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REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA 1976

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REPORT

OF THE

COMPTROLLER AND AUDITOR GENERAL

OF INDIA

1976

UNION GOVERNMENT (COMMERCIAL)

PART I

6

INTRODUCTION

REPORT

OF THE

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(xvi)	Para 33(d) First line Third line	Consumption companiess	Composition companies
(xvii)	Against—'B'—General Insurance Companies.	—	1974
9.	S.No. 12	Garden Reach Workshop	Garden Reach Workshops Ltd.
12.	Column 1—1st line	(i) Financial	D-Financial
16.	Last line—Last word	Subsidiaries	Subsidiaries
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30.	Para 15—third line	below for	below. For
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47.	Para 3—third line	Government	Governments
55.	S. No. 6—Column 14 Re- marks No. 4—third line last line	profir date	profit data
57.	S. No. 49—Column 14— 1st line 2nd line	Rs. 24.26 acres Rsre	24.26 acres Rare
57.	Sr. No. 56—Column 2	Workshop	Workshops
58.	S. No. 64—Column 14— Remarks—second line from bottom	marker	market
58.	S. No. 75—Column 14— Remarks—third line from bottom	lability	liability
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PREFATORY REMARKS

Government commercial concerns, the accounts of which are subject to audit by the Comptroller and Auditor General of India, fall under the following categories:—

- (i) Government companies including subsidiaries of Government companies.
- (ii) Statutory Corporations.
- (iii) Departmentally managed commercial undertakings.

The observations of Audit on all the above categories of undertakings formed part of Central Government Audit Report (Civil) till 1962. Taking into consideration the number of Commercial Undertakings, the amount of money invested and the complex nature of these organisations, it was decided to present the audit comments relating to them with effect from 1963 in a separate volume known as Central Government Audit Report (Commercial).

Consequent upon the setting up of the Parliamentary Committee on Public Undertakings to deal with Government Companies and Corporations, the material relating to Departmentally managed commercial undertakings is discussed by the Public Accounts Committee along with the other material relating to other departments of Government. The report relating to Departmentally managed commercial undertakings forms part of Audit Report (Civil) and the Audit Report (Commercial) deals with the other two categories.

2. There are, however, certain companies and Corporations where Government has invested funds, but the accounts of

which are not subject to audit by the Comptroller and Auditor General of India on account of;

- (a) Government holding less than 51 per cent shares and the company, therefore, not falling within [the scope of Section 617 of Companies Act, 1956 (e.g. Sindhu Re-settlement Corporation Limited etc.); and/or
- (b) there being no provision in the relevant statute establishing the Corporation for audit by the Comptroller and Auditor General of India (Reserve Bank of India, Nationalised Banks, Life Insurance Corporation of India).

A list of such undertakings where Government investment is not less than 1 crore of rupee is given in Annexure 'A'.

In addition, the Comptroller and Auditor General of India is also not statutorily responsible for the audit of the accounts of statutory bodies (e.g. State Bank of India, Industrial Finance Corporation of India etc.) the majority interest in which vests with other statutory bodies (e.g. Reserve Bank of India, Industrial Development Bank of India).

Pursuant to the suggestion of the Public Accounts Committee for subjecting companies, whereof more than fifty one per cent shares are held jointly by Government and Government companies to the financial discipline of the companies Act, as in the case of Government companies, and in view of the fact that there have been instances where more than fifty one per cent shares are held by public financial corporations either by themselves or along with Government or Government companies, it was considered necessary to empower the Central Government to appoint the auditors, on the advice of the Comptroller and Auditor General of India, for the purposes of audit of accounts of such companies in the same manner as

adopted for Government companies. Accordingly Section 619-B was added by the Companies (Amendment) Act, 1974, making the provisions of Section 619 of the Act applicable to a company in which not less than fiftyone per cent of the paid up share capital is held by one or more or a combination of any of (i) Central Government (ii) State Governments, (iii) Government companies, (iv) Corporations owned or controlled by Central Government and (v) Corporations owned or controlled by the State Governments as if it were a Government company. This amendment came into force from 1st February, 1975.

The ownership of 103 sick textile mills was taken over by the Government of India with effect from 1st April, 1974 through an Ordinance called 'The Sick Textile Undertakings (Nationalisation) Ordinance, 1974' issued in September 1974. The Ordinance was later on enacted by Parliament as 'The Sick Textile Undertakings (Nationalisation) Act, 1974.' In terms of Section 3(1) of the Act, these sick mills stood transferred to the National Textile Corporation Ltd. Out of 103 mills, possession of 5 mills could not be taken over by National Textile Corporation Ltd. on account of court orders. 91 of the remaining 98 textile mills were later on transferred by National Textile Corporation Ltd. to nine subsidiaries formed by it under the Companies Act, 1956 during October/November 1974 in terms of Section 6 of the Sick Textile Undertakings (Nationalisation) Act, while 7 mills remained with the Corporation. As the accounts of the National Textile Corporation as well as its subsidiaries for the year 1974-75 are still awaited (April 1976), the results of their working have not been taken into account for the purpose of this report.

3. In the case of Government companies, audit is conducted by professional auditors appointed on the advice of the Comptroller and Auditor General, but the latter is authorised under Section 619(3)(b) of the Companies Act, 1956 to conduct a

supplementary or test audit. He is also empowered to comment upon or supplement the report submitted by the professional auditors. The Companies Act further empowers the Comptroller and Auditor General to issue directives to the auditors in regard to the performance of their functions. In March 1962 such directives were issued by him to the auditors for looking into certain specific aspects of the working of Government companies. These were revised in December 1965 and February 1969.

4. In respect of Air India, Indian Airlines, Oil & Natural Gas Commission, Damodar Valley Corporation, International Airports Authority and Delhi Transport Corporation, which are statutory organisations, the Comptroller and Auditor General of India is the sole Auditor, while in respect of the Central Warehousing Corporation and the Food Corporation of India, he has the right to conduct audit independently of the audit conducted by the professional auditors appointed under the Act.

5. After considering the recommendations of the Administrative Reforms Commission, an Audit Board was set up with effect from 1st April, 1969, under the supervision and control of the Comptroller and Auditor General of India for undertaking comprehensive appraisal of the working of the Government companies and Corporations.

Depending upon the requirements for appraisal of performance of the undertakings selected, the Audit Board meets in groups. Each group consists of the Chairman, two whole-time members and two part-time members. The Chairman and two whole-time members are officers of the Indian Audit and Accounts Department and are appointed by the Comptroller and Auditor General of India. The two part-time members of each group are appointed by Government of India after consultation and with the concurrence of Comptroller and Auditor General.

6. As in the previous year, for facility of consideration the Report of the Comptroller and Auditor General of India—Union Government (Commercial), 1976 will be presented in several parts consisting of the following:—

- (a) Introduction—Indicating a general review of the working results of Government companies and Corporations.
- (b) Results of the comprehensive appraisal conducted by the Audit Board (Referred to in paragraph 5).
- (c) Individual points of interest noticed in audit of the undertakings not taken up for appraisal by the Audit Board and a resume of the Reports of Company Auditors submitted by them under the directives issued by Comptroller and Auditor General.

7. In the beginning of Part I of the Report the “highlights of the working of the Union Government companies for 1974-75” have been indicated for convenience. They indicate an overall picture of different types of industries but should not be viewed in isolation. The details are given in the Report.

HIGHLIGHTS OF THE WORKING OF THE UNION GOVERNMENT COMPANIES DURING 1974-75

A.—Government Companies other than General Insurance Companies

The overall results in the aggregate of the working of 120 Union Government companies disclosed a net profit of Rs. 279.77 crores for the year 1974-75. The return on capital invested increased from 4.5 per cent in 1973-74 to 5.9 per cent in 1974-75 and the return on capital employed increased from 8.0 per cent in 1973-74 to 9.8 per cent in 1974-75. In considering the profit and the return on capital, the following facts are relevant.

The total value of production/business of 106 companies, data in respect of which were analysed was Rs. 8006.02 crores in 1974-75 registering a growth of 56.8 per cent over the value of production/business of 103 companies during 1973-74. The contribution to the exchequer in the form of Central Excise Duty by 39 Companies which were studied amounted to Rs. 850.80 crores representing 26.3 per cent of the total collection of Central Excise Duty of the country during 1974-75. Exports made by 57 companies amounted to about Rs. 828.26 crores. These Government companies, provided direct employment to 9,22,853 persons by the end of 1974-75 as against 8,69,121 persons at the end of 1973-74, registering a growth of 6.2 per cent in employment. The benefits in the shape of township facilities at concessional rates provided to the employees of 55 companies, amounted to Rs. 28.50 crores. Sixty eight companies turning out production of the value of Rs. 5,663.93 crores imported raw materials, stores and spare parts to the extent of Rs. 929.42 crores.

