 6 months	41
Delay of over 6 months	35

In respect of 67 CABs for which audited accounts relating to the year 2012-13 to 2017-18 were issued but had not been presented to the Parliament as per the due date.

[Ref : Para 1.9 of CAG's Report No. 2 of 2021]

Accounting Standards for Central Autonomous Bodies

Autonomous bodies are institutions or organizations set up under specific statutes or as a society registered under the Societies Registration Act, 1860 or Indian Trust Act 1882 or other statutes, voluntary organizations or non-governmental organizations, Urban and Rural local self- government institutions, co-operative societies, societies or clubs etc.

Annual Financial Statements are written records that conveys the financial position and working result of an organisation/ institution. Annual Financial Statements include Balance Sheet, Income & Expenditure Statement and Receipt & Payment Account. The Balance Sheet provides the financial position of an organization/institution on a particular date. The Income & Expenditure focusses on organization/ institution's revenue & expenses and provides data on the working results of the organisation for a financial year. Receipt & Payment Account shows how well an organization generates cash to pay its debt obligation, fund its operating expenses and investments. Annual Financial Statements are an important tool for future decision making.

Evolution of a standard format of accounts for Central Autonomous Organisations/institutions:

The Central Autonomous Organisations did not follow any set pattern for presentation of their annual accounts. It was observed by Parliament Committee on papers in its 60th Report laid on the table of Rajya Sabha on 27th March, 1998 that the method of presentation of accounts of statutory Boards/Corporations/ Organisations was totally dismal and was not keeping with the requirement of transparency and exposure of professional skill of these organizations. The organisations do not lucidly present their accounts and a large number of accounts generally remain incomplete, unscrutinised and in arrears for several years. The Committee recommended urgently reviewing the methods of presentation of accounts of Central Autonomous Organisations who usually take pretext of not having a set standard of accounts as prescribed by Companies Act, 1956 in respect of Companies incorporated under the Act. The Committee, therefore, impressed upon the Government to set up a Committee of Experts including the representatives of the Institute of Chartered Accountants of India, Institute of Cost & Works Accountants and the C&AG to work out a format prescribing standard forms of accounts of all Central Autonomous Organisations/ institutes to bring similarity and transparency in presentation of their accounts.

The Committee of Experts as recommended by Parliament Committee was constituted on 12th May, 1999. Subsequently, in view of specific provision in the Acts of Autonomous Bodies which stipulate consultation with C&AG, it was felt by the office of C&AG that it would not be appropriate to associate themselves in the Committee. Accordingly, nomination of the representative of C&AG was withdrawn and in its place the Chief Advisor (Cost) of Indian Cost Accounts Department was included as member of the Committee.

The Committee deliberated on various issues in its meetings. The Committee also pursued latest Annual Reports of 13 Autonomous organizations viz. Karnataka Regional Engineering College, National Bal Bhawan, New Delhi, Regional Engineering College, Tiruchirapalli, Institute of Applied Manpower Research, New Delhi, The Rubber Board, The Coir Board, The Tea Board of India, Khadi & Village Industries Commission, Indian Council of Social Science Research, Central Board of Workers Education ,Employees State Insurance Corporation, V.V. Giri National Labour Institute and National Productivity Council. The Committee also studied Reports of CAG relating to Autonomous Bodies. Finally, the Committee in its Report (15 November, 2000) recommended a Uniform Format of Accounts and the manner in which the Financial Statements for the Central Autonomous Organisations should be prepared as given below:

A. Balance Sheet

B. Income & Expenditure Account

C. Schedules to the above Financial Statements

D. Instructions & Accounting principles

E. Notes & instructions for the schedules

F. Statement of Receipts & Payments

Salient features of the Uniform Format of accounts

Following are the salient features of the Uniform Format of accounts of the Central Autonomous Bodies:

(i) **One standard format of accounts:** All the Central Autonomous Organisations are required to prepare their Financial Statements in the Uniform Format.

(ii) **Additional information:** Within the Uniform format of Accounts further information may be given. Keeping in view any special features applicable in certain cases and specified Authorities, the statements may be prepared in the formats as near to the Uniform formats, as possible. This avoids rigidity in approach and gives flexibility in preparation of Financial Statements.

(iii) **Schedules to the Financial Statements**: Schedules have been so designed that they will provide adequate disclosure of all significant financial information of the organization.

(iv) **Concepts of 'Accrual System of Accounting' and 'Going Concern':** The concepts of 'Accrual System of Accounting' and 'Going Concern' are the underlying assumptions while preparing the Financial Statements.

(v) **Depreciation on Fixed Assets**: Depreciation is required to be recognized and provided for in the period in which the depreciable assets are used and over the useful life of the Assets.

Accounting Principles and Instructions:

The following Accounting Principles should be kept in view while preparing Financial Statements:

(i) **Consistency in following Accounting Policies:** Accounting Policies as followed by the Autonomous Organisaion shall be applied consistently from year to year. If there is a change in Accounting Policy in any year, the financial impact of the same should be quantified, as far as possible and disclosed in the Financial Statement of that year.

(ii) **Substance over form:** Accounting treatment of transactions in the Financial Statement shall be governed by their substance and economic reality and not merely by legal form.

(iii) **Concept of Materiality:** A financial information is considered to be material if it has the potential to alter the view or opinion of a reasonable person. While making disclosures in Financial Statements due consideration shall be given to the concept of materiality. Any item under the head 'Miscellaneous Expenditure/Income' which exceeds one per cent of the total turnover/income of the organization or Rs. 50,000/- whichever is higher shall be classified as a separate item under an appropriate head of account.

(iv) **Provisions:** Provision should be made for all known liabilities and losses even though the amount cannot be determined with substantial accuracy.

(v) **Disclosure of Contingent Liabilities:** A contingent liability is a potential liability or loss that may occur depending on the outcome of an uncertain future event. Contingent Liabilities/losses should be disclosed by way of Notes to the Financial Statement.

(vi) **Disclosure of Prior Period Items & Extraordinary**

Items: Separate disclosure of Prior Period Items and Extraordinary items shall be made in the Income & Expenditure Account in a manner that their impact on the current year's working results can be perceived.

(vii) **Revenue Recognition:**

Revenue shall not be recognized unless:

(i) The related performance has been achieved and property in the goods along-with all significant risks and rewards of ownership have been transferred for a consideration;

(ii) No significant uncertainty exists regarding the amount of receivable consideration; and

(iii) It is not unreasonable to expect ultimate realization of the amount of revenue.

The Common Format was sent to all Ministries/Departments for its implementation by Autonomous Bodies under their control vide Joint Controller General of Accounts D.O. letter No. CDN/MF-CGA/98-99/pt.file/576-627 dated 03.01.2002. The CABs were mandated to compile their annual accounts in the Common Format of Accounts w.e.f. 2001-02. The Common Format was not made applicable to Autonomous Bodies governed by separate Act (and where CAG was also the sole auditor) initially, as the C&AG office was not in favour of adoption of common format in place of existing formats. However, later on the issue was revisited by the office of the C&AG and they expressed the view that several shortcoming of the accounting format of these Autonomous bodies would be overcome by adopting Common Format. It was, therefore, decided to implement Common Format also in Autonomous Bodies governed by separate Act (and where C&AG was also the sole auditor) as conveyed by office of Controller General of Accounts vide letter No, 10(1)/Misc./2005/TA/450-490 dated 23.07.2006.

The State Autonomous Bodies may or may not adopt Uniform Format of Accounts.

The Ministry of Education prescribed a separate set of format of accounts for financial reporting applicable to higher educational institutions from 2014-15 (vide letter No.29-4/2012-IFD dated 1st April 2015). These formats are quite detailed requiring exhibition of various components of grants / utilization of funds.[7]

For some statutory bodies (like National Highways Authority of India, Airports Authority of India, TRAI, Coir Board etc.), the form of accounts are prescribed by the government in consultation with the CAG.

In 2003-04, the Ministry of Shipping and Transport prescribed, in consultation with CAG, Common Accounting Framework for Major Port Trust Authorities.

The Uniform format of accounts also provide for adoption of Accounting Standards issued by ICAI.

Forms of accounts are mostly modelled on the old Schedule VI of Companies Act, 1956 which has since been amended. However, most authorities continue to follow old formats as formal amendments are pending. The format of Revised Schedule VI is based on International reporting frame work and IND AS being converge version of IFRS for India, when implemented will make financial statement as per Revised Schedule VI understandable in India as well as abroad. Accounting Standards issued by the ICAI for companies provide uniformity in measuring, recognition, treatment and disclosure. Adoption of Revised Schedule VI would help these authorities especially when they approach capital market for raising funds through bonds/debentures. In case of NHAI, at the time of raising of funds through public issue of bonds NHAI had to prepare its financial statements for various past years on the basis of revised Schedule VI.

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7 https://www.education.gov.in/en/formats-financial-statements-central-higher-educational-institutions [last updated 5 May 2015]

AUDIT OF AUTONOMOUS BODIES

Provisions in the GFRs and the CAG's (DPC) Act, 1971.

Rule 236 of GFRs about audit of accounts stipulate that the accounts of all Grantee Institutions or Organisations shall be open to inspection by the sanctioning authority and audit, both by the Comptroller and Auditor General of India under the provision of CAG(DPC) Act 1971 and internal audit by the Principal Accounts Office of the Ministry or Department, whenever the Institution or Organisation is called upon to do so and a provision to this effect should invariably be incorporated in all orders sanctioning Grants-in-aid.

The accounts of the Grantee Institution or Organisation are audited by the CAG under Section 14 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971, if the Grants or loans to the institution in a financial year are not less than Rupees twenty five lakhs and also not less than seventy-five percent of the total expenditure of the Institution. The accounts may also be audited by the Comptroller and Auditor General of India if the Grants or loans in a financial year are not less than Rupees one crore. Where the accounts are so audited by the CAG in a financial year, he shall continue to audit the accounts for a further period of two years notwithstanding that the conditions outlined above are not fulfilled.

Where any Grant and /or loan is given for any specific purpose to any Institution or Organisation or authority, not being a foreign State or international Body/Organization, the Comptroller and Auditor General is competent under Section 15 (1) of the CAG's (DPC) Act, 1971, to scrutinize the procedures by which the sanctioning authority satisfies itself as to the fulfillment of the conditions subject to which such Grants and/or loans were given and shall, for this purpose, have right of access to the books and accounts of that Institute or Organisation or authority.

In all other cases where the CAG's audit is not contemplated, the Institution or Organisation should get its accounts audited from Chartered Accountants of its own choice. Where the CAG is the sole auditor for a local Body or Institution, auditing charges is payable by the auditee Institution in full unless specifically waived by Government.

For some statutory bodies like the Central Warehousing Corporation, auditors are appointed by the CAG. For the Institute of Chartered Accountants of India, a firm of chartered accountants is to be appointed annually by the Council from the panel of auditors maintained by the CAG.

The accounts of three classes of bodies and authorities are accessible to the CAG for audit or inspection (i) those receiving grants/loans from governments (S.14 and 15 of the DPC Act); (ii) Government companies (S.19 ibid); statutory bodies created by specific Acts of Union, State or UT Legislature(S.19 (2) & (3) ibid); and (iii) other legal entities whose audit may be entrusted to the CAG by the government at its on instance or at the instance of the CAG (S.20 ibid). ('Authority' has been interpreted to mean a person or body exercising power or command. 'Body' has been interpreted to mean an aggregate of persons, incorporated or unincorporated.)

S.14 of the DPC Act authorizes the CAG to audit the accounts of 'substantially financed' bodies/authorities receiving financial assistance in the form of grants or/and loans from the Government of India or a State or Union Territory, subject to certain conditions and criteria specified in those Sections. S.14 provides for audit of receipts and expenditure of bodies or authorities 'substantially financed' from Union or State Revenues. A 'substantially financed' body or authority is one which receives not less than rupees 25 lakhs as aggregate grants/loans from the Consolidated Fund of India or of any State or of any Union Territory having a Legislative Assembly in a financial year and the aggregate amount of such grants/ loans is not less than 75% of the total expenditure of that body or authority in that year. In such cases, a duty is enjoined on the CAG to audit all receipts and expenditure of that body or authority and to report of the receipts and expenditure audited by him, subject to the provision of any law for the time being in force applicable to the body or authority.

S.14(2) of the Act mandates that the accounts of a body or authority receiving aggregate grants/loans of not less than rupees one crore in a financial year may be audited by the CAG with the previous approval of the President/Governor/Administrator, as the case may be. In the case of Union Government, Rule 236 (2) of General Financial Rules, 2017 have given a standing authorization to the CAG to audit a body/authority receiving grants/loans of Rs.1 crore or more in the year in which the grants/loans are received and in two subsequent years.

S.14(3) of the Act mandates that when the receipts and expenditure of a body or authority are audited by the CAG under S.14(1) or S.14(2) of the Act, the CAG's authority to audit shall continue for further period of two years irrespective of the fact whether S.14(1) or S.14(2) was attracted in any of the subsequent two years.

S.15 of the Act authorizes the CAG to inspect the accounts of certain bodies/authorities for a limited purpose. For any grant or loan given from the Consolidated Fund of India or of any State or of any Union Territory having a Legislative Assembly given by the Government, the CAG has an implicit duty under S.13 of the Act, to examine and verify the regularity and admissibility/justification for the grant or loan, the fulfilment of the conditions governing the grants and loans and its utilization for the purposes for which it was disbursed. However, this provision of the Act specifically provides for a mandatory duty of the CAG where such grant/loan is given to a domestic authority or body (i.e., not being a foreign State or international organization) for any specific purpose. The CAG is then mandated to scrutinize the procedures by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which such grants or loans were given and is to be granted for this purpose right of access, after giving reasonable previous notice, to the books and accounts of that authority or body. However, the President, the Governor of a State or the Administration of a Union Territory having a Legislative Assembly, as the case may be, may, where it is considered necessary so to do in the public interest, relieve the CAG, after consultation with him, from making any such scrutiny in respect of any body or authority receiving such grant or loan.

In case the specific purpose grant or loan is given to a statutory corporation which by law is audited by an agency other than the CAG, the CAG's shall not have right of access to the books and accounts of any such Corporation unless specifically authorized by the President, the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly. Such an authorization to the CAG can be given only after consultation with the CAG and after giving the concerned Corporation a reasonable opportunity of making representations with regard to the proposal to give to the CAG right of access to its books and accounts.

Section 17 of the Act vests in the CAG the authority to audit and report on the accounts of the stores and stock kept in any office or department of the Union or a State or a Union Territory. Thus, the CAG's authority to audit extends beyond financial transactions and accounts to the accounts of stores and stock, a generic term to cover all physical assets.

Section 19(1) of the Act mandates that the duties and powers of the CAG in relation to the audit of the accounts of 'Government Companies' shall be in accordance with the provisions of the Companies Act, 2013. Section 19(2) of the Act mandates that the duties and powers of the CAG for the audit of accounts of corporations created under Parliamentary Acts shall be in accordance with the provisions of those Acts. Section 19(3) of the Act authorize the Governor/Administrator to request the CAG to audit the accounts of any corporation established by law made by the State/UT Legislature if such audit is considered desirable in public interest after consulting the CAG and after giving reasonable opportunity to the corporation to make representations with regard to the proposal for such audit. After final decision is so taken, the CAG shall have, for the purposes of such audit, right of access to the books and accounts of such Corporation. Under Section 19A of the Act, the reports of the CAG in relation to the accounts of a Government Company or a Corporation audited under Section 19 are to be submitted to the Government or Governments concerned for being laid before the concerned Legislature.

S.20 of the Act enables audit of the accounts of certain bodies or authorities being entrusted to the CAG even if the entity is not auditable by the CAG under any law made by Parliament. Under S. 20(1) of the Act, the CAG has the duty to audit the accounts of such an authority or body if he is formally requested, after prior consultation with the CAG, by the President or the Governor of State/Administrator of a Union Territory having a Legislative Assembly, on such terms and conditions as may be agreed upon between him and the Government concerned. For the purpose of audit, the CAG has the right of access to the books and accounts of the authority or body.

