

CHAPTER VII

COMMERCIAL ACTIVITIES

7.1 Lack of accountability for the use of Public funds in departmental commercial undertakings

Activities of quasi-commercial nature are performed by the departmental undertakings of Government. These undertakings are to prepare proforma accounts in the prescribed format annually showing the results of financial operation so that Government can assess the results of their working. The Heads of Departments in Government are to ensure that the undertakings which are funded by the budgetary release, prepare the accounts on timely basis and submit the same to Accountant General for audit. As of March 2001, there are 10 such undertakings in Government of Karnataka. Out of these 10, one undertaking did not furnish the accounts for six years and one undertaking for three years, four undertakings for two years and three undertakings for one year. One undertaking which was merged with another branch of the Department was to furnish proforma accounts for one year. Rs.1.11 crore has been invested by State Government in respect of 6 undertakings at the end of the financial year up to which their accounts were finalised.

The department-wise position of arrears in preparation of proforma accounts is detailed below:

Serial Number	Department/Name of Undertaking	Year/s for which accounts are due	Investment as per last accounts (Rupees in crore)
	Finance Department		
	Karnataka Government Insurance Department		
1	Motor Branch	1999-2000 and 2000-2001	--
2	Official Branch	1998-99 to 2000-2001	--
3	HSLIF Branch (merged with KGID official branch w.e.f 1.4.1993)	1992-93	--
	Commerce and Industries Department		
4	Government Silk Filatures, Santhamarahally	1999-2000 and 2000-2001	0.22
5	Government Silk Filatures, Mambally	2000-2001	0.27
6	Government Silk Filatures, ChamaraJanagar	1999-2000 and 2000-2001	0.23
7	Government Silk Filatures, Kollegal	2000-2001	0.16
8	Government Silk Twisting and Weaving Factory, Mudigundam	1995-96 to 2000-2001	0.18
9	Government Central Workshop, Madikeri	2000-2001	0.05
10	Dasara Exhibition Committee	1999-2000 and 2000-2001	--
	TOTAL		1.11

Comptroller and Auditor General repeatedly commented in the Audit Reports of the State about the failure of the Heads of Departments and the management of the undertakings, in timely preparation of the proforma accounts. Government did not initiate action to set right the position.

7.2 Summarised financial results

A synoptic statement indicating the summarised financial results on the basis of the latest available accounts of three undertakings is given in Appendix 7.1

**BANGALORE
THE**

**(A.L.GANAPATHI)
Pr. Accountant General (Audit)-I**

COUNTERSIGNED

**NEW DELHI
THE**

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