The profit earned by 120 companies in 1974-75 was Rs. 279.77 crores registering an increase of 77.57 per cent over the profit of Rs. 157.55 crores of 116 companies in 1973-74. The manufacturing/producing companies bettered their performance in 1974-75 contributing a profit of about Rs. 162.78 crores against profit of about Rs. 75.37 crores earned by them in 1973-74.

Analysis of utilisation of capacity (commissioned) in selected industries for which information was available [revealed the following :—

- (i) in steel group utilisation of capacity commissioned improved from 63.0 per cent in 1973-74 to 68.2 per cent in 1974-75 ;
- (ii) in fertilizer group it dropped from 65.6 per cent in 1973-74 to 51.0 per cent in 1974-75 ; and
- (iii) in oil refining it fell from 93.4 per cent in 1973-74 to 82.7 per cent in 1974-75.

The details are indicated below:—

1. Number of Government 99 and 44 subsidiaries.
companies as on 31st
March, 1975.
2. Number of companies 91 and 29 subsidiaries (*vide*
(other than Insurance com- Annexure 'B').
panies) which prepared
accounts.
3. Paid up capital of the 120 Rs. 4765.81 crores.—Increase
companies as on 31st of Rs. 435.48 crores over
March, 1975. 31st March, 1974.
4. Long-term loan capital of Rs. 3297.08 crores. Increase
the 120 companies as on of Rs. 698.01 crores over
31st March, 1975. 31st March, 1974.

5. Reserves and surpluses of these companies as on 31st March, 1975.	Rs. 701.22 crores. Increase of Rs. 156.15 crores over 31st March, 1974.
6. Capital invested* in these 120 companies as on 31st March, 1975.	Rs. 7097.16 crores. Increase of Rs. 1066.83 crores over 31st March, 1974.
7. Sectoral distribution of capital invested as on 31st March, 1975.	(Rupees in crores)
I. Running concerns	5451.28
A. Industrial	5049.76
Engineering	1280.33
Chemicals	951.69
Mining and Minerals	762.97
Shipping and Transport	536.84
Ship-Building and Repairing	64.81
Steel	1044.84
Petroleum and oil	373.38
Construction Undertakings	18.61
Miscellaneous	16.29
B. Trading and Services	107.54
C. Consultancy	4.00
D. Financial	289.98
II. Promotional and Developmental Undertakings	76.34
III. Companies in the stage of construction	1569.54

*Excludes share capital of subsidiaries to the extent held by holding companies and loans received by holding companies but lent in turn to subsidiaries.

8. Capital employed in 105 companies (excluding companies in the stage of construction). Rs. 4699.70 crores. Increase of Rs. 960.94 crores over 31st March, 1974.
9. Gross assets of 120 companies as on 31st March, 1975. Rs. 11885.46 crores. Increase of Rs. 2414.59 crores over 31st March, 1974.
10. Value of production/business of 106 companies. Rs. 8006.02 crores. Increase of Rs. 2900.52 crores over 31st March, 1974.
11. Net sales of 106 companies. Rs. 7611.38 crores. Increase of Rs. 2817.15 crores over 31st March, 1974.
12. Sundry Debtors of 106 companies. Rs. 803.46 crores. Increase of Rs. 183.47 crores over 31st March, 1974.
13. Inventories as on 31st, March 1975 for 100 companies. Rs. 2705.09 crores. Increase of Rs. 755.56 crores over 31st March, 1974.
14. Subsidy paid by Government to 31 companies during 1974-75. Rs. 28.45 crores against Rs. 22.47 crores to 35 companies during 1973-74.
15. Total net profit earned by 120 companies during 1974-75. Rs. 279.77 crores against total net profit of Rs. 157.75 crores for 116 companies during 1973-74.

16. Return on capital invested 5.9% against 4.5% in 1973-74.
(*vide* para 8).
17. Return on capital employed 9.8% against 8% in 1973-74.
of 105 companies (excluding companies in the stage of constructor) during 1974-75.
18. Percentage of value of production/business to capital employed for 98 companies. 169.3 as against 135.4 in 1973-74.
19. Percentage of sales to capital employed during 1974-75 for 98 companies. 161.3% against 127.4% in 1973-74.
20. Percentage of Sundry Debtors to sales during 1974-75 for 106 companies. 10.6% against 13.0% in 1973-74.
21. Percentage of inventories to sales for 100 companies. 35.6% as against 40.8% in 1973-74.
22. Cash and Bank Balances :
- (a) Cash and bank balances of 120 companies as on 31st March, 1975. Rs. 289.00 crores.
- (b) Outstanding balances of cash credit resorted to by 36 companies as on 31st March, 1975. Rs. 340.34 crores.

23. Customer composition of Percentage of total sales.

91 *companies in respect of which information was available with total sales of *Rs. 4355.01 crores.

Sales to Government departments. 20.6

Sales to Public Sector Undertakings. 20.4

Exports. 18.3

[Exports by 6 trading Companies (S.T.C., M.M.T.C., Cotton Corporation, Tea Trading Corporation, Cashew Corporation Projects and Equipment Corporation) account for 16.51 per cent]

Sales to other parties. 40.7

24. Employment Statistics :

(a) Total number of employees in 117 companies (in respect of which information was available) as on 31st March, 1975. 9,22,853.

*NOTE.—This excludes figures pertaining to Indian Oil Corporation Ltd as the break-up of sales between sales to Government Departments and to Public Sector Undertakings is not available. If the sales of Indian Oil Corporation Ltd. are included, the share of sales to Government Departments and Public Sector Undertakings put together will account for 53.4 per cent of the total sales of Rs. 6320.03 crores as against 41 per cent of Rs. 4355.01 crores mentioned above.

(xiv)

- (b) Salaries, wages, etc. Rs. 757.28 crores.
charged in the accounts
as on 31st March, 1975.
- (c) Average earnings per Rs. 8206.
employee per annum
on the above basis.
25. Ratio of employees to capital investment as on 31st March, 1975 (The position has to be viewed in the light of the fact that most of the public sector undertakings are capital intensive and highly mechanised). 130 per Rs. 1 crore of capital investment.
26. Net revenue expenditure on providing township facilities after deducting rent receipts etc. in 55 companies, in respect of which information was available for 1974-75. Rs. 28.50 crores.
27. Housing provided up-to 1974-75. 2,76,348 employees out of 6,64,003 employees in 63 companies for which information was available.
28. Cost of other facilities like educational facilities, medical facilities, social and cultural facilities, transport facilities and canteen subsidy during 1974-75. Rs. 41.20 crores in 105 companies for which information was available.

29. Contribution to Central Revenue in the form of Central Excise Duty during 1974-75. Rs. 850.80 crores for 39 companies having value of production of Rs. 6063.98 crores.
30. Exports by 57 companies for which information was available. Rs. 828.26 crores.
31. Net foreign exchange earnings by 7 companies (in respect of which information was available) engaged in rendering services like shipping, ship repairing, consultancy, etc. during 1974-75. Rs. 111.09 crores.
32. Expenditure incurred during 1974-75 on import of raw materials, stores and spare parts for production by 68 companies in respect of which information was available. Rs. 929.42 crores. Their value of production was Rs. 5663.93 crores.
33. (a) Value of production of 72 companies engaged in manufacture/production of goods during 1974-75. Rs. 5792.31 crores.
- (b) Contributed value of the above Companies during 1974-75. Rs. 1654.98 crores.
- (c) Results of working of the companies during 1974-75. Profit of Rs. 162.78 crores.

(d) Consumption of the major items of expenditure of the companies expressed as percentages of value of production.	Consumption of raw materials, stores and spares, purchase of finished goods etc. 56.7 Central Excise Duty 14.7 Wages, salaries, bonus, allowances, etc. 10.9 Depreciation 3.9 Interest 2.6 Repairs and maintenance 1.4
(e) Percentage of contributed value to capital employed for 67 companies (excluding companies in the stage of construction).	42.8

34. Sectoral Analysis of working results of companies engaged in manufacture/production.

(Rupees in crores)

	In 1974-75	In 1973-74
Steel	(+) <u>39.10</u>	against (-) <u>5.72</u>
Machine Tools, Engineering and Allied Industries.	(+) <u>70.97</u>	,, (+) <u>40.21</u>
Fertilizers, Chemicals and Pharmaceuticals.	(+) <u>7.93</u>	,, (+) <u>3.31</u>
Minerals	(-) <u>25.74</u>	,, (-) <u>23.80</u>
Petroleum	(+) <u>59.40</u>	,, (+) <u>50.57</u>
Electronics	(+) <u>6.41</u>	,, (+) <u>8.97</u>
Others	(+) <u>4.71</u>	,, (+) <u>1.83</u>
	<u>(+)<u>162.78</u></u>	<u>+<u>(75.37)</u></u>

35. Capacity utilisation in selected industries with reference to the commissioned capacity (for which information is available).