S.20(2) of the Act empowers the CAG to propose to the President or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly to authorize him to undertake the audit of the accounts of a body or authority if he is of the opinion that such audit is necessary because a substantial amount has been invested in or advanced to the body or authority by the Government concerned.

Audit of an authority or body can be so entrusted to the CAG only if it serves public interest and only after giving a reasonable opportunity to the concerned authority or body to represent against such proposed audit.

The words "body" and "authority", used in Article 149 of the

Constitution and concomitantly in the DPC Act have not been defined either in the Constitution or in the Act. The "authority" has been interpreted by the Attorney General of India to mean a person or body exercising power or command vested in it by virtue of provisions in the Constitution or Acts passed by the Parliament or the State Legislatures. "Body" has been interpreted by him to mean an aggregate of persons, whether incorporated or unincorporated and hence would include institutions or organisations set up under specific statutes or as a society registered under the Societies Registration Act, 1860 or Indian Trust Act 1882 or other statutes, voluntary organisations or non-governmental organisations, Urban and Rural local self government institutions, co-operative societies, societies or clubs and even a Company or Corporation. Thus, if a Company or Corporation is not covered by Section 19(1), 19(2), or 19(3) of the Act it is open to take up audit under Section 14(1), 14(2) or 20(2), as the case may be, subject to the conditions specified in each section being satisfied. The above understanding has now been codified under Audit Regulation 83.

In National Dairy Development Board Vs. CAG of India., the petitioner had challenged the authority of the CAG to conduct audit of NDDB's accounts under S.14 (2) of the DPC Act as the NDDB Act, 1987 had a provision of overriding effect to the NDDB Act over any other law. Dismissing NDDB's resistance to audit by the CAG, the Delhi High Court decided that the CAG Act being a Special Act would prevail over the NDDB Act. Hence, the CAG can conduct audit under Section 14 (1), 14 (2) or 15 of the DPC Act in respect of even those statutory corporations whose annual accounts are to be normally audited by statutory auditors other than the CAG.

The CAG audit of government funded bodies/authorities is in public interest and the Public Accounts Committee of Parliament has recommended that the CAG should, in addition to the normal expenditure audit, undertake an achievement audit of these organizations indicating their original targets and achievements.

Despite clear provisions under Section 18 of the DPC Act about right of access for all types of audit under any Section of the Act, it is also desirable to persuade the Governments to include in the conditions of grants, loans or investments an enabling clause to the effect that the books and accounts of the recipient institution shall be made available to the CAG.

Audit under S.14 is "subject to the provisions of any law for the time being in force applicable" to the autonomous body/authority. Thus, CAG audit will co-exist with and complement/supplement rather than supplant the audit arrangements that may be specified in such law.

Instead of giving financial support through grants/loans in cash, a government may authorize an autonomous body to collect specified taxes and duties or other compulsory statutory levies (not in the nature of user charges) and appropriate the revenue so collected for specified purposes. In such cases, since the revenue would have been ab initio accounted for in the Consolidated Fund had it been collected directly by the government, such arrangement can be treated as grants for the purpose of S.14 of the CAG's DPC Act, 1971.

Audit Regulation 23 prescribes that the scope of audit of expenditure and receipts extends to any Body or Authority, prescribed by or under any law made by Parliament/ Legislature.

In particular, Regulation 23(6) provides as follows: *"All orders relating to grant of land, assignment of revenue or concession, grant, lease or license of mineral or forest rights or a right of water power, or any easement or privilege in respect of any such concession or which in any way involve relinquishment of revenue shall come within the purview of Audit as they have important financial implications. The audit of such sanctions by the Government shall be conducted from the point of view of both, regularity and propriety."*

In the audit of grantee bodies, an outstanding issue has been the audit of sub-grantees, when there is conscious institutional arrangements for layering of grants/loans Where a grantee or loanee in turn extends grants/loans to other entities, can Audit ‘follow the rupee’ and seek audit of those subsequent grantees/loanees? Where will the chase end as ultimate grantee may be an individual getting cash incentive, subsidy, scholarship or pension or ex gratia? In case of large fund flow, the Audit Offices may propose entrustment of audit of intermediate bodies to the CAG following the procedure prescribed in S.20 and instructions of IAAD.

Legal difficulties may arise in bringing societies receiving the financial assistance from Apex bodies under the scope of Section 14 of the Act (such as universities receiving grants from the University Grants Commission). However, in case the Apex body itself comes under audit purview under Section 14, its records may be scrutinized to see whether they have adequate arrangements to follow up the grants / loans given to the Societies. If the arrangements are not found satisfactory the matter may be discussed with the Head of the Apex body in the course of which a suggestion may be made that the accounts of the recipient bodies may be subjected to audit by the CAG. Such requests from the apex body will be sufficient authority for the concerned Audit Office to conduct the audit of such Societies as a part of audit of the Apex body.

Accordingly, under an arrangement agreed between the CAG and the UGC, the compliance audit of UGC-aided colleges in Delhi is conducted by the CAG (without certification of their accounts). Scope exists for extending such coverage to other aided universities and colleges.

Audit Regulation 89 prescribe that for the purpose of determining the CAG’s right to audit under S.14(1), by applying the limits of Rs.25 lakhs and 75%, the aggregate of the grant and/or loan in any financial year given by multiple governments will be clubbed together with the carried over unutilised portion of grant/loan given to that body/ authority in the preceding financial year will be taken into consideration while determining the applicability of Section 14. When the accounting year of a body or authority is not identical with the financial year of Government, Section 14 may be applied with reference to the normal accounting period of the particular body or authority. Further, the term 'total expenditure' used in the 'Explanation' under Section 14(1) of the Act is to be interpreted to mean both revenue and capital expenditure but payments of purely deposit nature (such as deposits for works done, income tax recoveries, advances to staff, investments of cash balance and transfer of cash between office and bank etc.) should not be regarded as expenditure for the purpose of Section 14.

An important case on entrustment of audit to the CAG under Section 20 of the DPC Act is awaiting the verdict of Supreme Court. The Delhi Government had entrusted the audit of (private) power distribution companies to the CAG which was completed but this decision was set aside by the Delhi High Court and an appeal in the Supreme Court is pending.

Audit of autonomous Bodies is conducted on behalf of the CAG as per the approved Auditing Standards. These standards prescribe the norms which the auditors are expected to follow in conduct of audit and require reporting on individual cases of non-compliance as well as on weaknesses that exist in systems of financial management and internal control of the entities audited. The audit process commences with the assessment of risk of the Ministry/ Department as a whole and of each unit based on expenditure incurred, the criticality/ complexity of its activities, the level of delegated financial powers, and assessment of internal controls and concerns of stakeholders. The Audit findings/ observations are expected to enable the Executive to take corrective action(s), also to frame policies and procedures that will lead to improved financial management of the organizations, thus, contributing to better governance. The important audit observations arising out of these Inspection Reports are issued separately as draft Audit paragraphs to the heads of the Administrative Ministries/ Departments for their comments and processed for inclusion in the

Audit Reports which are submitted to the President of India under Article 151 of the Constitution.

In case of autonomous bodies, financial/ compliance/ performance audits may be conducted. Financial audit encompasses certification of annual accounts of the AB for expression of an opinion on the financial statements of an entity. Compliance Audit refers to examination of transactions relating to expenditure, receipts, assets and liabilities of audited entities and it is an assessment as to whether the provisions of the Constitution of India, applicable laws, rules and regulations made there under and various orders and instructions issued by the competent authority are being complied with' and also to determine their legality, adequacy, transparency, propriety, prudence and effectiveness in terms of achievement of the intended objectives. The Performance Audit, also referred to as 'Value for Money' audit has been defined as 'an audit of the economy, efficiency and effectiveness with which the audited entity uses its resources in carrying out its responsibilities'.

Audit of regulatory bodies

Regulatory bodies are established either as a separate legislation or as a· part of the general legislation governing a particular sector (like TRAI, SEBI, CERC, IRDAI etc.) These Acts often provide for their audit by the CAG. The basic principles and norms of audit remain the same as applicable to audit of government but care has to be taken to ensure that the CAG audit does not interfere with their statutory functions and create any situation of avoidable conflict in discharge of statutory functions. For example, Section 23(2) of the TRAI Act, 1 997 (as amended in 2000) stipulates that the decisions of the Authority that are appealable to the Appellate Tribunal are not subject to audit by CAG. The audit should be within the sphere of the provisions made in the relevant Act regulating such bodies in order to avoid any confrontation between the Act and the guidelines. Hence, Compliance Auditing should follow the Compliance Audit Guidelines envisaging a risk based approach to compliance audit. The executive functions such as granting licences/ approvals and clearances, charging fees, tendering and contract management etc., which are generally based on or guided by a set of criteria/ framework as also the process of executive decision making would be covered in compliance audits. However, the orders passed by regulatory bodies in exercise of their quasi-judicial functions, as its legality and justiceability are outside the scope of audit. However, the conduct of compliance audit around the quasi-judicial functions would be regulated on a case to case basis considering the complexity involved and the varying nature and scope of each review/ audit around quasi-judicial functions.

An over view of the Reports of the CAG of India on Autonomous Bodies

The coverage of audit of autonomous bodies does not follow any pre-set pattern. Figures available in CAG's audit reports over the years indicate approximately 600-700 central autonomous bodies are auditable by the CAG. Since the audit comments if any are included in the reports of the CAG covering the 'administrative Ministry/Department' of an autonomous body, there is no comprehensive listing of autonomous bodies.

The last report of the CAG that was exclusively devoted to autonomous bodies was Report no. 23 of 2013 for the financial year 2011-12. Results of scientific institutions (like ICAR, CSIR, TDB etc.) had been incorporated in a separate report i.e. Report No 26 of 2016.

Consequent on reorganization, the results of working and compliance audit of CABs are included in the CAG's different Reports (Compliance Audit). Additionally, CAG's Standalone reports also detail findings/observations noticed during performance audits of CABs.

The Department has also laid emphasis on ensuring that CABs under different Ministries are also adequately covered in different audits. Illustrative details of Administrative Ministries of CABs covered under Compliance and Performance Audit(s) are as follows: Agriculture & Farmers Welfare, Atomic Energy, AYUSH, Chemical & Fertilizers, Commerce & Industry, Coal, Corporate Affairs, Consumer Affairs, Food and Public distribution, Environment & Forests, MEITY, External Affairs, Finance, Education, Health & FW, Housing & Urban Affairs, Information & Broadcasting, Labour & Employment, MSME, Petroleum & Natural Gas, Power, Shipping, Social Justice & Empowerment, Statistics & Programme Implementation, Textiles, Tourism and Youth Affairs & Sports

Financial / Certification Audits

The CAG's Compliance Audit Reports on the Union Government (Civil) also cover important deficiencies included in the Separate Audit Reports (SARs) issued to the Government / Management for corrective action. Some common deficiencies included in the SARs of CABs are given below:

Some of the important deficiencies noticed in the annual accounts of the Central Autonomous Bodies for the year 2018-19 were as below:

a. Internal audit of 151 CABs was not conducted;

b. Physical verification of the fixed assets of 120 CABs was not conducted;

c. Physical verification of the inventories of 111 CABs was not conducted;

d. 68 CABs were accounting for grants on realisation/cash basis which was inconsistent with the common format of accounts prescribed by the Ministry of Finance;

e. 161 CABs had not accounted for gratuity and other retirement benefits on actuarial valuation basis;

f. No depreciation on fixed assets had been provided by eight CABs; and

g. 31 CABs revised their accounts as a result of audit The impact of the revision was a net increase in assets/liabilities by Rs.11.48 crore and net decrease in surplus by Rs13.06 crore and net increase in deficit by Rs.63 crore.

[Ref: Para 1.10 of the CAG's Report No. 2 of 2021]

Note: Similar deficiencies were commented in other Compliance Audit Reports also.

Compliance Audits: Status of DPs / PAs on Central ABs included in CAG's Union Government (Civil) Compliance Audit / Performance Audit Reports is indicated in **Annexure-IV.** Details highlight the coverage of number of CABs during Compliance Audits. A gist of CAG's illustrative important findings noticed in Compliance Audits of the CABs are detailed in **Annexure-V (Part-A).** CAG's Reports on Compliance Audits highlight in detail the specific instances of irregularities noticed during audits.

Performance Audits: Over the years, the Central Government has expanded the number of Central autonomous bodies in the field of education, health, etc. and in these bodies substantial funds (more than Rs.1000 crore) have been invested from the CFI. C&AG has undertaken performance audit of newly established IITs, AIIMS, NITs and also examined some activities of Prasar Bharati, ICAR and CSIR. Brief of the important findings is given in **Annexure-V (Part-B).**

REFORMING GOVERNANCE PARADIGM FOR AUTONOMOUS BODIES: EMERGING SCENARIO AND WAY FORWARD

Review of autonomous bodies by the Expenditure Reforms Commission (2001)

In the aftermath of fiscal crisis in late 90s, it was felt that the bloated government needs to be downsized/rightsized to correct imbalances in deployment of manpower and other resources. Hence, the Expenditure Reforms Commission was set up with Shri K. P. Geethakrishnan, IAS as the Chairman and Shri J. S. Mathur, IAAS as the Member Secretary. It had the unpleasant task of a veterinary doctor trying to interact with fearful and defensive pets and so many Ministries did not cooperate. Hence, the Commission presented ten reports covering rationalisation of the functions, activities and structure of 36 Ministries/Departments/Organisations and four specific issues viz. Food Subsidy, Fertilizer subsidy, Autonomous Institutions and optimising staff strength.

In their review of functions, activities and structures, the Commission probed questions whether an existing activity needed to be continued at all and whether it needed to be necessarily done by the government and government alone. Within the government, which organisation was best suited for doing it? The 36 Ministries reviewed by ERC accounted for about 8 lakh employees, about 20% of total civilian employees. (D/o Posts was the only high-staff Department covered by ERC review.). ERC's recommendations on autonomous bodies and staff optimisation were relevant to all Ministries, whether reviewed by ERC or not.

ERC recommended a cut of 10 per cent on the staff strength as on 1.1.2000 to be carried out by the year 2004-2005 and a total ban on creation of new posts for two years. Salient points emerging from ERC's 5th Report containing recommendations on Autonomous Bodies are highlighted below:-

The arrangement of having "autonomous institutions" has been in existence for a very long time. No papers could however be located to trace the policy relating to the origin and setting up of such institutions and as to when exactly they started. ERC found no formally laid down procedures governing establishment of autonomous institutions. No reference regarding the procedure to be followed for setting up of autonomous institutions is found in the Transaction of Business Rules, and there is no mention in this regard in the Allocation of Business Rules of the Government of India. ERC recommended that any new body should be created only with Cabinet approval.

No comprehensive centralised list of such autonomous institutions was available and the ministries/departments under whom such autonomous institutions function and to whom grants-in-aid were being sanctioned on a regular basis for several years, did not also appear to have compiled a comprehensive list of such institutions. The CAG reports for the year 1998-99 (No. 4 and 5 of 2000) covered 496 autonomous institutions. However, ERC could get incomplete details of only 433 autonomous institutions from the Ministries. (listed in Annexe I of the ERC Report) Some difference in the total figures was also due to the fact that IITs and Regional Engineering Colleges were being counted in one list as a single autonomous body in one list while individual IITs/RECs were being treated as separate bodies in the other lists. In the list at Annexe I each of these institutions were shown as a separate entity. In the absence of any authentic list maintained by each ministry/department, ERC was unsure whether they had a comprehensive, complete list of all existing autonomous institutions. That ambiguity continues even today as there is no comprehensive list.

The CAG Reports revealed that there has been a steady increase in the number (322 in 1995-96 to 437 in 1998-99) of autonomous institutions over the years as also the budgetary outlay on them. Successive audit reports also show a steady increase, over the years, in the number of autonomous institutions whose accounts were either delayed or not provided for audit (86 in 1995-96 to 209 in 1998-99). The actual number of autonomous institutions could be higher than 496, as CAG review covered only institutions known to be coming under the purview of Audit as on 31st March, 1999 and there could be others whose audit may not have been entrusted to the CAG, or may not come under the purview of the CAG's audit under the CAG's Act. ERC reckoned that over 300 autonomous institutions had grants-in-aid of over Rs.8000 crore in Budget 1999-2000.