	In 1974-75	In 1973-74
(i) Steel		
(a) Ingots	59.6% against	63.4%
(b) Saleable Steel	68.2% „	63.0%
(ii) Fertilizer (includes Rourkela Fertilizer Plant)	51.0% „	65.6%
(iii) Oil Refining	82.7% „	93.4%

B.—General Insurance Companies

1. Number of General Insurance Companies 1 and 6 subsidiaries.
2. Number of Companies which prepared accounts 1 and 3@ subsidiaries.
3. Net premium earned by the General Insurance Corporation and subsidiaries Rs. 158.95 crores.
4. Net claims of the above Companies. Rs. 76.98 crores.
5. Net commission, expenses of management and other charges of the above companies Rs. 48.28 crores.

- | | |
|--|--------------------|
| 6. Net increase in the reserves for unexpired risks of the above companies | Rs. 13.40 crores. |
| 7. Underwriting profits of the above companies. | Rs. 20.30 crores. |
| 8. Net profits of the above companies prior to tax | Rs. 35.87 crores. |
| 9. Commission earned by the above companies on reinsurance ceded . | Rs. 28.93 crores. |
| 10. Commission paid by the above companies on reinsurance accepted | Rs. 36.48 crores. |
| 11. Premium derived from business out of India by the above companies. | Rs. 39.58 crores. |
| 12. Claims paid to claimants out of India by the above companies . | Rs. 19.01 crores. |
| 13. Estimated liabilities in respect of claims whether due or intimated, of the above companies as on 31st December. | Rs. 100.56 crores. |
| 14. Reserves for unexpired risk of various classes of insurance of the above companies as on 31st December. | Rs. 98.49 crores. |

@NOTES.—1. Audit under Section 619 of Companies Act 1956, in respect of one Company is still in progress (April 1976) and certified accounts for three companies have not been received.

2. The results of working of Industrial Credit Company Ltd., a subsidiary of Oriental Fire & General Insurance Company Ltd., Delhi have been included in part 'A' as it has no insurance business.

INTRODUCTION

I. GOVERNMENT COMPANIES

1. Number of Companies

There were 99 companies with 44* subsidiaries of the Union Government as on 31st March, 1975 as against 95 companies with 35 subsidiaries as on 31st March, 1974. During the year 1974-75, 4 new companies viz : National Fertilizers Ltd., Central Electronics Limited, Rail India Technical and Economic Services Private Limited and Electronics Trade and Technology Development Corporation Limited were incorporated. Indian Motion Pictures Export Corporation Limited, which was a subsidiary of State Trading Corporation of India Ltd., became an independent company with effect from 29th February 1974. Bharat Coking Coal Ltd. which was formed on 1-1-1972 as a Government Company to take over the nationalised coking coal mines became a subsidiary of Steel Authority of India Ltd., with effect from 16-3-1973. Consequent upon the transfer of the shares held by the Steel Authority of India Ltd., to the President of India with effect from 15-2-1975, the Company ceased to be a subsidiary of Steel Authority of India Ltd., and became an independent company. ESSO Standard Refining Company of India Limited and Lube India Limited were amalgamated into a single company with effect from 15th July 1974 under the name of Hindustan Petroleum Corporation Ltd. Manganese Ore (India) Ltd. ceased to be a Government company in terms of Section 617 of the Companies Act, 1956 with effect from 2-11-1973 although it still continues to be a deemed Government Company under the provisions of Section 619-B of the Act.

* Includes two Companies which are subsidiaries of AIR INDIA but under audit of Comptroller and Auditor General of India under the Air Corporations Act, 1953.

During the year 1974-75, 13 new subsidiary companies were formed. While SAIL International Ltd. and HMT (International) Ltd. were formed on 10-6-1974 and 13-12-1974 as subsidiaries of Steel Authority of India Ltd. and Hindustan Machine Tools Ltd. respectively, Bharat Refractories Ltd.—a private sector company, was taken over by Government and made a subsidiary of Bokaro Steel Ltd. Indian Oil Blending Ltd., a joint venture of certain Government companies and others, became a subsidiary of Indian Oil Corporation Ltd. with effect from 5-9-1974. In addition, 9 subsidiaries viz: (1) National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Ltd., (2) National Textile Corporation (Gujarat) Ltd., (3) National Textile Corporation (Tamilnadu and Pondicherry) Ltd., (4) National Textile Corporation (Delhi, Punjab and Rajasthan) Ltd., (5) National Textile Corporation (Uttar Pradesh) Ltd., (6) National Textile Corporation (Madhya Pradesh) Ltd., (7) National Textile Corporation (South Maharashtra) Ltd., (8) National Textile Corporation (North Maharashtra) Ltd., (9) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Ltd. were formed by National Textile Corporation Ltd., during October/November 1975 and 91 out of 98 Sick Textile Mills actually taken over by Government were transferred to them. Indian Consortium for Power Projects Pvt. Ltd.,—a subsidiary of Bharat Heavy Electricals Ltd., was merged with the holding company with effect from 1-1-1975 while Indian Oil International Ltd.—a subsidiary of Indian Oil Corporation Ltd., went into voluntary liquidation with effect from 30-8-1974.

The Accounts of Coal Mines Authority of India Ltd., Central Fisheries Corporation Ltd., Rehabilitation Industries Corporation Ltd., National Newsprint and Paper Mills Ltd., State Farms Corporation of India Ltd., Jute Corporation of India Ltd., Bridge and Roof Company Ltd., National Textile Corporation Ltd., and its 9 subsidiaries, National Insurance Company Ltd., United India Fire & General Insurance

Company Ltd. and Zenith Assurance Company Ltd. have not been included as they have not been received.

The results of working of the nationalised General Insurance companies, other than Industrial Credit Company Ltd., have been included in Section II of this Report.

2. Paid-up capital

The total paid-up capital of 120 companies of the Union Government (including subsidiaries) included in this Section of the Report was Rs. 4765.81 crores at the end of 1974-75 representing an increase of Rs. 435.48 crores over the total paid-up capital of Rs. 4330.33 crores of 116 companies at the end of the previous year.

The break up of the paid-up capital of these companies according to the investments made by the Union Government/ Union Government companies, State Governments and private parties as on 31st March 1975 is as follows:—

	No.	Paid-up capital			Total
		Union/ Union Govt. Companies	State	Private parties	
1	2	3	4	5	6
(i) Companies fully owned by the Union Government/Union Government companies	89	4,52,358.40	—	—	4,52,358.40
(ii) Companies jointly owned by the Union Government/Union Government companies and State Government	8	9,428.36	472.69	—	9,901.05
(iii) Companies jointly owned by the Union Government/Union Government companies and private parties	13	2,888.98	—	1,685.93	4,574.91

1	2	3	4	5	6
(iv) Companies jointly owned by the Union Government/Union Government companies, State Governments and Private parties	10	8,648.48	395.04	703.44	9,746.96
	120	4,73,324.22	867.73	2389.37	4,76,581.32
		99.3%	0.2%	0.5%	100%

Figures for the year

1973-74	116	4,30,062.71	897.60	2,072.49	4,33,032.80
		99.3%	0.2%	0.5%	100%

3. Loans

The long-term loans obtained by the companies under review stood at Rs. 3297.08 crores. This represented an increase of Rs. 698.01 crores over the long-term loans amounting to Rs. 2599.07 crores of all the Union Government Companies at the end of the previous year.

The break up of long-term loans according to the sources of finance viz. the Union Government/Union Government companies, the State Governments, foreign credits and other parties, as on 31st March 1975 is as follows:—

1	2	3	4	(Rupees in lakhs)	
				5	6
	1973-74	Per-centage of total loans	1974-75	Per-centage of total loans	Increase(+)/decrease(-) in amount
(i) Union Government/Union Government Companies	1,97,762.49	76.1	2,51,191.63	76.2	(+)53,429.14
(ii) State Governments	94.96	—	104.49	—	(+) 9.53
(iii) Foreign credits	36,865.65	14.2	47,654.18	14.5	(+)10,788.53
(iv) Others	25,183.66	9.7	30,757.49	9.3	(+)5573.83
TOTAL	2,59,906.76	100.0	3,29,707.79	100.0	(+)69,801.03

4. Interest

Government had granted 'interest holiday' on loans amounting to Rs. 357.10 crores in the case of Hindustan Steel Limited upto 31st March 1962, the recovery so waived being Rs. 39.71 crores.

Government had granted moratorium for periods ranging from 1 to 12 years in the case of 34 companies for repayment of loans aggregating Rs. 333.00 crores provided to these companies during 1974-75.

5. Guarantee

Government guaranteed cash credit arrangements made by 28 companies with the State Bank of India upto the total maximum limit of Rs. 122.66 crores. Against this limit, the amount outstanding as on 31st March 1975 aggregated Rs. 101.52 crores. Loans raised by 20 companies were also guaranteed by Government, the amount outstanding as on 31st March 1975 being Rs. 177.32 crores. In addition, Government gave guarantees in respect of the following:—

- (a) Repayment of principal and interest in respect of letters of credit offered by the State Bank of India to exporters abroad to draw on it for funds in payment of specified goods to be shipped to India (8 companies).
- (b) Repayment of principal and interest and fulfilment of payment obligation in pursuance of agreements/letters of acceptance entered into with foreign consultants/contractors (18 companies).

The maximum amount thus guaranteed as on 31st March 1975 in case of these companies was Rs. 384.67 crores against which the actual amount outstanding as on that date was Rs. 242.75 crores.

6. Subsidy

Apart from the concessions mentioned in paragraphs 4 and 5 above, subsidies have also been granted to some companies for industrial housing schemes (as admissible to private sector companies), hospitals, sand stowing, etc. During 1974-75, 31 companies received such subsidies aggregating Rs. 28.45 crores. The cumulative total of subsidies paid by Government upto 31st March 1975 was Rs. 190.35 crores.

7. Profit and dividend

7.01 According to the annual accounts of 120 companies, there was a total net profit of Rs. 279.77 crores as against the total net profit of Rs. 157.55 crores of 116 companies during the previous year.

The increase in profit in 1974-75 was mainly due to better performance by manufacturing/producing companies which made a profit of Rs. 162.78 crores as against the aggregate profit of Rs. 75.37 crores in 1973-74. The concerns in Steel Group made a profit of about Rs. 39.10 crores as against a loss of Rs. 5.72 crores during the previous year. The concerns in the Machine Tools, Engineering and Allied Industries group, registered substantial increase in their profit. The concerns in the Fertilizer, Chemicals and Pharmaceuticals group and Petroleum group also increased their profit substantially during the year. The profits of concerns in Electronics group decreased during 1974-75 as compared to that in the previous year. However, there was increase in the loss incurred by the concerns in the Mineral group in 1974-75 as compared to previous year.

7.02 Seventy five companies showed a profit of Rs. 368.22 crores which represented 17.3 per cent of the paid up capital of Rs. 2128.10 crores invested in these companies. Thirty five companies declared dividends amounting to Rs. 18.65 crores representing 5.9 per cent of the paid up capital of

Rs. 317.27 crores of these companies. This works out to 0.4 per cent of the total paid up capital of Rs. 4765.81 crores of all the 120 companies. The companies which declared dividends, the amount of dividend declared, etc. are indicated below :—

(Rupees in lakhs)			
Sl. No.	Name of the Company	Amount of dividend declared/proposed	Percentage of dividend to paid-up capital
1	2	3	4
1.	Hindustan Aeronautics Limited	99.59	1.75
2.	Bharat Earth Movers Limited	60.00	5.0
3.	Bharat Electronics Limited	83.52	12.0
4.	Hindustan Teleprinters	9.84	8.0
5.	Indian Telephones Industries Limited	60.00	12.0
6.	Industrial Containers Ltd.	3.24	18.0
7.	Steel Containers Ltd.	2.52	12.0
8.	Indian Rare Earths Ltd.	15.13	8.0
9.	Sambhar Salts Ltd.	3.00	3.0
10.	Hindustan Organic Chemicals Ltd.	48.41	5.0
11.	Shipping Corporation of India	167.70	6.0
12.	Mazagon Dock Ltd.	29.11	6.5
13.	Goa Shipyard Ltd.	2.50	4.0
14.	Indian Oil Corporation Ltd.	569.42	8.0
15.	Madras Refineries Ltd.	154.50	12.0
16.	Lubrizol India Ltd.	3.60	6.0
17.	Indo-Burma Petroleum Co. Ltd. @	16.42	8.0

@ Includes dividend declared on Preference share capital of Rs. 50 lakhs also.

1	2	3	4
18. Hindustan Petroleum Corp. Ltd.	150.00	14.0
19. Indian Oil Blending Ltd.	2.00	5.0
20. Hindustan Steel Works Construction Ltd.	6.00	12.0
21. Modern Bakeries (India) Ltd.	12.78	4.4
22. State Trading Corporation of India Ltd.	120.00	12.0
23. Minerals and Metals Trading Corporation of India Ltd.	108.00	12.0
24. Cotton Corporation of India Ltd.	12.00	12.0
25. SAIL International Ltd.	0.12	12.0
26. Electronic Trade & Technology Development Corporation Ltd.	0.90	6.0
27. Metal Scrap Trade Corporation Ltd.	1.60	8.0
28. Cashew Corporation of India Ltd.	9.00	12.0
29. Projects and Equipments Corporation of India Ltd.	3.00	12.0
30. Engineers India Ltd.	3.00	12.0
31. Water and Power Development Consultancy Services (India) Ltd.	1.80	6.0
32. National Industrial Development Corporation Ltd.	2.00	5.0
33. National Seeds Corporation Ltd.	24.80	8.0
34. India Tourism Development Corporation Ltd.	29.80	2.5
35. Rural Electrification Corporation Ltd.	50.00	1.0
		<u>1865.30</u>	

7.03 Thirty-eight companies having paid-up capital of Rs. 1212.19 crores, sustained losses totalling Rs. 88.45 crores of which Rs. 82.02 crores (details given below) pertained

to the following 16 companies each of which incurred loss of Rs. 1 crore or above:—

(Rupees in lakhs)					
Sl. No.	Name of the company	Paid-up Capital	Loss incurred in 1974-1975	Loss incurred in 1973-74	Cumulative loss upto 31-3-75
1	2	3	4	5	6
1.	Heavy Engineering Corporation Limited	16,129.45	437.66	729.64	11742.87
2.	Bharat Heavy Plate & Vessels Ltd.	1,031.47	103.84	33.16	546.20
3.	Bharat Ophthalmic Glass Ltd.	286.00	120.89	105.40	610.26
4.	Jessop & Company Ltd.	223.99	156.62	454.16	1338.06
5.	The Fertilizers and Chemicals Travancore Ltd.	6,911.98	305.88	196.63	1483.07
6.	Hindustan Antibiotics Ltd.	312.26	326.22	140.83	115.92
7.	Hindustan Photo Films Manufacturing Company Ltd.	632.00	167.41	273.20	1926.56
8.	Neyveli Lignite Corporation Ltd.	14,539.00	1139.55	1215.96	7973.54
9.	Bharat Coking Coal Ltd.	200.00	2604.39	1046.00	4000.78
10.	Bharat Gold Mines Ltd.	134.79	178.53	158.31	393.49
11.	Central Inland Water Transport Corporation Ltd.	469.00	272.91	225.95	1122.02
12.	Garden Reach Workshop	700.00	145.45	108.20	266.75
13.	Cochin Refineries Ltd.	700.00	526.07	(+)1.52	602.07
14.	National Small Industries Corporation Ltd.	550.00	147.17	62.53	387.74
15.	Bokaro Steel Ltd.	60,000.00	914.76	1043.48	2753.79
16.	Bharat Aluminium Company Ltd.	9,139.90	655.14	360.42	1015.56
		1,11,959.84	8202.49		36278.68

7.04 The cumulative loss of the following companies is more than their paid-up capital:—

(Rupees in lakhs)			
Sl. No.	Name of the company	Paid-up Capital as on 31-3-75	Cumulative loss upto 31-3-75
1	2	3	4
1.	Bharat Gold Mines Ltd.	134.79	393.49
2.	Bharat Coking Coal Ltd.	200.03	4,000.78
3.	Bharat Ophthalmic Glass Ltd.	286.00	610.26
4.	Biecco Lawrie Ltd.	32.50	50.78
5.	Indian drugs & Pharmaceuticals Ltd.	3,420.00	3,759.61
6.	Hindustan Photo Films Manufacturing Company Ltd.	632.00	1,926.56
7.	Central Road Transport Corporation Ltd.	121.59	218.48
8.	Central Inland Water Transport Corporation Ltd.	469.00	1122.02
9.	Tannery and Footwear Corporation of India Ltd.	95.92	412.47
10.	Air India Charters Ltd.	1.25	1.63
11.	Rail India Technical and Economic Services Private Ltd.	1.00	1.06
12.	Industrial Credit Company Ltd.	1.00	1.52
13.	Indian Motion Pictures Export Corporation Ltd.	25.00	27.59
14.	Jessop & Company Ltd.	223.99	1338.06
15.	Triveni Structuralists Ltd.	300.00	352.28
16.	Praga Tools Ltd.	329.54	422.45
17.	National Instruments Ltd.	151.96	246.10
18.	Mining & Allied Machinery Corporation Ltd.	2000.00	3591.33
		8425.57	18476.47