The following table gives an analysis of the number of years for which such autonomous institutions have been functioning.

Period of Existence		**No. of Autonomous Institutions**
I	For 25 years and above	83
II	From 10 years-24 years	84
III	From 5 years – 9 years	28
IV	For less than 5 years	22
V	No information furnished	4

An analysis of the manner in which these autonomous institutions were set up, is indicated below:

i.	Set up under a statute or act	77
ii.	Set up with approval of Cabinet	33
iii.	Set up with approval of ministers in the ministry/department concerned	56
iv.	Others (details not available)	38
v.	Information not furnished	17

The audit reports further revealed progressive increase of pending utilisation certificates which stood at 37390 involving grants to the extent of Rs.8603.44 crore as on 31.3.1999, including some outstanding for more than 10 years. These alarming figures have led to a public interest litigation being filed against Government.

No worthwhile study had at all been conducted of the autonomous institutions, to check whether these were fulfilling the purposes for which these were set up and whether there was sufficient justification for continuing them. No structured periodic meetings between the ministries/departments and the autonomous institutions set up by them also appears to have been organized for review in the working of these autonomous institutions. There also appears to be no procedure in position for obtaining periodic management information from them.

The recommendation of the Rajya Sabha Committee on Papers laid on the Table that there should be standard forms of accounts for all autonomous institutions was then pending for nearly two years. (Uniform Format was introduced w.e.f. 2001-02)

There had been a steady increase in the staff strength of the autonomous institutions over the years. Moreover, the overall strength of posts at group C and D level appear disproportionately high (77.39%) as compared to posts at group A&B levels. The staff strength of the autonomous institutions was determined more or less on as ad hoc basis at the time they were set up. The information received from 192 autonomous institutions, showed total staff strength of 114004 (Gp A B C and D being 12493, 13289, 13289, and 25164). In addition, 19 other bodies reported total strength of 74,411 without Group-wise breakup. So just 211 bodies had 188,415 employees in March 1999 (about 5% of total Central government civilian employees)

The GFRs provided that all autonomous institutions which receive more than 50% of their recurring expenditure in the form of grants-in-aid should formulate terms and conditions of service of their employees, which are by and large, comparable to those applicable to similar categories of employees in central government.

An analysis of information received from 221 autonomous institutions reveals that 157 were fully funded, while even almost all of the remaining 64 were receiving government budget support much in excess of 50% of their recurring expenditure.

Almost all the autonomous institutions were following central government pay scales and other service conditions such as pension and other retirement benefits, Assured Career Progression Scheme, LTC, medical reimbursements etc. and were governed by the same rules in various service matters as revised and determined by successive Pay Commissions. Thus, in the day-to-day working and organisational set up as also the conditions of service of the staff and officers of the autonomous institutions, they functioned like attached and subordinate offices of government while at the same time being exempt from the close scrutiny of the other wings of government.

In many of these organisations freedom from accountability and non-transparency in areas that are not sensitive, was often being construed as an essential feature of autonomy. On the other hand, it was precisely in these organisations - exempt from close scrutiny and clearances of other wings of the government - that there needed to be greater transparency and more of internal checks and balances in order to ensure that autonomy is not misused or misapplied. In the absence of such reporting or review, the possibility of some of these organisations carrying out activities which are no longer current or relevant, or can be undertaken by following the normal procedures and without special dispensations cannot be ruled out.

ERC noted that the generic term ‘autonomous body’ includes within its scope institutions like TIFR, IITs, central universities, Regional Engineering Colleges, AIIMS, CSIR etc., some of which like TIFR & IITs, were classic examples of their internationally known quality of output. It was therefore necessary to put in place a system of reporting and screening that will ensure that the organisations that were doing excellent work are encouraged further, even as those that were not in this category are not allowed to pre-empt for themselves a large chunk of scarce tax revenues at the expense of more deserving cases.

Of the 221 autonomous institutions for which information was made available (221), as many as 157 were found to be fully funded. The proportion of internal resources generation was quite low in almost all the remaining institutions.

The nomenclature of some of the autonomous institutions suggested that many could be carrying out similar or overlapping functions. The activities of these organisations would need to be closely examined with a view to exploring the possibility of merging or winding up some.

All these indicate that in many of the autonomous institutions reduced accountability and non-reporting appears to have been construed as essential elements of autonomy. In the absence of information, the possibility of many of the activities undertaken by these organisations being either unnecessary or of not being of such importance as to require autonomy cannot be overruled. There is therefore a prima facie case for bringing all these organisations under a system of increased reviews and controls.

ERC Recommendations:

The first and foremost requirement is the compilation of a list of all autonomous institutions so far set up by Government of India, together with some basic information about each such organisation. This report should contain a detailed total picture as also information about each and every autonomous institution. No grant should be released without getting information in proper format.

In the Budget for the year 2000-2001, it was announced that no new autonomous institutions will be created without the approval of the Cabinet and that these organizations will be encouraged to maximize generation of internal resources. ERC recommended that all ministries should be required to seek approval of Cabinet in respect of the autonomous organisations for which Cabinet approval had not been taken. The opportunity should be availed to examine whether the activities undertaken are necessary at all; whether these need to be undertaken only by autonomous organisations or whether these could as well be undertaken by the concerned government agency following the normal rules and regulations and also whether efforts for maximising internal resource generation have been put in place so as to keep dependence on budgetary support to the minimum.

All ministries should be required to either annex to their annual report or along with their annual report placed before the Parliament separate reports, giving a detailed assessment of the performance of the autonomous institutions under them.

ERC (2001) made several other general and specific recommendations on improving governance of Autonomous Bodies. Some important general recommendations were later incorporated when General Financial Rules 1963 were revised in 2005 such as instituting a (i) system of "outside" / "peer" review of every autonomous organisation once in three or five years (ii) system of memorandum of understanding with the parent ministry/department for major grantee bodies (more than Rs.5 crore grants-in-aid)

The UK experience of parastatal reforms

Our governance system is a British legacy and hence any discussion about governance system in India necessarily requires looking at what happened in the area in the United Kingdom. In UK, the governance system is categorized in three: Departments, agencies and public bodies. Presently, there are 23 Ministerial departments, 20 Non-ministerial departments and 421 Agencies and other public bodies 8

UK has a system of 'arm's length bodies (ALBs)'. An ALB is a specific category of public body with independence from political executive in day-to-day functioning. There are three types

[8] https://www.gov.uk/government/organisations

of ALBs. An executive agency (EA) is a clearly designated unit of a government department, administratively distinct, but remaining legally part of it. It has a clear focus on delivering specific outputs within a framework of accountability to ministers. A non-departmental public body (NDPB) is a body which has a role in the processes of national government but is not a government department or part of one. NDPBs have different roles, including those that advise ministers and others which carry out executive or regulatory functions, and they work within a strategic framework set by ministers. (This is akin to bodies/authorities having their independent legal entity status as statutory bodies, societies, trusts etc. in Indian system). A non-ministerial department is a government department functioning independently without its own Minister but these are accountable to Parliament. These bodies are "creatures of statute". They implement legislation which they have no power to change. Their political independence is assured by providing that they are accountable only to Parliament and the courts.

In 2010, the UK government established the Efficiency and Reform Group (ERG) led by the Chief Executive of the Civil Service John Manzoni as part of the Cabinet Office to work in partnership with HM Treasury to inter alia review public bodies, a project akin to ERC. The ERG aimed to help government departments to deliver at least £20bn of savings in expenditure during 2014–15.

The 2015 Public Bodies Report[9] showed the remarkable transformation that was achieved in the public bodies landscape during 2010-15. Over those 5 years, the UK government merged over 165 bodies into fewer than 70 and made the remaining ones more efficient, transparent and more accountable. For example, the functions of over 75 bodies were moved closer to democratically elected representatives. All non-departmental public bodies were made to (over 90%) publish an annual report. Functions of over 50

[9] https://www.gov.uk/government/publications/public-bodies-2015

public bodies were moved out of the public sector, into innovative new models.

The Public Bodies Reform Programme, launched in 2010 by the government, radically reformed the landscape for public bodies. The programme reviewed the effectiveness and value to the taxpayer of public bodies, reducing them by over 290 and abolishing over 190. Its successes included:

- reducing the number of public bodies by over 290, by abolishing more than 190 and merging over 165 bodies into fewer than 70
- 98% of planned abolitions and mergers completed
- reducing administrative spend by a cumulative £3 billion over the life of the programme to the end of March 2015, comfortably exceeding the original estimate of £2.6 billion
- an act of Parliament, the Public Bodies Act 2011, to facilitate the abolition, merger and reform of public bodies
- improved accountability through bringing the functions of over 75 bodies closer to democratically-elected representatives
- increased funding from alternative sources and volunteering by moving some organisations outside the public sector under innovative delivery models
- The public bodies landscape was made smaller, more accountable and efficient, with reduced administrative costs, ensuring better value for money to the public. This remarkable achievement was "*thanks in no small part to the committed public servants who have embraced the spirit of reform*", the UK Parliament was informed in December 2015.

Full details of the reforms are available at gov.uk/public-bodies-reform.

Recent parastatal reforms in India

Since the Expenditure Reforms Commission reviewed the status of autonomous bodies and made several recommendations in 2001 with thrust on controlling the growth of autonomous bodies, the overall number of these bodies has increased over the years with few closures/mergers. The increase in the number has been mainly due to establishment of new Central ABs in education and health sectors and creation of new regulatory bodies.

Category	No. of ABs
IITs	23
NITs	31
IIMs	20
Central Universities	55
IISERs	7
NIPERs	8
AIIMS	19
Major Port Trust Authorities	12
Commodity Boards	5
Regulatory Bodies	10+

Responding to the clarion call of 'minimum government, maximum governance' given by Hon. Prime Minister, different Ministries are reviewing and examining how to restructure their own functioning as well as that of their parastatal. How to reengineer government and parastatal to bring high level of smartness through use of digital technology is an ongoing mission. The idea is not mere numerical rationalisation but making the bodies more efficient and effective through smart governance.

The General Financial Rules 2005 were revised in 2017, inter alia, on the basis of the reports of the Expenditure Management Commission.

Based on the recommendations of the Expenditure Management Commission, NITI Aayog had conducted a review of autonomous bodies under various Government Departments.

Some of the measures implemented or on anvil are mentioned below for illustrative purposes only. It is not an exhaustive list of all reform measures.

DSIR: CDC merger with CSIR

In April 2022, Cabinet approved amalgamation of Consultancy Development Centre (CDC) along with its manpower, moveable assets and liabilities with Council of Scientific and Industrial Research (CSIR) of Department of Scientific and Industrial Research (DSIR)[10] The existing 13 employees of CDC shall be accommodated in CSIR by creating thirteen (13) supernumerary posts. The premises occupied by CDC at India Habitat Centre, New Delhi will be surrendered to India Habitat Centre for re-allocation and realized amount from re-allocation will be deposited in the Consolidated Fund of India. With the amalgamation of two societies, the Department will have only one Autonomous Body, viz. CSIR under it.

Ministry of Textiles

The Ministry of Textiles has recently abolished the All India Handicrafts Board, Handloom Board and the Power Loom Board in consonance with the government's vision of minimum government, maximum governance. The Ministry also changed the status of the eight Textile Research Associations to "approved bodies", instead of the earlier "affiliated bodies". Earlier, the TRAs were recognised

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[10]https://www.pmindia.gov.in/en/news_updates/cabinet-approves-amalgamation-of-consultancy-development-centre-cdc-along-with-its-manpower-moveable-assets-and-liabilities-with-council-of-scientific-and-industrial-research-csir-of-department-o/

as ‘affiliated bodies’ of the Ministry. This would mean that “any disposal, sale, transfer of assets created out of central government grant will require prior specific approval of the ministry of textiles.”

Ministry of Railways

M/o Railways is reportedly working on the recommendations contained in a report on the Rationalisation of Government Bodies under the Ministry of Railways prepared by Sanjeev Sanyal, Principal Economic Advisor, Ministry of Finance. The reforms measures cover the department as well as its parastatal. These include

- Clubbing of all production units under one new PSU,
- Merger of Centre for Railway Information Systems (CRIS) and Railtel with IRCTC,
- Merger of Indian Railway Construction Limited (IRCON) and Rail Vikas Nigam Limited (RVNL),
- Merger of Braithwaite and Co. Limited (BCL) with Rail India Technical and Economic Service (RITES),
- Transfer of Railway schools to Kendriya Vidyalaya Sangathan (KVS). (Besides supporting 87 Kendriya Vidyalaya, the Railways presently runs 94 schools to provide education to the children of railway employees as well as to the children of non-railways employees also),
- Upgrading all railway hospitals and 586 health units through institutional mechanisms or PPP model and opening all railway hospitals for general public. (Recently, M/o Railways has signed an MoU[11] with National Health Authority for empanelment of Railway hospitals.)
- Integration of the Railway Recruitment Control Board with the National Recruiting Agency set up by DoPT to conduct

[11] https://govtempdiary.com/2022/09/mou-between-nha-and-ministry-of-railways-for-empanelment-of-railway-hospitals/294456

a common preliminary examination for various recruitments in the central government,

- Rationalising 52 directorates and bringing down the strength of over 250 to under 100 directors and above,
- Rationalising of Central Training Institutes (CTIs) and Zonal Railway Training Institutes (ZRTI) to reform and transform,
- Closure of Central Organisation for Modernisation of Workshops (COFMOW was established as a centralised agency under the Ministry of Railways by the Govt. of India for modernizing Indian Railway workshops /Production Units and for carrying out procurement of specialised plant & machinery. The Railways has now decided to close COFMOW w.e.f. December 1, 2022)

Ministry of Human Resource and Development

Plans to bring UGC and AICTE under a super regulator of higher education are afoot. Draft Higher Education Commission of India (Repeal of University Grants Commission Act) Bill, 2018 proposing repeal of the University Grants Commission Act, 1956 could not progress further draft Bill is reportedly being reworked. The National Education Policy 2020 provides for Higher Education Commission of India (HECI) which will subsume the University Grants Commission (UGC) and All India Council for Technical Education (AICTE).

Ministry of Health and Family Welfare

The Central Govt Health Scheme (CGHS), Rashtriya Arogya Nidhi (RAN) & Health Minister's Discretionary Grant (HMDG) have all been integrated on NHA IT Platform on 01.06.2021.12. This is an example of integration of core government schemes and parastatal. RAN was a registered society

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[12] https://nha-gov-in.translate.goog/Events?_x_tr_sl=en&_x_tr_tl=hi&_x_tr_hl=hi&_x_tr_pto=sc

under MoHFW created in 1997 to provide financial assistance to patients, living below poverty line and who are suffering from major life threatening diseases, to receive medical treatment at any of the super specialty Government hospitals / institutes.13 The society has been wound up w.e.f. 1.1.2019 and its functions have been taken over by the Ministry to be handled directly.

Jansankhya Sthirtha Kosh (JSK) was an autonomous body under MoHFW to implement the following schemes: Prerna Scheme (for delaying marriage, childbirth and spacing), Santushti Scheme (Public Private Partnership for sterilization services), and National Helpline (for information on family planning). The JSK has been discontinued on 08/02/2019 vide the cabinet decision on 07.02.2018 and various schemes for population control are being supported under National Health Mission.[1]

Ministry of Information and Broadcasting

Mention has been made above how Prasar Bharti received special attention from ERC which highlighted that AIR and DD together had 31035 Group C&D posts out of a total of 44540 in 2001. Since then PB has come a long way on the path to reform and modernization. In February 2021, a manpower audit conducted by Ernst and Young showed that nearly half the organisation's 25,000 employees were employed in the engineering division, whereas the corresponding strength for BBC is at a little over 10%. The content team at Prasar Bharti constitutes less than 20% of the workforce, while BBC's[36] content team accounted for 70%. Manpower costs account for over 60% of Prasar Bharati's expenses, and just around 30% of BBC's. Budget 2022-23 projects its IEBR to be Rs. 1,380 crore and government grants to be Rs.2,870 crore.

Prasar Bharti has increased its internal resources over the years and modernized the broadcast infrastructure. Prasar Bharati closed the financial year 2021–2022 with a strong revenue growth of 13 percent from commercial operations. The growth was fuelled

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[13] https://main.mohfw.gov.in/sites/default/files/RAN_Guidelines_2018-20_0.pdf

primarily by strong post COVID recovery of All India Radio and continued growth momentum of FreeDish and Digital despite uncertainty of pandemic. Over the past 8 years, DD FreeDish has seen dramatic growth doubling its reach. DD FreeDish DTH has emerged as the largest free to air public DTH platform serving more than 4.5 crore families. During COVID-19 lockdown when schools were not functioning, the educational TV channels on DD FreeDish DTH came to the aid of millions of students across India. While road to financial self sustainability for the Public Broadcaster is a way off, foundation has been laid with key reforms such as phase out of obsolete technologies, consolidation of redundant operations, IT/Digital enablement of functions and new avenues for monetization. DD has to earn its money to run its operations. Public money does not fund broadcast operational expenditure of DD. Public funding is only to the extent of salaries of government employees on deputation to DD.

Some emerging scenarios of parastatal reengineering

A synoptic composition like this cannot do full justice to the complex issue of reforming the parastatal for improved efficiency, economy and effectiveness. It is intricately linked to the reform of the governance system itself. We attempt to merely outline some emerging possibilities from the broad contours of the ongoing reform programme and some suggestions as way forward.

Proliferation of schemes and implementation agencies due to changing government priorities, system readiness and expediency considerations is a complex legacy where aspirations of billion plus people need to be managed with balance of resources and access. Long ago, the Union government used to release financial assistance (for Plan Schemes/Projects) to State governments and it was found that the States diverted the Central assistance to meet the States' own local priorities. The Central Schemes / projects suffered delays and under-accomplishments. Ministries then came up with the model of creating State and District level societies under major Programmes to whom they started transferring funds directly byepassing the State Treasuries and State Consolidated Funds.

Areas like Education, Health, Agriculture, Rural Development, Women and Child Development, Drinking Water, Sanitation and Social Justice has seen a long trend of merger and modification of schemes, introduction of new components and changes in implementation agencies.

Over 2 decades ago, Ministry of Finance started microscopic review of all ongoing schemes with a view to identify the schemes that had outlived their utility or were too narrow and low-scale to create any meaningful impact. Rationalisation and convergence of Central and Centrally Sponsored Schemes has also been a steady endeavour and a detailed coverage of history of how the portfolio of Central and Centrally Sponsored programmes/schemes has changed over the years is out of the scope of this article.

What is relevant to note in the context of parastatal reform is the associated proliferation of implementation agencies and concomitant growth in scheme-specific bank accounts at district, block or village levels. This created a mammoth problem of 'unspent balances' lying in these bank accounts of implementing agencies.

The gradual enlargement in the scope of Public Financial Management System (PFMS) implemented by the Controller General of Accounts, Ministry of Finance – a payment system that allows the Central government to have viewing rights over the recipient bank accounts has to some extent reduced the problem of 'unspent balances'. Laid down system prescribes that fresh funds are not released to entities that are in default in furnishing of 'Utlisation Certificates', an overwhelming concern of the Expenditure Reforms Commission. Through various measures, the government has tightened its cash management, reducing the 'float' available with the banking system. ['Float' refers to the amount of government money that remains outside its account with the Reserve Bank of India.] Recently government has strated a system of Treasury Single Account (TSA) under which some large

Autonomous Bodies like ICAR do not get grants-in-aid to be parked in bank accounts outside central government accounts. Instead, they operate a special account with the RBI whose balances merge with government cash balances.

Another major advancement thanks to digital technology is DBT – Direct Benefit Transfer – that allows the government to transfer subsidies, scholarships, pensions, relief and subsidies directly into beneficiaries' bank accounts which are linked with their mobile phone and AADHAAR. UGC has also started disbursement of scholarships/fellowships in DBT mode.[14]

The JAM Trinity is transforming the government payment landscape which is unparalleled anywhere in the world in terms of scale and reach. It achieved during pandemic what even some advanced countries could not do.

The next big advancement in payment system has recently been the launch of e-RUPI, a person and purpose-specific e-voucher that can be sent to a beneficiary through a QR code or SMS link which can be redeemed at specified outlets for specified purposes, thus avoiding the need of transferring cash to beneficiary bank accounts and the concomitant risk that the assistance may not be utilised for the purpose for which it has been given by the government. The e-RUPI has been initially introduced for limited purpose of funding paid vaccination of beneficiaries. However, this can be extended for other public purposes later. The pilot launch of the retail version of digital rupee (Central Bank Digital Currency) from December 1, 2022 is a step in the direction of programmable money that can revolutionise the way public welfare programmes are financed and leakages/corruption controlled.

Instruments like e-RUPI open newer, efficient delivery channels for welfare schemes. For example, the National Council of Educational Research & Training (NCERT) can focus on review

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[14] https://indianexpress.com/article/education/ugc-fellowship-scholarship-to-be-disbursed-through-dbt-panel-chairperson-8256540/

and revision of textbooks rather than printing and arranging supplies of free/subsidised textbooks. The beneficiaries can now be given e-RUPI vouchers for purchasing textbooks from authorised outlets. Instead of physical supply of ration from designated PDS shops, beneficiaries can be given option to avail e-RUPI coupons that can be used to buy foodgrain or even cooked meal from any authorised outlet of beneficiary's choice. In a not so distant a future, the farmers can get direct transfer of money to their bank accounts for selling to beneficiaries against e-RUPI vouchers just as they started getting MSP payments directly credited into their bank accounts only last year.

A not-for-profit body is one that does not distribute profits to its members/shareholders. However, it does not mean it should not try to earn to spend and depend on government grants alone. There are to be no profits to be distributed but to be ploughed back in the activity of the body. Such bodies can create funds to even out cash flows across years to meet liabilities. Some Autonomous Bodies – which are capable of attracting industry sponsorship - are already working in this direction with admirable results like IITs, IIMs, IISc. Other can try to work in this direction to work for the community and industry as appropriate to generate useful services which others would be willing to pay for.

Some suggestions include[15] (i) establishing a dedicated consultancy cell to scout for national/international projects and sponsored training programmes to generate surplus revenue. (ii) running demand/market driven courses for teaching/training/skill development (iii) incubating Startups (iv) mobilize Corporate Social Responsibility funds from corporates.

Taking advantage of advances in payment ecosystem, the government/UGC may consider even disbursing salary, pension, scholarship, stipend in DBT mode and provide only CAPEX support in TSA or grants mode. As for as other (operational)

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[15] https://government.economictimes.indiatimes.com/news/governance/how-to-achieve-true-autonomy-of-central-autonomous-bodies/89396831

expenses are concerned, the default should be self-sufficiency. Primary target should be that no grants for non-personnel cost. Let the bodies raise their internal resources including charging fee from beneficiaries and sharing of infrastructure with other service providers. This approach should first be tried in higher education and tertiary medical institutions. (UGC has started scholarship disbursement in DBT mode recently.). The regular assistance to individual beneficiaries may gradually move to DBT and to e-RUPI where it is ad hoc ex gratia.

There should be convergence of activities especially based on geographical proximity of the beneficiary group. The infrastructure like Common Service Centres, digital banking units, post offices, Krishi Vigyan Kendras, Panchayat Bhawans, Anganbadi Centres, Primary Health Centres etc, -- whatever is locally appropriate as the ground situation varies across and even within States - should be developed as community hubs (expanded versions of White ATMs not exclusively catering to any particular implementation agency) for various G2C services, if necessary with CSR funding for upgrade or creation of new infrastructure. *Currently, 38,000 public distribution system (PDS) outlets have been turned into* common service centres *(CSCs) following a memorandum of understanding between the department of food and public distribution and the ministry of electronics and information technology in September 2021.*

Unlike the government and the public sector undertakings in which recruitment is done by a centralised body such as the Staff Selection Commission (SSC), the Union Public Service Commission (UPSC) there is no such body for such recruitments in Autonomous Bodies. National Recruitment Agency (NRA) has been set up to centralize screening of candidates for non-specialist jobs (Gp C and D) where an online test without interviews is considered enough for screening. The non-specialist jobs in ABs may be brought under NRA.

For autonomous bodies engaged in regulatory functions, statutory status is a functional requirement. However, all others which are engaged in pure service delivery, the appropriate form of organisation is S.8 Company because of superior structure than that under the Societies registration Act, unless reform is brought in the law regulating societies.

Just as statutory corporations like Air India and ONGC were converted into Companies, it may be high time to corporatize statutory organizations like NDDB to unlock the immense value created in the AMUL brand to develop it as India's answer to sectoral MNCs with farmers/cattle owners becoming shareholders. The government is already pursuing programmes for collectivisation of farmers through Farmers Producers Organisations for which special provisions exist in the Companies Act awaiting operationalisation.

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27. CAG's Report No. 14 of 2012-13 file:///C:/Users/panka/Downloads/Union_Performance_Civil_Autonomous_Bodies_14_2012.pdf
28. CAG's Report No. 16 of 2013 file:///C:/Users/panka/Downloads/Union_Performance_Civil_Autonomous_Bodies_16_2013.pdf
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32. CAG's Report No. 27 of 2014 file:///C:/Users/panka/Downloads/Union_Compliance_Comptroller_Auditor_General_27_2014%20(1).pdf
33. CAG's Report No. 30 of 2014 file:///C:/Users/panka/Downloads/Union_Performance_Ministry_Labour_and_Employment%20_30_2014.pdf
34. CAG's Report No. 36 of 2014 file:///C:/Users/panka/Downloads/Union_Performance_Commercial_PPP_Projects_Ministry_Road_Transport_Highways_36_2014.pdf
35. CAG's Report No. 18 of 2015 file:///C:/Users/panka/Downloads/Union_Compliance_Civil_Report_18_2015_0.pdf
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45. CAG's Report No.10 of 2018 file:///C:/Users/panka/Downloads/Report_No_10_of_2018_-_Performance_Audit_on_Pradhan_Mantri_Swasthya_Suraksha_Yojana_in_Ministry_of_Health_and_Family_Welfare.pdf
46. CAG's Report No. 3 of 2020 file:///C:/Users/panka/Downloads/Report%20No.%203%20of%202020_ESM_CA_union_Eng-05f808dc1290f50.23179738.pdf
47. CAG's Report No. 6 of 2020 file:///C:/Users/panka/Downloads/Rep_No_6%20of%202020_Civil_Eng-05f809239d14358.13011339.pdf
48. CAG's Report No. 10 of 2020 file:///C:/Users/panka/Downloads/Report%20No.%2010%20of%202020_Eng-05f809740a48585.32727105%20(1).pdf

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50. CAG’s Report No. 16 of 2021 file:///C:/Users/panka/Downloads/Report%20No.%2016%20of%202021_E&SM_English_PDF%20A-061c1b9cbe2d147.22751655%20(1).pdf
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52. CAG’s Report No. 11 of 2022 file:///C:/Users/panka/Downloads/Report%20No.%2011%20of%202022_NHAI_English_PDF-A-062ebae032c81a7.92501080.pdf

			Annexure - I
No. of Central Autonomous Bodies under the Sole Audit (Certification) [Sn19/20]and Section 14 Audit by C&AG			
Year	**No.of ABs (19/20)/ Certification Audit**	**No. of CABs (14/15) Audit by CAs**	**Source**
2010-11	334-Central	217	CAG's Report No. of 33 of 2011-12
2011-12	354-Central 10-Scientific	329 64-Scientific	CAG's Report No.23 of 2013 for the financial year 2011-12
2012-13	361-Central 12-Scientific	52-Scientific	CAG's Report No.25 of 2014 CAG's Report No.27 of 2014
2013-14	366-Central 28-Scientific under DST (incl Sn 15)	NA	CAG's Report No. 11 of 2016 CAG's Report No.26 of 2016
2014-15	364	34	CAG's Report No. 12 of 2017
2015-16	389	NA	CAG's Report No.4 of 2018
2016-17	464-Central	NA	CAG's Report No. 6 of 2020
2017-18	462-Central	NA	CAG's Report No.2 of 2021

ANNEXURE-II

SCHEDULE VII

(Section 135 of Companies Act 2013)

Activities which may be included by companies in their Corporate Social Responsibility Policies Activities relating to:—

[1][(*i*) eradicating hunger, poverty and malnutrition, [2][promoting health care including preventive health] and sanitation [3][including contribution to the Swatch Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water;

(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

(iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air andwater [4][including contribution to the Clean Ganga Fund set-up by the Central Government forrejuvenation of river Ganga];

(v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

(vi) measures for the benefit of armed forces veterans, war widows and their dependents, [5][Central Armed Police Forces (CAPE) and Central Para Military Forces (CPMF) veterans, and their dependentsincluding windows];

(vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;

(viii) contribution to the Prime Minister's National Relief Fund or [6][Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or] any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

[7][(*ix*) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research(CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)]

1. Subs. by Notification No. G.S.R. 130(E), dated 27th February 2014, for item (i) to (x) (w.e.f. 1-4-2014).
2. Subs. by Notification No. G.S.R. 261(E), dated 31st March 2014 for “promoting preventive health care” (w.e.f. 31-3-2014).
3. Ins. by Notification No. G.S.R. 568(E), dated by 6th August, 2014.

4. Ins. by Notification No. G.S.R. 741 (E), dated by 24th October, 2014(w.e.f. 24-10-2014).

5. Ins. by Notification No. G.S.R. 399(E), dated 23rd June, 2020 (w.e.f. 23-06-2020).

6. Ins. by Notification No. G.S.R. 313(E), dated 26th May, 2020 (w.e.f. 26-05-2020).

7. Subs. by Notification No. G.S.R. 525(E), dated by 24th August, 2020 for item (ix) and the entries thereto(w.e.f. 24-8-2020).