7.05 The paid-up capital and profit/loss for the three categories of running concerns, promotional and developmental undertakings and companies in the stage of construction for 1973-74 and 1974-75 are given below :—

1	1973-74			1974-75		
	No.	Paid-up capital	Profit/Loss	No.	Paid-up capital	Profit/Loss
	2	3	4	5	6	7
(i) Running Concerns	91	2,11,414.17	(+)16,593.85	96	3,77,162.06	(+)28,396.91
Companies which earned profit	62	1,55,202.55	(+)22,479.41	67	1,94,877.45	(+)35,383.18
Companies which incurred loss	29	56,211.62	(—)5,885.56	28	44,868.90	(—)6,986.27
A. Industrial	72	3,38,104.30	(+)9,766.28	74@	3,68,987.74	(+)20,080.22
Companies which earned profit	47	1,49,389.92	(+)15,632.26	48	1,86,706.38	(+)27,064.34
Companies which incurred loss	25	56,115.68	(—)5,865.98	25	44,865.65	(—)6,984.12
B. Trading and Services	11	1,985.94	(+)6,006.56	12	2,249.69	(+)7,122.26
Companies which earned profit	8	1,940.00	(+)6,010.81	11	2,248.44	(+)7,123.10
Companies which incurred loss	3	45.94	(—)4.25	1	1.25	(—)0.84
C. Consultancy	4	72.63	(+)136.87	5	73.63	(+)191.02
Companies which earned profit	4	72.63	(+)136.87	4	72.63	(+)192.08
Companies which incurred loss	—	—	—	1	1.00	(—)1.06

1	2	3	4	5	6	7
(i) Financial Companies which earned profit	4	3,850.00	(+)648.14	5	5,851.00	(+)1,003.41
Companies which incurred loss	3	3,800.00	(+)699.47	4	5,850.00	(+)1,003.66
	1	50.00	(-)15.33	1	1.00	(-)0.25
(ii) Promotional and Developmental Undertakings	11	3,953.67	(+)386.78	9	2,613.84	(+)328.90
Companies which earned profit	8	3,228.67	(+)486.47	6	1,888.84	(+)490.97
Companies which incurred loss	3	725.00	(-)99.69	3	725.00	(-)162.07
(iii) Companies in partial production	9	82,403.65	(-)1,225.51	9	91,668.74	(-)748.50
Companies which earned profit	2	8,073.63	(+)566.80	2	16,043.44	(+)948.19
Companies which incurred loss	7	74,330.02	(-)1,792.31	7	75,625.30	(-)1,696.69
(iv) Companies in the stage of construction	5	1,35,261.31	—	5	5,136.63	—
(v) Companies which have not prepared profit and loss Account	—	—	—	1	0.05	—
TOTAL	116	4,33,032.80	15,755.12	120	4,76,581.32	(+)27,977.31

@Includes Steel Authority of India Ltd. the accounts of which did not show any profit/Loss.

8. Return on capital invested

As (a) the capital structure differs from company to company, (b) rates of interest charged on long-term loans given to the companies are not uniform and (c) certain special facilities have been given by Government to some companies, the profits indicated in the accounts of the companies do not reflect the real comparable return on the total investment. In annexure 'B' an attempt has, therefore, been made to study the results on a uniform basis except to the extent that allowance has not been made for subsidies received from Government on various accounts. For this purpose, the capital taken into account is not merely the equity capital, but the total paid-up capital, the long-term loans and the free reserves at the close of the year after making allowances for the investments made by the holding companies in their subsidiaries. Similarly, the return has been taken not only as the profit disclosed in the accounts but also the interest paid on long-term loans. On this basis the return in 1974-75 on a total investment of Rs. 7097.16 crores made in 120 companies amounted to Rs. 421.45 crores being 5.9 per cent of the investment as against 4.5 per cent in 1973-74.

The return on capital invested according to the three groups of undertakings mentioned in paragraph 7 is indicated below:—

	(Rupees in lakhs)				
	Capital invested	Profit/loss	Interest	Total return	Percentage of return on capital invested
1	2	3	4	5	6
(i) Running Concerns					
A. Industrial	5,45,128.38	28,396.91	12,993.03	41,390.94	7.6
B. Trading and Services	5,04,976.21	20,080.22	12,538.39	32,618.61	6.5
C. Consultancy	10,754.48	7,122.26	92.83	7,215.09	67.0
D. Financial	399.55	191.02	—	191.02	47.8
(ii) Promotional & Developmental Undertakings	28,998.14	1,003.41	362.81	1,366.22	4.7
(iii) Companies in the stage of construction	7,633.97	328.90	264.96	593.86	7.8
	1,56,953.83	(—)748.50	908.82	160.32	0.1

9. Return on capital employed

In Annexure 'B' an attempt has been made to calculate the return on capital employed in respect of running concerns and promotional and developmental undertakings. For this purpose, capital employed has been taken as net fixed assets (excluding capital work-in-progress) plus working capital. In calculating the return on capital employed interest charges on all kinds of borrowings, which are charged to Profit and Loss Account before arriving at the net profit, have been adjusted to the net profit/loss as disclosed in the Profit and Loss Account. On this basis, the return in 1974-75 on the total capital employed of Rs. 4699.70 crores in 96 running concerns and 9 promotional and developmental undertakings amounted to Rs. 462.52 crores representing 9.8 per cent of the capital employed as against 8 per cent in 1973-74. Category-wise details of return on capital employed for 1974-75 are indicated below:—

(Rupees in lakhs)					
	Capital employed	Profit/loss	Interest	Total return	Percentage of return on capital employed
1	2	3	4	5	6
(i) Running concerns—96	4,62,068.52	28,396.91	17,205.90	45,602.81	9.9
A. Industrial—73	4,14,470.28	20,080.22	15,970.56	36,050.78	8.7
B. Trading and Services—13	18,374.97	7,122.26	871.65	7,993.91	43.5
C. Consultancy—5	415.03	191.02	0.08	191.10	46.0
D. Financial—5.	28,808.24	1,003.41	363.61	1,367.02	4.7
(ii) Promotional and Developmental Undertakings—9	7,901.06	328.90	320.02	648.92	8.2

10. In the following paragraphs a study of the rates of growth of paid-up capital, reserves and surplus, gross assets, value of production and profits and also sources of funds, inventories and sundry debtors of 91 Companies and 29 subsidiary Companies has been made.

Rate of growth

(a) Paid-up capital and reserves and surplus :—

The rate of growth of paid-up capital and reserves and surplus during 1974-75 increased as compared to 1973-74 in the case of Running concerns and companies in the stage of construction. There was no growth in Promotional and Developmental Undertakings, as indicated below :—

	(Rupees in lakhs)					
	Paid-up Capital and reserves and surplus@			Rate of growth		
	1972-73	1973-74	1974-75	1973-74	1974-75	
(i) Running Concerns .	2,36,579.70	2,66,331.61	3,12,105.69	12.6	17.2	
A. Industrial	2,18,745.41	2,43,634.14	2,85,037.65	11.4	17.0	
B. Trading and Services	5,381.85	7,164.99	8,917.21	33.1	24.5	
C. Consultancy	163.43	253.97	399.55	55.3	57.3	
D. Financial .	12,739.01	15,278.51	17,751.28	19.9	16.2	
(ii) Promotional and Developmental Undertakings .	3,875.85	4,684.74	3,582.87	20.9	—	
(iii) Companies in the stage of construction.	77,415.45	86,343.13	97,106.04	11.4	12.5	
(iv) All the three groups .	3,17,871.00	3,57,359.48	4,12,794.60	12.4	15.5	

@Excludes share capital of subsidiaries to the extent held by the holding Companies.