Annexure-III						
Details of Grants received by CABs.						
Year	**Source / Report No.**	**Type of Report (Compliance Audit (CA) / Performance Audit (PA)**	**CABs in Financial /Certification Audit (Sn 19/20- CAG's sole audit)**	**Grants / loans (Rs. In crore) to CABs Sn.19/20 (Rs. In crore)**	**CABs identified u/s 14 (Certification done by CAs)**	**Grants / loans to CABs under Sn14 (Rs. In crore)**
31.03. 2005	A Thematic History 1990-2007 by by Shri Vijay Kumar	-	253	12290.64	-	-
31.03. 2010	38 of 2010-11	CA	315 (2009-10)	35073.03	225	5572.68 (2009-10)
31.03. 2011	33 of 2011-12	CA	334	39232.42 (2010-11)	217	7217.06
	22 of 2013	CA(SD)	10 (2011-12)	3394.18 (2011-12)	64	3301.75
31.03. 2012	23 of 2013	CA	354 (2011-12)	32247.97 (222 CABs)	329 (236 CABs) [2011-12]	9572.32
31.03. 2013	25 of 2014	CA	361 (2011-12)	55573.63 (Total)	-	
31.03. 2014	18 of 2015	CA	371	-	-	-

			(2012-13)			
31.03.2014	30 of 2015	CA(SD)	14	4246.75 (2013-14)	64	4063.27
2015-16	26 of 2016	PA(SD)	28	1178.67	-	
31.03.2016	12 of 2017	CA	364 (2014-15)	-	-	
31.03.2017	4 of 2018	CA	389 (2015-16)	-	-	-
2018-19						
31.03.2018	6 of 2020	CA	464 (2016-17)	27106.64 (2017-18)	-	
	10 of 2020	CA-ESM	-		-	
31.03.2019	2 of 2021	CA	462 (2017-18)	523 [52237.24 [157 CABs] (2018-19)	-	-
	16 of 2021	CA-ESM	-	-	-	-
	20 of 2021	PA	8	-	-	-

Annexure IV				
Status of DPs / PAs on Central ABs included in CAG's Union Government (Civil) Compliance Audit / Performance Audit Reports				
Year	**Report No.**	**Type of Report** **1(Compliance Audit (CA) / Performance Audit (PA)**	**CABs covered in Complian ce Audit Reports** **(DPs / Long Paras)**	**CABs covered in Performance Audit**
2011-12	13 of 2011-12	PA	-	19(Functioning of NITs)
	33 of 2011	CA	14	-
	38 of 2011-12	CA	30	-
	17 of 2011-12	PA-SD	-	5 (MPEDA, Assam Univ., JNU, DA,NIOH Kolkata)
	9 of 2012	PA-SD	-	1 (AERB)
	10 of 2011-12	PA	-	1 (Tea Board)
2012-13	14 of 2012-13	PA		3 (BIS, Dental Council of India. Maulana Abul Klam Azad Instt of Asian studies)
	22 of 2013	CA(SD)	4	-
	23 of 2013	CA	9	-
	29 of 2013	PA(SD)	-	1 (CSIR – Networking of projects)
2013-14	25 of 2014	CA	17	-
	27 of 2014	CA(SD)	2(1)	-

	30 of 2014	PA	-	1 (ESIC)
2014-15	18 of 2015	CA	14	-
	27 of 2015	PA	-	12 (Land management of major port trusts)
	30 of 2015	CA	2	-
	33 of 2015	PA	-	6 (CABs under TSP)
	40 of 2015	PA	-	1(Medical Education Projects of ESIC)
	49 of 2015	PA	-	12 PPP projects in major ports
2015-16	11 of 2016	CA	23	-
	26 of 2016	PA(SD)	-	19(Admnv functioning of CABs under DST)
2016-17	12 of 2017	CA	34	-
2017-18	4 of 2018	CA	43	-
	10 of 2018	PA	-	6 (new AIIMS under PMSSY)
2018-19				
2019-20	3 of 2020	CA-ESM	8	1
	6 of 2020	CA	5	1 (TDB)
	10 of 2020	CA-ESM	8	1 (Dredging of KoPT)
2020-21	2 of 2021	CA	14	-
	16 of 2021	CA-ESM	5	1(Rubber Board)
	20 of 2021	PA	-	8 (new IITs)

ANNEXURE -V

Highlights of findings included in some Compliance / Performance Audit Reports of the CAG on Central Autonomous Bodies.

PART A – Gist of Observations on Central Autonomous Bodies included in the CAG's Compliance Audit Reports.

CAG's Report No.11 of 2022 Compliance Audit on Rationalisation/Deferment of Premium in BOT Projects of National Highways Authority of India (NHAI)

NHAI proposed a scheme of Rationalisation of premium quoted by Concessionaires in respect of Highways Projects. The report highlights deficiencies in formulation & approval of the scheme, implementation of the scheme and monitoring of the projects. The prominent findings of the report are discussed below:

1. Formulation and approval of the scheme

- Despite availability of alternatives within the ambit of signed Concession Agreements, NHAI, instead of exploring these options, cited problems faced by Concessionaires due to non-achievement of Appointed Date within stipulated period and probable loss of revenue 2 of ₹98,115 crore to exchequer in the event of termination of these projects, proposed to bring about scheme for rationalisation of premium in respect of languishing projects. (Para 3.1)
- NHAI extended undue benefit to concessionaires by resorting to post-tender amendments. (Para 3.2)
- The scheme was formulated on the basis of flawed presumptions. Out of the 23 projects, which formed the basis for inception of this policy, 18 projects could not take off and were subsequently terminated/ foreclosed while the remaining five projects, though started, were not completed till December 2019. (Para 3.3)

- The policy/ scheme for rationalisation of premium was neither considered nor approved in the NHAI Board Meeting. (Para 3.4)
- MoRTH failed to adhere to guidelines of the Cabinet Secretariat for circulation/approval of Cabinet Notes. (Para 3.5)
- MoRTH/NHAI failed to provide vital data to expert group for identifying stressed projects. (Para 3.6)

2 Implementation of the scheme

- Instances of huge variation between financial projections at the time of financial close and those at the time of proposal for deferment of premium were noticed. The variations in projections made by concessionaire varied from 31 per cent to 85 per cent. This shows that the Concessionaires' projections were made to suit their interests and requirements. (Para 4.1)
- There were huge variations in total project cost of NHAI vis-à-vis Concessionaire's total project cost resulting in high debt servicing. (Para 4.2)
- NHAI failed to levy penalty upon the Concessionaires applying for such renegotiation. This resulted in loss of ₹ 51.01 crore to NHAI and undue favour to the Concessionaires. (Para 4.3)
- NHAI failed to ensure adequate safeguards against exchequer money as modalities of guarantees were left to the discretion of NHAI Board. Bank guarantees to the tune of ₹ 429.89 crore were taken against the deferred premium of ₹ 7363.63 crore, which were inadequate to cover the exposure. (Para 4.4)
- The Concessionaires of many projects regularly invested funds from escrow account to mutual funds and since opening of respective escrow accounts of these projects an

amount of ₹5,303.73 crore was invested in mutual funds. (Para 5.1)

- NHAI was irregular in timely review and recovery of excess deferment of premium. Undue favour to the Concessionaires was extended due to non-recovery of excess deferment granted of ₹252.97 crore. (Para 5.2)
- There were deficiencies in real time monitoring of data transferred to NHAI. (Para 5.3)
- As per conditions for sanction of deferment, the concessionaire had agreed to waive all claims/penalties/damages against NHAI on account of any non-compliance of conditions. However, in respect of four projects, the concessionaires, despite availing benefit of deferment of premium, preferred a claim of ₹1,575.91 crores on NHAI on various counts. (Para 5.4)

No. 16 of 2021 - (Compliance Audit)

Ministry of Housing & Urban Affairs - Delhi Development Authority.

- Inadequate recovery of water charges due to failure to transfer the services of water to Delhi Jal Bard despite lapse of 20 years and recovery of less amount from allottees as compared to bills rais4ed by Delhi Jal Board resulting in financial burden of Rs.55.77 lakh.
- Fraudulent LTC claims,

Ministry of Ports, Shipping & Waterways

SP Mookerjee Port, Kolkata

- Undue benefit to a private party by levying lower rate of compensation charges – loss of revenue of Rs.7.66 crore.

Visakhapatnam Port Trust

- Visakhapatnam Port Trust failed to initiate timely action for realisation of demurrage charges resulting in loss of revenue of Rs. 2.09 crore, besides valuable space remaining blocked for more than six years.

Cochin Port Trust

- Failure to avail exemption resulted in avoidable reimbursement of Kerala Value Added Tax of Rs.1.84 crore.

No. 2 of 2021 - (Compliance Audit)

Ministry of Agriculture & Farmers Welfare -Central Institute of Fisheries Education, Mumbai

- Unfruitful expenditure of Rs. 2.36 crore due to non repair/replacement of Transmission Electron Microscope.

Department of Atomic Energy.

Institute for Plasma Research, Gandhinagar

- Procurement of two Special Purpose Winding Machines without identifying site for their installation. The machines were not installed even after lapse of more than seven years, resulting in idling of funds of Rs. 4.29 crore.

National Institute of Science Education and Research, Bhubaneswar

- Payment of House Rent Allowance at higher rates which resulted in excess payment of Rs 2.80 crore.

Ministry of External Affairs

South Asian University

- Irregular exemption of income tax granted to the Registrar resulted in loss of Rs.90.06 lakh to the Government exchequer.

Nalanda University, Rajgir

- Undue financial benefit of Rs. 0.76 crore extended to a Contractor due to irregular inclusion of royalty in BOQ rate.

Ministry of Education

Banaras Hindu University, Varanasi

- Undue favour to a private firm by changing the terms of payment, in contravention of the tender terms, which has resulted in short realisation of variable monthly licence fee of Rs. 2.44 crore.

Indian Institute of Technology, Bombay

- Avoidable extra expenditure of Rs. 1.29 crore on purchase of additional licences due to failure of IIT-B in communicating its requirements to the Vendor for implementation SAP ERP in IIT-B.

National Institute of Technology, Silchar

- NIT Silchar paid excess wages to Muster Roll Workers amounting to Rs. 90.55 lakh for the full month, instead of for actual numbers of duty days, which was inadmissible as per the Minimum Wages Rules (Central), 1950.

Sardar Vallabh Bhai Patel NIT, Surat

- Avoidable loss of revenue of Rs.74.25 lakh due non collection of seat rent from all the enrolled students not residing in the Hostel.

13 Central Autonomous Bodies (CABs.

- Payment of ad hoc bonus to their employees in the absence of any order issued by the competent authority, which resulted in irregular payment, amounting to Rs.6.08 crore, to their employees.

Delhi University / Jawaharlal Nehru University.

- Employees of the Delhi University and Jawaharlal Nehru University submitted fraudulent and fabricated Leave Travel Concession claims leading to irregular reimbursement of Rs.17.78 lakh and Rs.47.70 lakh, respectively.

Ministry of Information & Broadcasting

Satyajit Ray Film and Television Institute, Kolkata

- Deposit of excess Provident Fund contribution of Rs.1.89 crore in respect of its 89 employees to Employees' Provident Fund

No. 10 of 2020 (Compliance Audit)

Ministry of Commerce & Industry

Footwear Design and Development Institute, Noida.

- Footwear Design and Development Institute paid interest free mobilisation advance of Rs.45.13 crore during October 2012 to July 2016 to different contractors towards construction works, interior works and furniture works in single instalment in violation of Central Vigilance Commission guidelines and Central Public Works Department manual which led to avoidable loss of Rs.4.62 crore towards interest.

Marine Products Export Development Authority, Kochi.

- Ineffective implementation and poor monitoring of mangrove crab project resulted in unfruitful expenditure of Rs.28 crore.

Ministry of Tourism

Institute of Hotel Management Catering Technology & Applied Nutrition

- Unfruitful expenditure on creation of infrastructure of Executive Development Centre constructed at a cost of Rs.4.32 crore- remained mostly idle since completion and failed to serve its objectives.

Ministry of Petroleum & Natural Gas - Oil Industry Development Board, **New Delhi**.

- Loss of interest due to injudicious investment of surplus funds. OIDB invested funds amounting to Rs.685.62 crore at lower rate of interest due to improper forecast of cash flow and suffered loss of interest amounting to Rs.22 crore.

Ministry of Shipping.

Kolkata Port Trust

- Dredging Activities in Kolkata Port Trust. Kolkata Port Trust (KoPT) did not have any laid down strategic dredging plan for dredging enumerating the broad guidelines to be followed for dredging and strategies to be adopted from time to time.

- Loss of revenue of Rs.5.91 crore due to non-adherence to order of Tariff Authority for Major Ports for retrospective implementation of Schedule of Rents in respect of sheds/ yards inside customs bound area in Kolkata Dock System.

Jawahar Lal Nehru Port Trust

- Excess payment to employees due to inclusion of House Rent Allowance for calculation of Overtime Allowance. Excess payment of OTA due to this during 2013-14 to 2018-19 was Rs.44.09 crore.

Paradip Port Trust

- Loss of Rs.11.16 crore due to under-recovery of Tippling charges for handling thermal coal at Iron Ore Handling Plant

Cochin Port Trust

- Cochin Port Trust procured one Reach Stacker at a cost of Rs. 2.34 crore without assessing the actual requirement. - Avoidable expenditure

Ministry of Textiles – Central Silk Board, Bangalore

- Fraudulent withdrawal of Government money- Ineffective internal control - An amount of R. 85.13 lakh was transferred from bank account of RO, Guwahati to bank accounts of individuals having no official transactions.

Department of Scientific & Industrial Research – Council of Scientific & Industrial Research.

- Functionality of IT Application System 'OneCSIR'.
- The IT Application System 'OneCSIR' developed by the Council of Scientific and Industrial Research could not be utilised to its full potential due to non availability of some of the modules leading to non implementation of several processes in the system and lack of input controls & validation checks that rendered the database incomplete and unreliable.

Ministry of Rural Development - State Institute of Rural Development, Ahmedabad

- Rs.2.90 crore were released to SIRD for construction of its new building in December 2012 but the Ministry failed to monitor its utilisation. The construction is yet to commence and the funds have remained blocked for more than seven years.

No. 3 of 2020 (Compliance Audit)

Delhi Development Authority

- Short realisation of Rs. 94 lakh from flat owners on account of electrical and maintenance services
- Undue benefit to the lessee of Rs. 62.32 lakh due to non-levy of misuse charges.
- The bidder had not completed the work within the stipulated time and was liable for penalty as per the tender conditions but no action was taken by DDA to encash the Bank Guarantee relating to Performance Security. On being pointed out by

Audit, DDA made a recovery of Rs.141.24 lakh (Rs.85.60 lakh on account of Bank Guarantee along with Rs.5.64 lakh as interest).

Ministry of Power – Bureau of Energy Efficiency

- Implementation of Standards and Labelling Scheme by Bureau of Energy Efficiency

Visakhapatnam Port Trust

- Non-recovery of liquidated damages from concessionaires for under-performance Rs. 25.30 crore.
- Loss of revenue Rs.4.18 crore due to non-inclusion of penalty clause in Concession Agreements for imposing penalty for non-achievement of Minimum Guaranteed Cargo by the Concessionaires.

Indian Maritime University

- Avoidable expenditure of Rs.3.97 crore on Project Management Consultancy charges due to termination of project

Paradip Port Trust

- Paradip Port Trust did not impose and collect service tax applicable on the wharfage charges equivalent to shortfall quantity of minimum guaranteed tonnage and penalties on contract. As a result, Paradip Port Trust had to suffer a loss of Rs.6.25 crore towards payment of service tax and penalty thereon.

V.O. Chidambaranar Port Trust (formerly Tuticorin Port Trust)

- Avoidable expenditure of Rs.3.49 crore on hiring Bollard Pull Tug to irregularity in tender procedure

Ministry of Tourism – Indian Culinary Institute, Tirupati.

- The interest of Rs.2.86 crore earned by the Institute on funds released for construction of an institute, which were routed through a Savings Bank Account, were recovered and deposited in Government account, as per provisions of General Financial Rules, at the instance of Audit.

No. 6 of 2020 (Compliance Audit)

Ministry of Agriculture & Farmers' Welfare

Coastal Aquaculture Authority, Chennai

- Establishment of regulatory and administrative mechanism for coastal aquaculture by the Coastal Aquaculture Authority.

Ministry of External Affairs - Nalanda University, Rajgir

- The University adopted incorrect overhead rates and cess/taxes resulting in extra cost of Rs. 2.34 crore of which, Rs.1.85 crore had already been paid to the contractor.

Ministry of Human Resource Development

Satyawati College, University of Delhi

- Misrepresentation of facts to the Public Accounts Committee about recovery of Rs. 83.31 lakh from employees whereas subsequent examination by Audit revealed that Rs. 83.31 lakh had been recovered from the surplus income arising from investment of the Provident Fund (PF) balances and not from the employees who had received the excess interest.

Atal Bihari Vajpayee Institute of Information Technology, Gwalior.

- The Institute advanced a sum of Rs.4.32 crore to M/s EdCIL and failed to recover Rs. 3.98 crore.

Educational Institutions / autonomous bodies in HRD, Health and Ayush.

- Test check of records of the educational institutions under three Ministries revealed that 10 Institutes paid service tax aggregating to Rs.5.34 crore (to service providers during the period July 2012 to March 2017 for availing various services like security and housekeeping, even though it was exempted from payment of service tax on these services under the provisions of aforesaid notification. Thus, payment of service tax of Rs. 5.34 crore by these institutions on exempted services was irregular

Department of Science and Technology - Technology Development Board, New Delhi.

- The Technology Development Board did not properly manage the financial assistance extended by it. This resulted in default in repayment of loan and interest amounting to Rs. 66.05 crore in seven selected projects.

No. 4 of 2018 (Compliance Audit)

Ministry of Agriculture & Farmers' Welfare - National Institute of Fisheries Post Harvest Technology and Training

- Delays at various stages of establishing and operationalizing a facility by National Institute of Fisheries Post Harvest Technology and Training for processing and export of sashimi grade tuna led to expected revenue amounting to Rs. 70.83 lakh being forgone. Besides, a facility set up at a cost of Rs. 1.78 crore has remained idle for over six years and envisaged benefits in the form of increase in foreign exchange and employment was unattained.

Ministry of Commerce & Industry

Agricultural and Processed Food Products Export Development.

- Non-inclusion of provisions for levy of interest and penalty in MoUs entered into with various agencies while releasing grants-in-aid and not insisting on bank guarantees for financial assistance extended to agencies coupled with inadequate monitoring by APEDA resulted in loss of Rs. 3.31 crore.

Export Inspection Council, Kolkata.

- Retention of funds in savings bank account instead of investing in fixed deposit by Export Inspection Council of India, Kolkata, resulted in loss of interest of Rs. 13.76 crore during the period from October 2014 to March 2017.

Ministry of Culture

Sangeet Natak Akademi, New Delhi.

- Schemes for Promotion and Preservation of Cultural Heritage.
- Delays in completion of projects.
- Mismatch between figures reported to Ministry against actuals.
- Grants sanctioned in violation of scheme guidelines.

National Museum

- Poor cash management and irregular parking of funds (Rs.2.26 crore) outside Government Account

The Asiatic Society, Kolkata

- The Asiatic Society, Kolkata, deposited excess provident fund contribution of Rs. 1.19 crore in respect of 160 employees in contravention of the Employees Provident Fund and Miscellaneous Provisions Scheme, 1952.

Indira Gandhi Rashtriya Manav Sangrahalaya, Bhopal

- Avoidable payment on electricity charges of Rs.82.95 lakh.

Ministry of External Affairs - South Asian University

- Construction of campus planned to be completed by 2014 was substantially delayed due to allotment of encumbered land, litigation and delay in statutory clearances. MEA had to forego rebate to the tune of Rs. 1.97 crore due to delay in payment of rent. Delay in project has also prolonged recurring monthly rental liability of Rs.2.66 crore.

Ministry of Tourism

Dr. Ambedkar Institute of Hotel Management Catering and Nutrition, Chandigarh.

- Incorrect application of CPWD rate for departmental charges resulted in excess payment of Rs. 61.46 lakh.

Ministry of Health & Family Welfare

International Institute for Population Sciences (IIPS), Mumbai

- Irregularities in award of contract.
- Deviation from the evaluation criteria stipulated in bid document led to the work being awarded to the second ranked agency resulting in additional expenditure of Rs.2.42 crore.

Indian Council of Medical Research and National Institute of Nutrition, Hyderabad.

- Failure to enforce performance on terms of supply order by supplier resulted in equipment worth Rs.1.52 crore lying idle and equipment worth Rs. 2.13 crore not being put to optimal use for more than five years.

Post Graduate Institute of Medical Education and Research, Chandigarh

- Deficiencies in procurement management.
- The Institute failed to effectively invoke contractual remedies available to it where the supplier did not fulfil their contractual obligations with delay in levy of penalty amounting to Rs.72.77 lakh for delay in supply or installation of equipment and incorrect calculation of downtime and non-recovery of penalty of about Rs. 1.46 crore for excess downtime with reference to the contractual terms.

Ministry of Education

Mahatma Gandhi Antarrashtriya Hindi Vishwavidyalaya, Wardha

- Entrustment of 49 works valuing ` 138.41 crore by Vishwavidyalaya, to the Uttar Pradesh State Construction and Infrastructure Development Corporation Limited without prioritizing construction activities and ensuring availability of funds resulted in Rs. 22.65 crore spent on six uncompleted works being rendered idle as on March 2017Construction works executed through UPSCIDCL

Central University of Tamil Nadu, Thiruvarur

- Procedures prescribed in UGC guidelines and CPWD Works Manual were not adhered to by the University in executing construction works resulting in cost overrun of Rs. 46.32 crore as well as delay in its completion.
- The library building remains partly vacant and incomplete even after incurring of expenditure of Rs.15.40 crore and delay of four years.
- Injudicious site selection and excess construction as well as deviation from norms resulted in avoidable expenditure of Rs.19.82 crore.

University Grants Commission

- Financial assistance of Rs.9.91 crore was released by the University Grants Commission, Eastern Regional Office, Kolkata, without ensuring compliance with the extant scheme guidelines resulting in excess approval of grant of Rs.56.11 lakh on inflated estimates. Further, 31 projects involving payment of grant of Rs. 26.16 crore remained incomplete even after periods ranging between two months and over nine years beyond the stipulated completion while two hostels created at a cost of Rs.2.30 crore remained unutilised for more than three years.

Indira Gandhi National Tribal University, Amarkantak.

- Grants sanctioned for specific projects/schemes/programmes to the extent of Rs. 3.30 crore were lying unutilized with the University.

Banaras Hindu University, Varanasi, Indian Institute of Management, Ahmedabad and Indian Institute of Management, Calcutta.

- Paid higher rates of interest to GPF/CPF subscribers in contravention of extant orders resulting in overpayment of Rs. 6.28 crore.

Kendriya Vidyalaya, Sidhi

- Construction of hostel building, kitchen and dining block for the Kendriya Vidyalaya, Sidhi, by the Kendriya Vidyalaya Sangathan without assessing its requirement or conducting a feasibility study resulted in unfruitful expenditure of RS. 1.70 crore as the building remained unutilized since its completion in May 2012.

Central Board of Secondary Education, New Delhi

- Deficiencies in affiliation of private unaided schools.
- Delays in grant of affiliations and deficiencies in constitution of Inspection Committees and conduct of inspection undermined their very purpose.
- Schools were granted affiliation without the conduct of inspection and there were instances of improper grant of affiliation and improper processing of applications.

Indian Institute of Technology, Bombay

- Payment of special allowance/honorarium by Indian Institute of Technology, Mumbai, in violation of the General Financial Rules resulted in irregular payment of Rs.9.76 crore.

- Failure to exercise due diligence and made irregular payment of service tax amounting Rs.2.56 crore on construction activities under taken by them which was exempted from payment of service tax.

Indian Institute of Technology (ISM), Dhanbad, National Institute of Foundry and Forge Technology, Ranchi and National Institute of Technology, Jamshedpur.

- Irregular reimbursement air fares of Rs. 1.28 crore during 2011-16 against air tickets purchased by their employees from unauthorized agents in violation of guidelines for availing Leave Travel Concession.

Indian Institute of Technology, Chennai

- Failure to collect service tax from the service receiver resulted in payment of arrears of service tax and interest from their own resources resulting in an avoidable expenditure of Rs. 1.19 crore.

National Institute of Technology, Tiruchirappalli

- NIT constructed a school building for Kendriya Vidyalaya without obtaining approval and financial sanction of Ministry resulting in non-utilisation of the building constructed at a cost of Rs. 6.64 crore for intended purpose.

Central University of Gujarat, Gandhinagar

- Poor contracting practices and lack of effective follow-up to enforce terms of supply order by Central University of Gujarat, Gandhinagar, resulted in equipment worth Rs. 2.22 crore remaining non-functional.

Visva-Bharati, Shantiniketan

- Payment of honorarium in violation of provisions of the Financial Rules resulted in irregular payment of Rs. 1.07 crore.

Tezpur University, Assam

- The University allowed promotion/re-designation for higher post and granted higher pay to 10 teachers in contravention of extant regulations resulting in excess payment of pay and allowances of Rs. 99.25 lakh.

Indian Institute of Information Technology, Allahabad

- The Indian Institute of Information Technology, Allahabad, incurred an expenditure of Rs.1.50 crore towards purchase of 1,830 books/journals from a non-empanelled publisher in violation of its own laid down procedures and the provisions of the General Financial Rules. Out of these 1,830 books/journals, there is no receipt nor entry in Library Accession Register pertaining to 801 books and 180 journals worth Rs. 81.45 lakh, which renders the expenditure doubtful.

National Institute of Technology, Patna

- Failure of the Institute to apply for exemption from Central Excise and Custom duty for ten years resulted in avoidable payment of Rs.60.36 lakh in procurement of equipment.

ABV-Indian Institute of Information Technology and Management (ABV-IIITM), Gwalior, Indian Institute of Information Technology, Design and Manufacturing (IIITDM), Jabalpur and National Institute of Technical Teachers Training and Research, (NITTTR), Bhopal

- Irregular payment of Service Tax.
- ABV-IIITM, Gwalior, IIITDM Jabalpur and NITTTR Bhopal paid Rs. 82 lakh as service tax on outsourced services though these Institutes were exempted from payment of such tax.

Motilal Nehru National Institute of Technology, Allahabad

- MNIT failed to initiate effective action for collection of rent or eviction of premises in respect of 23 lessees who were in default resulting in non-realisation of lease rent of Rs.66.10

lakh as well as unauthorized occupation of sheds belonging to the Institute.

National Institute of Technology, Goa

- National Institute of Technology, Goa kept surplus funds in savings account and lost the opportunity to generate additional interest of at least Rs.51.87 lakh.

Indira Gandhi National Open University (IGNOU)

- Indira Gandhi National Open University (IGNOU) acquired land for construction of Regional Central at Karnal from HUDA in November 2007 at Rs.29 crore. As per the terms and conditions of allotment, the construction work was to be completed within two years from taking over possession of the land. However, IGNOU failed to ensure timely action at various stages and construction of the building is yet to begin. This also resulted in avoidable cost of Rs.46.41 lakh as well as non-realisation of intended objective of the project.

Ministry of Information & Broadcasting

Prasar Bharati, Commercial Broadcasting Services,sAll India Radio, Mumbai

- Failure of Commercial Broadcasting Service, All India Radio, Mumbai to adhere to instructions regarding payment in advance by nonaccredited agencies for broadcast of content coupled with ineffective follow-up resulted in non-recovery of revenue amounting to Rs. 1.12 crore.

Ministry of Labour & Employment - Employees' Provident Fund Organisation

- Failure of eight Regional Offices of the Employees' Provident Fund Organisation to verify dues remitted by the establishments with reference to the revised rate of administrative charges on Employees' Deposit Link Insurance and Employees' Provident Fund resulted in short realisation of

Rs. 6.17 crore during the period from January 2015 to March 2017.

Ministry of Shipping

Jawaharlal Nehru Port Trust - Revenue loss to Jawaharlal Nehru Port Trust (JNPT).

- Award of an adjacent berth to the same entity operating the existing berth at a lower revenue share without safeguarding the financial interest of JNPT led to diversion of traffic from the existing to the new berth and consequent loss of revenue to the port. Over 2015-17, the loss of revenue amounted to Rs.54.72 crore.

Mumbai Port Trust

- Mumbai Port Trust suffered loss of revenue of Rs.17.13 crore during April 2015 to March 2017 as the Port failed to recover wharfage at the agreed rate from the licensee. The Port also allowed revision of tariff at 130 per cent of scale of rates without the approval of Tariff Authority for Major Ports which was irregular.

- Mumbai Port Trust failed to revise casual occupation charges and service charges since 1990-92 which led to loss of revenue Rs. 15.10 crore (approx) to the port.

V.O. Chidambaranar Port Trust (formerly Tuticorin Port Trust)

- Failure to maintain prescribed power factor resulted in avoidable payment of compensation charges amounting to Rs. 1.46 crore.

Ministry of Statistics & Programme Implementation - Indian Statistical Institute, Kolkata

- Inaccurate assessment of contract demand by Indian Statistical Institute Kolkata resulted in avoidable expenditure of Rs.53.96

lakh towards electricity charges paid to Calcutta Electricity Supply Corporation Limited.

Ministry of Tourism - Dr. Ambedkar Institute of Hotel Management Catering and Nutrition

- Incorrect application of CPWD rate for departmental charges resulted in excess payment of Rs. 61.46 lakh.

NITI Ayog - National Institute of Labour Economics Research and Development

- The Institute revised the sanctioned post of Joint Director, Deputy Director and Assistant Director in violation of the instructions of the Ministry of Finance resulting in irregular expenditure of Rs.1.02 crore on their salary and allowances.

No. 12 of 2017 (Compliance Audit)

Ministry of Agriculture & Farmers Welfare - Indian Agricultural Research Institute.

- Reimbursement of fraudulent Leave Travel Concession claims of Rs.7.06 lakh to employees.

Ministry of Ayush

National Institute of Homoeopathy, Kolkata

- Functioning and Medical care facilities in National Institute of Homoeopathy, Kolkata

National Research Institute of Ayurvedic Drug Development, Kolkata

- The Institute did not ascertain the eligibility of National Project Construction Corporation Limited (NPCCL) under Rule 126 (2) of General Financial Rules 2005 (GFR), before awarding the work as well as releasing the payment. Also, Ministry of AYUSH took more than two years' time to ascertain the eligibility of NPCCL under provision of GFR. This led to blocking of fund of Rs.14.30 crore with NPCCL and consequent loss of interest of Rs. 1.44 crore during the period from April 2012 to August 2014.

Ministry of Coal - Coal Mines Provident Fund Organisation

- Management of funds
- Due to non-revision of the rate of contribution to the Pension Fund as per the recommendations of the actuary, there was a mounting deficit of Rs.19,698.58 crore as on 31 March 2013, which may have serious implications on the financial interest of the existing as well as future pensioners.
- Non-adherence to Ministry's guidelines for investment of Provident Fund of own employees.
- Untraced balances of Rs.1.71 crore.

Commerce & Industry - Agricultural and Processed Food Products Export Development Authority (APEDA)

- Ineffective monitoring by APEDA resulted in non-utilisation of grant for the intended purpose. APEDA sustained a loss of Rs. 1.77 crore towards interest payable on funds received from Ministry of Commerce & Industry

Ministry of External Affairs - Nalanda University, Rajgir, Bihar

- Establishment and functioning of Nalanda University, Rajgir, Bihar.
- The Vice Chancellor and OSD (University Planning) were given undue reimbursement of income tax amounting to Rs.57.40 lakh.

Ministry of Health & Family Welfare

Indian Council of Medical Research

- Irregular grant of promotions under Flexible Complementing Scheme to the scientists with retrospective effect led to irregular payment of arrear amounting to Rs.2.35 crore in 101 cases.

Regional Medical Research Centre, Dibrugarh

- Irregular grant of promotions under Flexible Complementing Scheme to the scientists with retrospective effect led to irregular payment of arrear amounting to Rs. 2.35 crore in 101 cases.

Ministry of Human Resource Development

Indian Institute of Technology, Jodhpur

- The Board of Governors irregularly waived recovery of excess payment amounting to Rs.59.38 lakh made to its faculty, which is now under recovery at the instance of Audit.

Doctor Harisingh Gour Vishwavidyalaya, Sagar (M.P.)

- Financial Management and Infrastructure Development
- The University failed to fully utilise the grant received from the University Grants Commission and return the unspent amount with lesser interest of Rs. 6.53 crore.
- Rent of Rs.48.38 lakh could not be recovered from its tenants.
- University incurred irregular expenditure of Rs. 1.26 crore on the purchase of higher model without retendering which remained uninstalled due to non-completion of construction of laboratory.

Kendriya Vidyalaya Sangathan

- KVS incurred expenditure on the Project 'Kendriya Vidyalayas' (KVs) in violation of prescribed conditions. As of 31 March 2016, Rs. 59.67 crore were due from 81 Project KVs of which 34 had been closed, rendering the possibility of recovery as remote.

Malaviya National Institute of Technology, Jaipur

- Estate management of the MNIT was not adequate as no effective action was taken by MNIT to get back possession of encroached land valuing Rs. 1163.77 crore and to reconcile its land records with Revenue Department.

- MNIT did not execute agreement with lessees and rent was not reassessed from time to time resulting in loss of rental revenue of Rs.58.67 lakh and rent of `Rs.56.98 lakh was not realised .
- Hostel accommodation was not provided to all students as required under the statutes of National Institute of Technology and 30.86 per cent students were deprived of hostel facility.
- Works contract mechanism of MNIT was deficient as excess residential quarters were constructed.
- MNIT made undue payment of Rs. 1.47 crore to Rajasthan Electronics and Instruments Limited (REIL) on account of subsidy and failed to withhold/deduct Rs.3.22 crore from the contractors' claims.