(b) *Gross assets*

The rate of growth of total gross assets increased in 1974-75 as compared to 1973-74 in the case of Running concerns and companies in the stage of construction. There was no growth in the case of Promotional and Developmental Undertakings as indicated below :—

	(Rupees in lakhs)					
	Total gross assets@@			Rate of growth		
	1972-73	1973-74	1974-75	1973-74	1974-75	
(i) Running concerns	6,52,239.56	7,93,312.79	10,00,409.95	21.6	26.1	
A. Industrial	6,08,756.78	7,41,001.35	9,24,584.60	21.8	24.8	
B. Trading and Services	27,205.96	28,885.36	41,429.63	5.8	43.4	
C. Consultancy	523.08	2,558.55	4,603.19	389.3	79.9	
D. Financial	15,753.74	20,867.53	29,792.53	32.5	42.8	
(ii) Promotional and Developmental Undertakings	13,396.92	16,002.26	14,915.14	19.4	—	
(iii) Companies in the stage of construction	1,11,245.05	1,37,771.92	1,73,220.72	23.8	25.8	
(iv) All the 3 groups	7,76,881.53	9,47,086.97	11,88,545.81	21.9	25.5	

(c) *Value of production/business*

(i) The rate of growth of value of production/business increased in 1974-75 as compared to 1973-74 in respect of running concerns and decreased in the case of promotional and developmental undertakings and companies in the stage of construction. However, the overall rate of growth of value of production/

@@Excludes accumulated losses of the undertakings and investments made by holding companies in the share capital of subsidiaries.

business in 1974-75 was higher as compared to 1973-74 as indicated below :—

	Value of production			(Rupees in lakhs) Rate of growth	
	1972-73	1973-74	1974-75	1973-74	1974-75
	(i) Running concerns	3,77,654.89	4,95,182.82	7,78,242.32	31.1%
A. Industrial	2,83,074.36	3,74,347.77	5,91,937.50	32.4%	58.1%
B. Trading and Services	93,611.22	1,18,182.59	1,82,974.01	26.1%	54.8%
C. Consultancy	492.02	1,905.04	2,342.43	287.2%	22.9%
D. Financial	477.29	747.42	988.38	56.6%	32.2%
(ii) Promotional and Developmental Undertakings	4,195.70	6,298.35	7,613.93	50.1%	20.9%
(iii) Companies in the stage of construction	4,213.71	9,068.79	14,746.19	115.2%	62.6%
All the 3 groups	3,86,064.30	5,10,549.96	8,00,602.44	32.2%	56.8%

(ii) The percentage of value of production/business to capital employed increased in 1974-75 as compared to 1973-74 both in the case of running concerns and promotional and developmental undertakings as indicated below :—

	1973-74			1974-75		
	Value of production	Capital employed	% of value of production to capital employed	Value of production	Capital employed	% of value of production to capital employed
(i) Running concerns	494918.38	362941.88	136.4	778242.32	461642.65	168.6
A. Industrial	374347.77	328960.09	113.80	591937.50	414470.28	142.82
B. Trading and Services	118182.59	13889.80	850.86	182974.01	18374.91	990.34
C. Consultancy	1905.04	188.12	905.05	2342.43	330.59	708.6
D. Financial	482.98	19903.87	2.4	988.38	28466.87	3.5
(ii) Promotional and developmental undertakings	6562.79	7314.07	89.7	7613.93	2604.76	292.3
	501481.17	370255.95	135.4	785856.25	464247.41	169.25

(d) Profit

The rate of growth of profits before tax decreased in 1974-75 as compared to 1973-74 in the case of running concerns. The profit earned by promotional and developmental undertakings and the loss incurred by the companies in the stage of construction, however, came down during 1974-75 as compared to 1973-74 as indicated below :—

	Profit before tax			Rate of growth	
	1972-73	1973-74	1974-75	1973-74	1974-75
				(Rupees in lakhs)	
(i) Running concerns .	(+)7,359.11	(+)16,593.85	(+)28,396.91	125.5%	71.1%
A. Industrial	(+)3,797.33	(+)9,766.28	(+)20,080.22	156.4%	105.6%
B. Trading and Services	(+)3,088.17	(+)6,006.56	(+)7,122.26	94.4%	18.6%
C. Consultancy .	(+)44.19	(+)136.87	(+)191.02	211.4%	39.6%
D. Financial	(+)429.42	(+)684.14	(+)1,003.41	59.3%	46.7%
(ii) Promotional and Developmental Undertakings	(+)317.28	(+)386.78	(+)328.90	21.9%	—
(iii) Companies in the stage of construction	(—)446.60	(—)1,225.51	(—)748.50	(—)170.2%	—
(iv) All the 3 groups	(+)7,229.79	(+)15,755.12	(+)27,977.31	117.9%	77.6%

(e) Contributed value and Cost trends of companies engaged in manufacture/production of goods.

A. Contributed value

The accounts of 72 companies as against 62 companies in the previous year, engaged in manufacture/production of goods were reviewed to find out their contribution to the final products *vis-a-vis* expenditure incurred in earning the contribution. The analysis

revealed the following position broadly for the years 1973-74 and 1974-75 :—

1	(Rupees in crores)	
	1973-74	1974-75
	2	3
Value of Production	3,575.86	5,792.31
Less Central Excise duty included in the above	576.72	850.72
Value of production exclusive of excise duty	2,999.14	4,941.59
Less: Consumption of raw materials, stores and spares, purchase of finished goods, etc.	1,796.98	3,286.61
Contributed value	1,202.16	1,654.98
Expenses (other than consumption of raw materials, stores and spares, etc.)	1,126.79	1,492.20
Percentage of expenses to contributed value	93.7	92.7
Profit/loss (Net)	75.37	162.78

An analysis of the working results of the manufacturing/producing companies, according to their broad classification, is indicated below :—

Classification of Industry	(Rupees in crores)	
	Profit(+)	Loss (—)
	1973-74	1974-75
Steel	(—)5.72	(+)39.10
Machine Tools, Engineering and Allied Industries	(+)40.21	(+)70.97
Fertilizers, chemicals and Pharmaceuticals	(+)3.31	(+)7.93
Minerals	(—)23.80	(—)25.74
Petroleum	(+)50.57	(+)59.40
Electronics	(+)8.97	(+)6.41
Others	(+)1.83	(+)4.71
Net	(+)75.37	(+)162.78

B. Cost trends

The percentage of major items of expenditure to value of production in 1973-74 and 1974-75 in respect of the same companies is also indicated below :—

	(Rupees in crores)			
	Value of production		Percentage of major items of cost to value of production	
	1973-74	1974-75	1973-74	1974-75
Value of production	3,575.86	5,792.31		
<i>Major items of expenditure</i>				
Consumption of raw materials, stores and spares, purchase of finished goods, etc.	1,796.98	3,286.61	50.3	56.7
Wages, salaries, bonus, allowances, etc.	469.69	635.10	13.1	10.9
Depreciation	188.20	225.64	5.3	3.9
Repairs and Maintenance	48.63	78.32	1.4	1.4
Central excise duty	567.72	850.72	16.1	14.7
Interest	107.81	149.99	3.0	2.6

11. Sources of funds

(a) *Internal sources* :—Funds received from internal sources in 1973-74 and 1974-75 are indicated below:—

	1973-74		1974-75	
	Internal sources (i.e. Reserves and surplus, provisions and depreciation)	Percentage to total funds (i.e. internal and external)	Internal sources (i.e. Reserves and surplus, provisions and depreciation).	Percentage to total funds (i.e. internal and external)
(i) Running concerns	35,245.74	25.0	47,521.62	22.9
A. Industrial	32,305.37	24.3	44,802.25	24.4
B. Trading and Services	758.25	47.9	1,867.08	14.9
C. Consultancy	173.92	8.5	178.17	8.7
D. Financial	2,008.20	39.3	674.12	7.6
(ii) Promotional and Developmental Undertakings	549.48	21.1	214.72	—
(iii) Companies in the stage of construction	4,306.85	16.2	2,110.24	6.0
(iv) All the 3 groups	40,102.07	23.6	49,846.58	20.6

(b) *External sources* :—Funds received from external sources in 1973-74 and 1974-75 are indicated below :—

1	(Rupees in lakhs)			
	1973-74		1974-75	
	External sources (<i>i.e.</i> additional capital, borrowings etc.)	Percentage to total funds (<i>i.e.</i> internal and external)	External sources (<i>i.e.</i> additional capital, borrowings, etc.)	Percentage to total funds (<i>i.e.</i> internal and external)
	2	3	4	5
(i) Running concerns	1,05,827.49	75.0	1,59,575.54	77.1
A. Industrial .	99,939.20	75.7	1,38,781.00	75.6
B. Trading and Services . . .	921.15	52.1	10,677.19	85.1
C. Consultancy .	1,861.55	91.5	1,866.47	91.3
D. Financial .	3,105.59	60.7	8,250.88	92.4
(ii) Promotional and Developmental Undertakings .	2,055.86	78.9	(—)1,301.84	—
(iii) Companies in the stage of construction	22,220.02	83.8	33,338.56	94.0
(iv) All the 3 groups .	1,30,103.37	76.4	1,91,612.26	79.4

(c) *Cash and bank balances*:— The cash and bank balances held by 120 companies as on 31st March, 1975 amounted to Rs. 289.00 crores.