Indian Institute of Information Technology, Allahabad

- Delay in award of works by CPWD from one to 17 months resulted in extra cost of Rs. 19.35 crore. The construction work of the administrative and academic building at Rajiv Gandhi Institute of Information Technology (RGIIT), Amethi was foreclosed which resulted in non-achievement of intended benefit even after incurring expenditure of Rs. 39.81 crore.

Indian Institute of Technology, Roorkee; Babasaheb Bhimrao Ambedkar University, Lucknow, Indian Institute of Management, Ranchi and Indian Institute of Technology, Patna, and Indian Statistical Institute, Kolkata, (Ministry of Statistics and Programme Implementation)

- Payment of service tax amounting to Rs.12.42 crore on the outsourced services, although these services were exempted from payment of Service Tax.

IIT Roorkee

- Failure on the part of the IIT Roorkee to construct sewer line across NH-58 and STP at Roorkee and Saharanpur campuses resulted in idle expenditure of Rs. 15.06 crore incurred on the construction of sewer line which could not be utilised even after lapse of more than four years from scheduled date of completion.

Indian Institute of Management, Kozhikode

- Extension of the GPF-cum-Pension Scheme to employees without approval of the Government of India resulted in expenditure of Rs. 61.20 lakh being incurred towards pensionary benefits without proper sanction.

University of Allahabad

- Construction work was started at Beli Farm without prior approval from Allahabad Development Authority and in prohibited area, which was in-contravention of Hon'ble High Court's direction resulting in unfruitful expenditure of Rs. 4.99 crore.

Sardar Vallabhbhai National Institute of Technology, Surat

- Excess payment of Rs.2.69 crore due to incorrect fixation of pay.

Gujarat Vidyapith

- Human Resource Management.
- Post Based Rosters as per GoI norms were not being maintained for the teaching and the non-teaching staff. Appointments in teaching and non-teaching posts were made in contravention of UGC/GoI instructions which resulted in overpayment of Rs. 2.29 crore.

National Institute of Technology, Uttarakhand

- Infructuous expenditure (Rs.0.78 crore) and idle expenditure (Rs.2.56 crore) on construction of boundary wall by ignoring the survey report of IIT Roorkee

Indira Gandhi National Tribal University

- Irregular payment of medical allowance Rs.1.96 crore during 2013-16 in contravention of the Civil Services (Medical Attendance) Rules, 1944 and the provisions of General Financial Rule 209 (6) (iv) (a).

Assam University, Silchar

- Inaction of the University to make the e-governance Project re-operational rendered the expenditure of Rs. 1.75 crore incurred on the Project unfruitful.

National Institute of Technology, Jamshedpur

- Excess payment of Rs.1.46 crore due to irregular implementation of Career Advancement Scheme

University Grants Commission

- Blocking up of funds of Rs.1.27 crore and non-achievement of intended objective i.e. non-construction of two Ladies Hostel at Government College for Women at Thiruvananthapuram and Kannur.

Indian Institute of Technology, Madras

- Avoidable expenditure (Rs.1.05 crore) towards penal charges on electricity consumption.

University of Hyderabad

- Irregular payment (Rs.95.96 lakh) of Transport Allowance to teaching faculty

- Improper conversion of University of Hyderabad School into Kendriya Vidyalaya Project School without approval of

University Grants Commission (UGC) resulted in avoidable expenditure of Rs. 7.07 crore towards Pay & Allowances of the Teaching and Non-teaching staff of KV Project School,

Ministry of Information & Broadcasting - Film and Television Institute of India, Pune

- The students continued to be on academic roll and in hostels without any payment of fees/hostel charges after the prescribed tenure of their courses, resulting in revenue loss of Rs. 11.83 crore.
- Irregular payment of service tax of Rs. 61.23 lakh

Ministry of Shipping

Mumbai Port Trust

- Failure of Mumbai Port Trust to revise parking charges resulted in loss of revenue of Rs.23.10 crore over the past six years on night parking charges alone

Kolkata Port Trust

- Under recovery of Rs. 13.36 crore on account of guaranteed on-board cum wharfage charges from a private party.

Visakhapatnam Port Trust

- Non realisation of outstanding claims of Rs. 4.64 crore from Indian Railways due to absence of provision in agreement.
- Visakhapatnam Port Trust overpaid/irregularly paid Rs. 1.47 crore towards tuition fees for college courses contrary to provisions of wage settlement.

Cochin Port Trust

- Loss of revenue of Rs.1.98 crore due to lack of due diligence in drafting of lease deed.

Textiles - National Jute Board

- Subsidy of Rs. 3.80 crore to 16 jute units by National Jute Board was in violation of Acquisition of Plants and Machineries (Capital subsidy) scheme guidelines.

Ministry of Youth Affairs & Sports - Nehru Yuva Kendra Sangathan (NYKS)

- Financial Management
- An unspent balance of Rs. 46.73 crore from the year 2007-08 to 2014-15 was lying unadjusted in general purpose grants which was required to be adjusted by Ministry of Youth Affairs and Sports from future grants.
- Cases of poor utilisation of earmarked funds were noticed in NYKS, leading to idling of funds.

Ministry of Labour - Employees State Insurance Corporation.

- Employees State Insurance Corporation failed to monitor the unauthorised occupation of its residential accommodation resulting in non-recovery of license fee and damages charges of Rs. 0.42 crore.

Part B – Results of working / functioning of some CABs included in CAG's Audit Reports.

Functioning of the Rubber Board.

The Board was constituted with the primary objective to develop the rubber industry in the country. The overall area of rubber cultivation in India had grown from 7.11 lakh hectares to 8.22 lakh hectares from March 2011 to March 2020. However, the yearly growth rate had fallen from 3.65 per cent to 0.04 per cent during the period. The production of Natural Rubber was also mostly in declining trend during the period from 2010-11 to 2019-20. This was due to non release of adequate planting subsidies for area expansion schemes as majority of grants received by the Board were spent on non-plan activities.

The Rubber Board did not have the data of rubber growers and the last extensive field survey in Kerala was conducted by the Board only in 2002. The Board also failed to adequately promote Rubber Producers Societies and covered only 39.18 per cent of the rubber cultivated area. Further, 122 Group Processing Centres promoted by the Board for production of quality rubber sheets from latex were not functioning.

The Rubber Production Incentive Scheme introduced by Government of Kerala with the Board as the implementing agency was not implemented effectively resulting in duplicate payments, discrepancies between the sales quantity in the returns declared by rubber dealers and the invoiced quantity in the bills issued to rubber growers.

The scope of recovery of the loans amounting to ₹17.83 crore provided by the Board to Rubber/ Rubber-wood processing companies promoted by the Board was remote due to bad financial condition of these companies.

The coverage of labour welfare schemes implemented by the Board was low as only 2.1 lakh workers benefitted from the schemes during the last 10 years as against 4.51 lakh workers engaged in rubber plantation.

[Ref : CAG's Report No.16 of 2021]

Financial Assistance by Technology Development Board

The Technology Development Board was established with the mandate of providing financial assistance to industrial concerns and other agencies for commercialisation of indigenous or imported technologies for wider domestic distribution. The achievement of this mandate fell short largely due to inadequate due diligence in selection of the industrial partners as most of the companies selected in audit sample defaulted in repayment of loans/interest or royalty.

Of the 21 projects selected in Audit, only 10 projects were completed. Of these 10 projects, TDB had no information on the status of commercialisation in five projects, whereas in the remaining five projects, the extent of commercialisation was far below the projected figures. This resulted in receipt of lesser amount of royalty as against the projections made by the companies in the project proposals.

Instances of sanction of financial assistance after relaxing the eligibility conditions, excess release of first instalment of loan and release of loan instalments without fulfilment of terms of the agreement were noticed which compromised the financial interest of the Government. Prompt legal action was not taken against defaulting companies for recovery of loan which resulted in outstanding dues of Rs. 66.05 crore from seven companies. An amount of Rs. 42.18 crore outstanding from 14 defaulting companies was waived off leading to loss to the TDB.

- The Technology Development Board did not properly manage the financial assistance extended by it. This resulted in default in repayment of loan and interest amounting to Rs. 66.05 crore in seven selected projects.

- Sanction of financial assistance of Rs.15.00 crore after relaxing the eligibility condition. No justification for this relaxation was found on the records of TDB.

- Board of TDB sanctioned (February 2017) loan assistance of Rs. 250.00 crore to M/s Grasim Industries Limited, Mumbai for their project ‘Birla Excel solvent spun cellulosic fibre plant’ with conditions that loan assistance should be secured by way of first charge on fixed assets (movable and immovable) of the company both present and future, located at its Kharach plant on pari-passu basis with existing lenders. While signing (March 2018) the Loan Agreement with the company, TDB did not include the clause of execution of Mortgage Deed for immovable property.

- As per the financial statements of TDB as of 31 March 2019, Rs. 730.11 crore of loan was outstanding from 107 borrower companies, of which an amount of Rs. 225.05 crore was overdue for repayment from 64 borrower companies for periods ranging from eight days to 19 years.

[Ref : CAG's Report No. 6 of 2020]

Ministry of Culture -Modernisation of Indian Museum, Kolkata

Indian Museum, Kolkata awarded the modernisation work on nomination basis and executed the work without any conservation plan or preparation of Detailed Project Report and proper planning.

Major works pertaining to providing modern storage system, fire-fighting, fire detection and prevention and HVAC were not taken up though sanctioned. It also did not ensure financial safeguards and failed in monitoring of the quality of work in the initial phases. Works sanctioned at a cost of Rs. 83.66 crore were executed for Rs. 105.70 crore, with works estimated to cost Rs.` 25.76 crore not awarded at all. Proper conservation processes were also not followed during renovation resulting in damage to priceless artefacts.

The modernisation works, as planned, were not executed as works estimated at Rs. 25.76 crore were not awarded and almost entire fund aggregating Rs. 105.70 crore has been exhausted out of available fund of Rs.109.42 crore. It awarded the modernisation work on nomination basis without assessing the requisite expertise for taking up the restoration and renovation of museums and executed the work without preparation of Detailed Project Report and proper planning.

It did not ensure financial safeguards and failed in monitoring the quality of work in the initial phases. There are no specific guidelines/laid down criteria of the MoC for preservation and conservation of artefacts. All these resulted in expenditure on redundant items and overpayments to contractors besides irreparable damage to the priceless artefacts. Also, lack of post modernisation AMC may endanger the safety of the structure and also priceless artefacts.

[Ref : CAG's Report No. 6 of 2020]

Ministry of Housing & Urban Affairs –Functioning of the National Capital Region Planning Board

Objectives of the Board include coordinating and monitoring the implementation of the RP; and evolving harmonised policies for control of land uses and developing infrastructure in the region so as to avoid any haphazard development of the region. Audit noticed that the Board was unable to accomplish either of the two objectives.

A coordinated approach for regional development could not be ensured by the Board as the SRPs were not finalised in time by all participating states. Approval of Master/ Development Plan of various towns in the sub regions was not ensured.

Although the Board has prescribed the land use policy in the RP 2021, it does not have the corresponding powers to enforce these policies. Despite Court directive, the Board was not approving the change of land uses.

The loan disbursement function was not very active as most of the funds were parked as FDRs. While disbursing loans, the Board could not ensure fulfillment of necessary conditions as brought out in the report. As such, the Board could not play an effective role in ensuring harmonised and balanced development of the NCR.

Audit observed that during the period 2012-13 to 2015-16, there was a consistent rise in investment of funds in the Fixed Deposit Receipts (FDRs) and consequent fall in granting of loans to the participating states. As a result, during the period 2012-13 to 2016-17, interest earned from FDRs rose from Rs.98.08 crore to Rs.220.54 crore while the interest earned from disbursement of loans fell from Rs.231.23 crore to Rs.158.45 crore.

Audit observed that though the Board has raised the funds from KfW on the basis of the projects submitted by the participating states, the Board was not able to disburse the total amount of loan of Rs.746 crore received from the KfW fully to the participating states and its Implementing Agencies (IAs) due to inability of the states to comply with the procurement procedures of the banks, time taken by states to adopt environmental & social safeguards as per terms of the loans.

[**CAG's Report No. 3 of 2020**]

Ministry of Chemicals & Fertilizers Review of status of National Institute of Pharmaceutical Education and Research (NIPER) (@Mohali, Hyderabad, Ahmedabad, Kolkata, Guwahati, Raebareli and Hajipur)

Audit observed that the BoGs were not constituted in the six new NIPERs till March 2019 and the Steering Committee was discharging the functions of the BoG. The BoG at NIPER, Mohali was reconstituted after a delay of two years. In the absence of a dedicated governing body, permanent academic staff and adequate infrastructure facilities, the Institutes have been unable to achieve their objective to further pharmaceutical education in the country in a significant way, which was reflected in poor performance in terms of Research papers published and patents awarded and poor placement of students.

- Absence of regular campus and premises. Deficiencies in construction and cost overrun of Rs.258.93 crore in construction of campus at @ Ahmedabad, Campus.
- Non-recruitment of regular academic and administrative staff
- Audit observed that lack of independent, well developed permanent campus, non-availability of permanent training and placement officer and lack of pharmaceutical companies near the Institutes affected the placements in NIPERs which remained poor during 2007-18.
- Non-generation of sufficient fund from internal sources
- Infructuous expenditure on account of inability to recover fellowship paid to dropped out students

[**CAG's Report No. 3 of 2020**]

Ministry of Shipping - Implementation of Port Operation Management System (POMS) in Chennai Port Trust

Though the implementation of POMS was aimed at integrating business processes and exchanging messages with PCS, the system could not achieve the intended objectives in its entirety.

Apart from delayed implementation, there were deficiencies in designing the database and user profiling, thereby rendering the system not completely reliable.

The Port did not have an IT Security Policy and had not got the third party audit done of its IT infrastructure. The Port has yet to formulate a Business Continuity Plan.

[CAG's Report No. 3 of 2020]

Performance Audit on "Setting up of new AIIMS" under the Pradhan Mantri Swasthaya Suraksha Yojna –

A performance audit of the implementation of the scheme covering the period from 2003-04 to 2016-17 brought out that inadequacies in planning and financial management coupled with poor contract management and execution of works as well as lack of synchronisation and coordination of activities resulting in undue delays as well as additional costs that frustrated achievement of the intended benefits and full achievement of the objectives of the scheme. Some of the main points brought out in the Report are summarised below:

- In its first phase, the scheme envisaged setting up six Institutions like the All India Institute of Medical Sciences (AIIMS). Over a period of time, the scheme has been expanded to cover 20 new AIIMS.
- Out of the total fund of Rs. 3,285.03 crore (Grant-in-aid) made available to the six new AIIMS during 2011-17, Rs.2,017.62 crore was utilised leaving an unspent balance of Rs. 1,267.41 crore as of March 2017. Under-utilisation was due to delays in obtaining approval, delays at the planning

stage, delays in execution of works, slow pace of procurement of equipment and non-filling up of posts.

- Lack of effective monitoring and tracking of actual utilisation led to Rs. 830.81 crore lying unutilised with the nominated agencies as on March 2017 as well as diversion of funds amounting to Rs. 26.71 crore.
- The capital cost for the six new AIIMS for Phase-I was initially approved in March 2006 for ` 1,992 crore with the estimated capital cost for each new AIIMS being Rs.332 crore. In March 2010, the Ministry obtained revised approval for capital cost of the six new AIIMS for ` 4,920 crore i.e. at the rate of Rs.820 crore per new AIIMS. The increase in capital costs was thus largely attributable both to delay in taking up the project after the same was announced in 2003 and shortcomings in planning and assessment of requirements for new AIIMS.
- Efficient and cost effective implementation of the scheme was undermined by lack of any operational guidelines.
- Though all the six new AIIMS taken up in Phase-I had become functional, there were delays ranging from about four to five years in setting up the new AIIMS that were attributable to deficient project and contract management, administrative laxity and weak monitoring.
- Deficiencies in execution of works including improper estimation of scope and quantities, extra payment to contractors and poor contract management had a financial implication of Rs. 140.28 crores including Rs.39.96 crore of excess or extra payments to contractors. Several departments out of 42 sanctioned had not become functional in the new AIIMS and there were shortages of beds in the Institute/ hospitals ranging between 43 per cent and 84 per cent.

- There were delays in installation of equipment ranging from three months to 42 months and equipment with estimated cost of Rs. 454 crore remained undelivered for periods over two years.
- The delays in procurement of equipment arose mainly from poor contract management as well as engagement of staff who lacked the requisite qualifications that undermined the quality of medical services.
- Audit also noted cases of (a) excess payment of Rs.19.62 crore to contractors, (b) was excess payment of mobilization advance of Rs. 16.91 crore to contractors. Audit also highlighted cases of (i) delays in execution of projects, (ii) deviation in actual quantities of works compared to the quantities given in the BOQ of the contracts.
- Audit also observed in six new AIIMS (Bhopal, Bhubaneshwar, Jodhpur, Patna, Raipur and Rishikesh) shortage of faculty posts ranged from 55 per cent to 83 per cent. Similarly, the shortage of non-faculty posts ranged from 77 per cent to 97 per cent.
- Only 152 to 546 beds were available against the requirement of 960 beds in each of the six new AIIMS.

[Ref : CAG's Report No. 10 of 2018].

Performance audit of the "Functioning of National Institutes of Technology".

The Performance audit incorporates the results of test check of records of 19 National Institutes of Technology (NITs) for the period 2005-06 to 2009-10. Some of the salient findings are given below:

- During the above period, the NITs received funds (grants + internal receipts) of Rs.4169.96 crore, utilised Rs.3944.68 crore leaving unutilised funds of Rs.293.69 crore.

- Despite receiving less grants than the budget proposal, funds of Rs. 293.69 crore remained unutilized at the end of reporting period.
- In 10 test-checked NIsT, five to 63 seats in UG courses and two to 348 seats in PG courses in five selected streams remained vacant in various years of the reporting period.
- Of the 16 new UG courses introduced during 2005-06 to 2009-10 two to 62 per cent seats remained vacant whereas three to 83 per cent seats remained vacant in 73 newly introduced PG courses during the above period.
- The pass percentage of students in NIT Allahabad and Kurukshetra deteriorated from 96.62 in 2006-07 to 71.58 per cent in 2009-10 and 89.46 in 2005-06 to 71.13 per cent in the year 2009-10 respectively
- In 10 test-checked NIsT, accreditation of 45 UG and 137 PG courses was not sought from National Board of Accreditation resulting in absence of quality assurance.
- In NIT Calicut and Kurukshetra 33 sponsored research projects scheduled to be completed by 31 March 2010 were still in progress as of November and December 2010 respectively leaving unutilized grant totalling to Rs.1.67 crore.
- In contravention of AICTE guidelines, NIT Durgapur appointed one lecturer and two Assistant Professors and NIT Bhopal appointed/ promoted 92 Assistant Professors without having requisite qualification.
- Land measuring 281.568 acres was encroached upon in NIsT Jaipur, Patna and Silchar.
- Despite availability and being residential Institutes, NIT Kurukshetra and Nagpur did not provide hostel accommodation to 28, 262 boy students respectively whereas NIT Silchar did not provide hostel accommodation

to 43 boys and 45 girl students. There was overcrowding of hostels in 13 NIsT due to shortage of accommodation.

[Ref : CAG's Report No.13 of 2011-12]

Ministry of Education Performance Audit on Setting up of 8 new Indian Institutes of Technology

- Eight new IITs (IIT Bhubaneswar (IITBBS), IIT Gandhinagar (IITGN), IIT Hyderabad (IITH), IIT Indore (IITI), IIT Jodhpur (IITJ), IIT Mandi, IIT Patna (IITP) and IIT Ropar) established during 2008-09. Audit scope covered a period of five years from 2014 to 2019. Some of the salient findings are given below:

- MoE approved (July 2008) project cost of ₹6,080 crore (₹760 crore per IIT) for establishment of eight new IITs over a period of six years (2008-14). This was further revised twice i./e. (i) Rs.13990 crore (2016) and (ii) Rs.14332 core (2019).

- The lack of requisite land was a major impediment for the IITs in providing planned facilities to the students. The non-achievement of targets of infrastructure development in a timely manner affected student intake in all eight IITs, along with timely installation of equipment and proper fund management.

- Though the infrastructure works like construction of academic buildings, hostels, laboratories etc., were undertaken in a phased manner in all IITs from 2012, the pace of their creation did not correspond with the pace of envisaged increase of student/faculty. The delays were significantly high in respect of five IITs (IITH up to 56 months, IIT Mandi up to 41 months, IIT Ropar up to 39 months, IIT Gandhinagar and IITI up to 37 months).

- Spill-over of infrastructure development beyond the six years project period necessitated revision of the capital outlay from ₹6,080 crore to ₹14,332 crore and the project period to 13 years.

- Apart from delays and upward cost revision, there were significant infirmities such as award of works to consultants/contractors on nomination basis without tender procedures thus violating General Financial Rules, deficient contractual agreements imposing indefinite liability/financial commitments on the IITs, idling of assets created,. Substantial delays in supply of equipment, delays in commissioning/installation of equipment due to failure of IITs in ensuring the site readiness and making proper assessment of required accessories resulted in the laboratory/research requirement of students not being met, thus affecting the quality of their learning.
- Audit noticed that proportion of the internal receipts (fees, interest, consultancy works, publications etc.) to the recurring expenditure of the IITs was very low even after having been established over a decade. This forced these IITs to be heavily dependent on Government of India (GoI) grants for meeting recurring expenditure.
- Against overall targeted intake of 18,880 students in the initial six years (2008-14), only 6,224 students (33 per cent of target) could be admitted in all the eight IITs during this period.
- In PG/Ph.D programmes, vacancies were observed across all eight IITs indicating a need for realistic assessment of the student intake as well as evaluation of these programmes with an objective of attracting required suitable students.
- In the area of research, non-government funded sponsored projects was low in all IITs. The non-government funded projects ranged from 0.35 per cent to 14.31 per cent in terms of project funds. It was also noticed that though a number of patents were filed, no patents were obtained in five IITs

during 2014-19 indicating the need for improvement in outcome of research activities.

[CAG's Report No. 20 of 2021]

Performance audit of Network Projects of Council of Scientific and Industrial Research for Tenth Five Year Plan (2002-07).

Council of Scientific and Industrial Research (CSIR) was established in 1942 as an autonomous body registered under Societies Act, 1860 for scientific and industrial research and development (R&D).

Network project was defined as a project, where more than one CSIR laboratory collectively source inputs and implement the identified objectives together.

Audit noted that:

- There were delays in sanctioning projects, due to which actual commencement of the projects was delayed by periods ranging from 12 to 34 months from the scheduled date of commencement i.e. April 2002.
- Project proposals of 10 projects did not include any details of targeted outputs and measurable deliverables viz. financial, economical, technological and societal benefits over the five year period, as was required under the guidelines.
- In five projects, laboratories failed to identify and involve industry at any stage during implementation of projects, even though it was stated in the guidelines that it was necessary to involve industry at some convenient stage of the project.
- 38 items of equipment (each costing more than Rs.10 lakh) costing Rs.48.73 crore from 15 projects, were received/installed/commissioned either after completion of project or at the fag end of project duration. This resulted in non-utilisation of equipment for the intended purpose.

- A total of 399 technologies were developed from 27 network projects, of which 51 technologies were transferred to end users, 38 technologies were commercialised and revenue of Rs.3.83 crore was realised as of July 2012.
- The research carried out with a total expenditure of Rs.621.80 crore resulted in commercialisation of only 10 per cent of the technologies developed and revenue generation of less than one per cent of the total expenditure on network projects.
- 264 patents were filed out of which 103 patents were granted. Out of 264 patents, only 41 patents constituting 16 per cent were filed jointly in networked mode.
- A total of 2,008 research papers were published. There were no joint publications in 17 out of 27 network projects. 677 papers (34 per cent) out of 2,008 had a journal impact factor of zero. 1,298 papers (65 per cent) had journal impact factor below 2 and 1,902 (95 per cent) papers had journal impact factor below 5.
- Total external cash flow (ECF) from 27 network projects was Rs.79.74 crore. There was no ECF from nine network projects. Total expenditure incurred on these projects was Rs.199.16 crore.
- Animal models developed by CDRI under a project executed at a cost of Rs.30.56 crore could not be submitted to international agencies as the tests were carried out in facilities of CDRI that did not have GLP1 accreditation, which was a necessary pre-condition.
- Equipment procured at cost of Rs.14.05 crore under a project taken up by CRRI remained unutilised, due to delay in procurement and injudicious procurement.
- Five single molecules developed by CSIR Headquarters under a project executed at a cost of Rs.32.77 crore could

not be taken to IND2 stage, as CSIR could not establish facilities for testing the single molecules.

[Ref : CAG's Report No.29 of 2013]

Performance audit of the system of revenue generation by Doordarshan and All India Radio revealed that:

- Doordarshan was not able to exploit the tremendous growth in its network to increase its revenue; it could only earn Rs. 665.27 crore during 2004-05 against the target of Rs. 701.34 crore set by itself.
- Doordarshan displayed lack of commercial prudence by allowing additional free commercial time (FCT) while revising its rate card in March 2003. This resulted in the DD earning only Rs. 27.87 lakh through the increased rates while the sponsors benefited by Rs. 6.55 crore.
- Lack of adequate monitoring of the use of FCT in the telecast of feature films led to the loss of Rs. 19.08 crore during October 2000 to June 2005.
- Irregular grant of FCT resulted in loss of Rs. 8.88 crore in 100 cases.
- DCS, New Delhi did not charge increased telecast fee as stipulated in the rate cardand suffered a loss of Rs. 5.03 crore during the test checked months of 2001- 2005.
- Telecast duration of the programme contents was not monitored. This resulted in loss of Rs. 4.01 crore during September 2002 to March 2005.
- Doordarshan provided uplinking facilities to outside producers without entering into contracts resulting in non-realisation of Rs. 3.03 crore as on 31 March 2005.
- Lack of timely action to cancel accreditation of the agencies which failed to make payments to Doordarshan resulted in accumulation of outstanding dues of Rs.

513.38 crore as on 31 March 2005.

- Marketing management of All India Radio was not successful and it could earn only Rs. 136 crore in 2004-05 against its revenue target of Rs. 251.15 crore.
- AIR could not utilise its resources effectively and its marketing efforts to sell available commercial time did not succeed. This was reflected in the fact that the private channels with around only 9 per cent share of the total number of radio stations in the country had managed to corner 49 per cent share of the total revenue.
- Revenue of the AIR from its FM channels at four metro cities declined heavily in 2004-05 from the level in 2001-02.
- AIR had no rational policy for fixing its rates. It revised its rates in an *ad hoc* manner without any fixed periodicity and without keeping in view the ratescharged by the private channels.
- Failure to take elementary action like entering into formal agreements before telecasting a programme resulted in loss of Rs. 5.19 crore in February 2004.
- Lack of adequate monitoring and follow-up action resulted in Rs. 18.63 crore not being recovered from various agencies and advertisers as on November 2005. Some of the dues have become over 15 years old. In some cases even the whereabouts of the defaulters were not known.
- CSU, Mumbai irregularly paid Rs. 1.04 crore to agencies, which had not paid their dues to AIR.
- There were cases of delay in raising the bills and depositing the receipts to Prasar Bharati main account, which resulted in loss of interest of Rs. 72.76 lakh.
- Internal control and monitoring of commercial activities

in Doordarshan as wellas in AIR were ineffective.

[CAG's Report No. 19 of 2006]

Performance Audit of working of Central Arid Zone Research Institute (CAZRI), Jodhpur under Indian Council of Agricultural Research (ICAR).

The CAZRI was established (1952) as Desert Afforestation Station, later expanded (1957) into Desert Afforestation and Soil Conservation Station and subsequently upgraded (1959) to a multidisciplinary research institute of Indian Council of Agricultural Research (ICAR), New Delhi. Audit was undertaken to assess (i) research projects with output/outcomes, (ii) implementation of extension activities and (iii) utilisation of resources covering the period 2012-18.

Salient findings included in the report are as under:

- During 2012-18 ICAR released Rs. 460.54 crore to CAZRI for Plan (Rs. 15.61 crore) and Non-Plan (Rs.444.93 crore) expenditure. Against total allocation of Rs. 460.54 crore actual expenditure of CAZRI during the period 2012-18 was Rs.458.77 crore.

- Of the total allocation of Rs.460.54 crore, major portion of grants of Rs. 408.82 crore (88.77 per cent) was allocated to meet establishment (Rs.225.60 crore i.e. 48.99 per cent) and pension expenses (Rs. 183.22 crore i.e. 39.78 per cent), Rs.41.43 crore (nine per cent) for other expenses and only Rs.10.29 crore (2.23 per cent) was allocated for conducting research and operational activities (including equipment) against Rs.20.90 crore projected by CAZRI for research and operational activities.

- Out of 21 commercialisable technologies developed by CAZRI since its inception, 13 technologies were yet to be commercialised as of March 2019 and eight technologies though commercialised, could not reach the end users.

- Out of 14 Intellectual Property Rights enabled technologies, patents for only six technologies could be obtained by CAZRI till March 2019.
- Institute was not successful in releasing new foodgrain crop variety since 2005.
- In 35 test checked cases audit noticed that CAZRI was primarily dependent on Scientists to choose the research project and no record was available to show involvement of stakeholders and farmers in research topic selection.
- Average shortage of 35 per cent existed in scientific staff.
- The average publication of research papers in Indian and foreign Journals by scientists of CAZRI was only 68 per year during 2012-18. Out of total 405 research papers published by Scientists only 149 papers were published in journals having six and above rating by National Academy of Agricultural Sciences. Citation index of research papers revealed that 252 out of 405 research papers were never cited.
- CAZRI was not aware until 2015 that Institute was in short possession of 16.43 acres of land. Shortfalls were noticed in coverage of blocks under Frontline Demonstrations, On-farm Trials and achievements of various kinds of training programmes by Krishi Vigyan Kendras.

[CAG's Report No. 6 of 2020]

Performance Audit on Implementation of Public Private Partnership Projects in National Highways Authority of India

Ministry of Road Transport and Highways (MoRTH) had set a target for widening and up gradation of National Highways (NH) at 20 km per day. It was, however, noticed that NHAI's achievement during 2009-10 to 2012-13 ranged between 3.06 km and 17.81 km per day. There was inconsistency in adopting carrying capacity/tollable traffic as yardstick for determining the Concession Period by National Highways Authority of India (NHAI).

This resulted in fixing higher concession period and higher burden on road users by way of toll for the extended period. Users have to pay an additional toll of RS 28095.54 crore (NPV RS 3233.71 crore). NHAI incurred RS 856.80 crore on account of change of scope in 23 projects, out of which RS 662.53 crore was on account of deficient Detailed Project Report (DPR)/Feasibility Report (FR).

NHAI could not start toll collection in six completed annuity projects due to delay in achieving of commercial operation date (COD). This resulted in forgoing toll collection of RS 259.47 crore. Further toll of RS 171.37 crore could not be collected due to delay in issue of toll notification (RS 157.65 crore) and failure to commence toll collection after issue of toll notification (RS 13.72 crore) for these projects.

[CAG's Report No. 36 of 2014]

CAG also conducted special audits or performance study of some CABs earlier which are briefly referred below

Ministry of Labour & Employment –

Special Audit of Medical Education Projects of Employees State Insurance Corporation.

CAG's Report No. 40 of 2015

Performance Audit of Employees State Insurance Corporation.

CAG's Report No.30 of 2014

Performance Audit of Employees Provident Fund Organisation

CAG's Report No.23 of 2013

Ministry of External Affairs-

Working of Indian Council for Cultural Relations.

CAG's Report No.16 of 2013

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