The outstanding balance in the cash credit account which had been opened by 36 companies amounted to Rs. 340.34 crores as on 31st March, 1975.

12. Inventories

(i) Inventories of 84 running concerns, 8 promotional and developmental undertakings and 8 companies in the stage of construction as on 31st March, 1975 are indicated below. As on 31st March, 1975 the total inventory amounted to Rs. 2705.09 crores as against Rs. 1949.53 crores as on 31st March, 1974 and represented 35.6 per cent of the net sales in 1974-75 and 40.8 per cent in 1973-74. In compiling these figures,

the data relating to certain companies carrying on servicing and financing business and companies in the stage of construction have been excluded (20 companies).

(Rupees in lakhs)

	No. of companies	1973-74				Percentage of columns 5 to 6	No. of companies	1974-75				Percentage of columns 11 to 12
		Raw materials, stores and spares (including in-transit) loose tools, jigs and fixtures, etc.	Stock (finished and semi-finished goods)	Total	Net sales			Raw materials, stores and spares (including in-transit) loose tools, jigs and fixtures, etc.	Stock (finished and semi-finished goods)	Total	Net sales	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(i) Running concerns	84	83,621.25	99,032.41	1,82,653.66	4,64,312.99	39.4	84	1,18,542.45	1,35,345.05	2,53,887.50	7,40,350.00	34.3
A. Industrial	74	83,526.62	83,354.72	1,66,881.34	3,45,724.59	48.3	73	1,18,450.37	1,09,975.29	2,28,425.66	5,67,204.35	40.3
B. Trading and Services	6	50.22	14,864.88	14,915.10	1,17,344.34	12.7	8	75.04	25,185.89	25,260.93	1,71,865.45	14.7
C. Consultancy	4	44.41	812.81	857.22	1,244.06	68.9	3	17.04	183.87	200.91	1,280.20	15.7
(ii) Promotional and Developmental Undertakings	9	798.63	1,136.24	1,934.87	6,209.55	31.1	8	502.47	1,095.82	1,598.29	7,291.50	21.9
(iii) Companies in the stage of construction	8	7,917.29	2,447.18	10,364.47	7,717.24	134.3	8	9,976.04	5,047.62	15,023.66	12,161.97	123.5
	101	92,337.17	1,02,615.83	1,94,953.00	4,78,239.78	40.8	100	1,29,020.96	1,41,488.49	2,70,509.45	7,59,803.47	35.6

(ii) *Expenditure incurred on import of raw materials, stores and spares, etc. for production :—*

Total amount of foreign exchange spent on import of raw materials, stores and spares, etc. by the companies engaged in production/operation for the year 1973-74 was Rs. 523.72 crores (71 companies in respect of which information was available) and for 1974-75 it was Rs. 929.42 crores (68 companies in respect of which information was available) and their respective value of production was Rs. 4138.23 crores and Rs. 5663.93 crores respectively.

13. (i) *Customer composition and analysis of sales :—*

Information regarding customer composition viz., sale to Government departments, Public Sector Undertakings, exports and other parties was available in respect of 84 companies with a total sale of Rs. 2494.67 crores in 1973-74 and 91* companies with a total sale of Rs. *4355.01 crores in 1974-75. The analysis indicates the following position:—

	(Percentage of total sales)	
	1973-74	1974-75
(i) Sales to Government Departments.	18.1	20.6
(ii) Sales to public sector Undertakings	16.6	20.4
(iii) Exports	20.2	18.3
(iv) Sales to other parties	45.1	40.7

*NOTE :—This excludes figures pertaining to Indian Oil Corporation Ltd. as the break-up of sales between sales to Government Departments and to Public Sector Undertakings is not available. If the sales of Indian Oil Corporation Ltd. are included, the share of sales to Government Departments and Public Sector Undertakings put together will account for 53.4 per cent of the total sales (Rs. 6320.03 crores) as against 41 per cent of Rs. 4355.01 crores mentioned above.

(ii) *Ratio of sales to capital employed*:—The figures of sales and capital employed for 1973-74 (96 companies) and 1974-75 (98 companies) are indicated below :—

(Rupees in lakhs)

	1973-74			1974-75			
	Sales	Capital employed	Percentage of sales to capital employed	Sales	Capital employed	Percentage of sales to capital employed	
	1	2	3	4	5	6	7
(i) Running concerns	465496.12	362941.88	128.3	741684.93	461642.65	160.6	
A. Industrial	345897.45	328960.09	105.1	567204.35	414470.28	136.8	
B. Trading and Services	117607.19	13889.80	846.7	172218.57	18374.91	937.2	
C. Consultancy	1244.06	188.12	661.3	1280.20	330.59	387.2	
D. Financial	747.42	19903.87	3.8	981.81	28466.87	3.4	
(ii) Promotional and Developmental Undertakings	6209.55	7314.07	84.9	7291.52	2604.76	279.9	
TOTAL	471705.67	370255.95	127.4	748976.45	464247.41	161.33	

It will be seen that the percentage of sales to capital employed during 1974-75 increased in all types of undertakings except the consultancy and financial undertakings.

(iii) *Ratio of sundry debtors to sales*:—The figures of sundry debtors and sales for the last 2 years are given below:—

Concerns	1973-74			(Rupees in lakhs) 1974-75		
	Sundry Debtors	Sales	Per-centage of 2 to 3	Sundry Debtors	Sales	Per-centage of 5 to 6
1	2	3	4	5	6	7
(i) Running concerns	56896.55	465496.12	12.2	76481.16	741684.93	10.3
A. Industrial	49352.34	345897.45	14.3	71002.09	567204.35	12.5
B. Trading and Services	7153.68	117607.19	6.1	4698.14	172218.57	2.7
C. Consultancy	386.66	1244.06	31.1	743.19	1280.20	58.0
D. Financial	3.87	747.42	0.5	37.74	981.81	3.8
(ii) Promotional and Developmental Undertakings	4019.67	6209.55	64.7	1872.48	7291.52	25.7
TOTAL	60916.22	471705.67	12.9	78353.62	748976.45	10.5
(iii) Companies in the stage of construction	1254.81	7717.24	16.3	1992.69	12161.97	16.4
Grand Total (103 companies)	62171.03	479422.91	13.0	80346.33	761138.42	10.6
						(106 companies)

It will be seen that the percentage of Sundry Debtors to sales was lower in 1974-75 as compared with 1973-74.

14. (i) Although return on capital employed and capital invested are important parameters for measurement of efficiency of working of undertakings, these cannot be taken as the

sole criterion for measuring the efficiency and performance of the public sector undertakings. Various socio-economic objectives like creation of employment opportunities, contribution to the national exchequer by way of 'duty', provision of housing and urban development, exports and foreign exchange earnings, etc., should also be taken into account. Some of these aspects are considered below:—

(a) *Central Excise Duty* :—The total amount of Central Excise Duty charged to the Profit and Loss Accounts of 39 companies (in respect of which information was available) during 1974-75 was Rs. 850.80 crores and the value of production of these companies was Rs. 6063.98 crores.

(b) *Exports and Foreign exchange earnings* :—

(1) The total exports made by 57 companies in 1974-75 amounted to Rs. 828.26 crores. The net profit earned by 38 companies (for which information was available) in their exports of Rs. 821.41 crores amounted to Rs. 18.79 crores.

(2) Total foreign exchange earned in rendering services (e.g. shipping, ship repairs, consultancy, etc.) in 1974-75 was Rs. 111.09 crores (7 companies) as against Rs. 69.56 crores in 1973-74 (7 companies).

(c) *Employment Statistics* :—The total number of persons employed in 117 companies (in respect of which information was available) as on 31st March, 1975 was 9,22,853.

(d) Total amount of salaries, wages and other benefits charged in the accounts in 1974-75 in respect of the above companies was Rs. 757.28 crores.

(e) Incidence of salaries, wages and other benefits per employee on the basis of the data mentioned in (c) above works out to Rs. 8206 per annum.

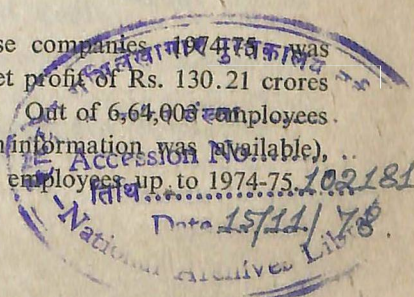
(f) Number of employees for every Rs. 1 crore of capital invested in respect of the above companies works out to 130. (This is to be viewed in the light of the fact that most of the public sector undertakings are capital intensive and highly mechanised).

(ii) *Social overheads*:—These have been analysed under two broad categories viz. township and other social overheads.

(a) *Township Maintenance*:—Information available in respect of 54 companies for 1973-74 and 55 companies in respect of 1974-75 has been analysed below:—

	(Rupees in lakhs)	
	1973-74	1974-75
(i) Maintenance and Administrative Expenses	2,347.73	3,011.91
(ii) Depreciation on Township	611.97	688.07
(iii) Interest on capital outlay	233.08	283.26
TOTAL	3,192.78	3,983.24
(iv) Rent receipts and other Miscellaneous collections	999.78	1,133.52
(v) Net expenditure on Township	2,193.00	2,849.72

The net profit earned by these companies in 1974-75 was Rs. 247.17 crores as against the net profit of Rs. 130.21 crores of 54 companies earned in 1973-74. Out of 6,64,008 employees in 63 companies (in respect of which information was available), housing was provided to 2,76,348 employees up to 1974-75.



(b) Total cost of other social overheads like educational facilities, medical facilities, social and cultural activities, transport facilities, canteen subsidy, etc. amounted to Rs. 41.20 crores in 1974-75 (105 companies) as against Rs. 29.91 crores in 1973-74 (101 companies).

15. Capacity utilisation in selected industries

Utilisation of capacity (commissioned) in selected industries viz., steel, fertiliser and oil refining, for which information is available, is indicated below for this purpose, the rated capacity which should have been installed but has not actually been installed and commissioned on account of longer gestation period than indicated in the detailed project report has not been taken into account.

(‘000 tonnes)

	1973-74			1974-75		
	Ins- talled capa- city	Actual pro- duction	percent- age utili- sation	Ins- talled capa- city	Actual produc- tion	percent- age utili- sation
(i) Steel						
A. Steel Ingots .	6000	3806	63.4	6850	4086	59.6
B. Saleable Steel .	4489	2830	63.0	4489	3062	68.2
(ii) Fertiliser (includes Rourkela Fertiliser Plant)	3444	2260	65.6	3740	1908	51.0
(iii) Oil Refining .	12690	11857	93.4	18550	15346	82.7

Figures for 1973-74 appearing in preceding paragraphs have been adjusted wherever necessary in keeping with rationalisation of classification of undertakings.

II. GENERAL INSURANCE COMPANIES

1. On 31st March, 1975, there were two Government companies and 6 subsidiaries doing general insurance business in India as detailed below:—

Government companies (1) Export Credit and Guarantee Corporation Limited, Bombay.

(2) General Insurance Corporation of India.

Subsidiaries (1) National Insurance Company Limited, Calcutta.

(2) New India Assurance Company Limited, Bombay.

(3) Oriental Fire & General Insurance Company Limited, Delhi.

(4) United India Fire & General Insurance Company Limited, Madras.

Subsidiaries of (1) Industrial Credit Company
Subsidiary Companies Limited, New Delhi.

(2) Zenith Assurance Company Limited, Bombay.

2. The results of working of Export Credit and Guarantee Corporation Limited, Bombay and Industrial Credit Company Limited, New Delhi, have been included under Section 1 of the

Report along with other Government companies for the following reasons:—

(i) On 24th September 1957 Central Government notified that the Insurance Act would not apply to Export Credit and Guarantee Corporation Limited.

(ii) According to the Memorandum of Association of Industrial Credit Company Limited, insurance business is not the main object of the Company. The nature of actual business transacted during 1974, as is evident from its annual accounts, was other than insurance.

The certified accounts of National Insurance Company Limited, Calcutta, United India Fire & General Insurance Company Limited, Madras and Zenith Assurance Company Limited, Bombay, for the year 1974 have not been received (April 1976) and have, therefore, not been taken into account for purpose of analysis. The supplementary audit under Section 619(4) of the Companies Act, 1956 in respect of Oriental Fire & General Insurance Company Limited, New Delhi is still in progress (April 1976).

3. During the year 1974 the General Insurance Corporation of India and two of its subsidiaries wrote a total net premium of Rs. 158.95 crores as against Rs. 151.71 crores during the previous year. The underwriting profits (*i.e.* profits from fire, marine and miscellaneous insurance business) of these companies amounted to Rs. 20.30 crores during 1974 as against Rs. 10.36 crores in the previous year. After taking credit for interest, dividend and rent and providing for other income and outgoes, profit of these companies before tax amounted to Rs. 35.87 crores as compared with Rs. 16.74 crores during 1973. The profit after tax amounted to

Rs. 14.18 crores during 1974 as against Rs. 7.33 crores in 1973. The details are given in the table below :

Operating Results	(Rupees in crores)							
	General Insurance Corporation of India		New India Assurance Company Limited		Oriental Fire & General Insurance Company Limited		Total	
	1973	1974	1973	1974	1973	1974	1973	1974
1	2	3	4	5	6	7	8	9
<i>Fire Business</i>								
Net Premium including portfolio premium	18.06	15.44	17.13	19.25	20.46	20.85	55.65	55.54
Commission on reinsurance ceded	6.50	8.14	5.15	7.18	7.79	5.78	19.44	21.0
Net Claims including portfolio adjustments	4.26	3.92	7.38	6.84	8.68	8.07	20.32	18.83
Commission on reinsurance accepted	11.33	13.72	5.73	6.82	8.17	4.88	25.23	25.42
Net Commission, Expenses of management and other charges	4.91	5.75	5.89	6.61	6.37	6.42	17.17	18.78
Increase (+)/Decrease(—) of unexpired risk reserves	(+)6.68	(+)1.04	(+)1.79	(+)1.05	(—)0.48	(+)0.20	7.99	2.29
Profit(+)/Loss(—)	(+)2.21	(+)4.73	(+)2.07	(+)4.73	(+)5.89	(+)6.17	(+)10.17	(+)15.63
<i>Miscellaneous Business</i>								
Net premium including portfolio premium	16.30	14.33	22.04	26.48	24.89	24.99	63.23	65.80
Commission on reinsurance ceded	0.16	0.21	1.68	2.01	2.60	2.39	4.44	4.61
Net claims including portfolio adjustments	5.84	7.24	12.99	4.59	15.97	14.21	34.80	26.04
Commission on reinsurance accepted	3.77	4.06	0.73	0.95	1.95	1.15	6.45	6.16

Net Commission, Expenses of management & other charges	3.41	3.95	5.94	7.52	8.94	9.96	18.29	21.43
Increase (+)/Decrease(−) of unexpired risk reserves	(+)6.64	(+)0.52	(+)1.08	(+)2.18	(−)0.04	(+)0.05	7.78	2.75
Profit(+)/Loss(−)	(+)0.41	(+)2.67	(+)2.03	(+)2.20	(−)0.02	(+)0.87	(+)2.46	(+)5.74

Marine Business

Net Premium including portfolio premium	12.51	12.49	10.01	13.27	10.31	11.85	32.83	37.61
Commission on reinsurance ceded	0.43	0.48	0.86	1.58	0.96	1.16	2.25	3.22
Net Claims including portfolio adjustments	4.27	6.66	5.55	8.17	9.27	7.37	19.09	22.20
Commission on reinsurance accepted	2.24	2.90	1.10	1.37	1.00	0.63	4.34	4.90
Net Commission, Expenses of management and other charges	1.84	2.48	2.43	3.06	2.03	2.59	6.30	8.13
Increase(+)/Decrease (−) of unexpired risk reserves	(+)8.95	(+)3.54	(+)1.23	(+)3.26	(−)0.47	(+) 1.54	9.71	8.34
Profit(+)/Loss(−)	(−)2.55	(−)0.20	(+)0.80	(−)1.22	(−)0.52	(+)0.35	(−) 2.27	(−)1.07
Profit from various underwriting account	0.06	7.20	4.91	5.71	5.39	7.39	10.36	20.30
Interest, Dividends and Rents credited to Profit and Loss account	0.72	5.70	4.21	5.19	5.19	6.07	10.12	16.96
Profit prior to tax after providing for other income and outgo	0.01	12.05	6.90	10.98	9.83	12.84	16.74	35.87
Tax provision	—	7.54	2.84	6.05	6.57	8.10	9.41	21.69
Profit after tax for appropriation	0.01	4.51	4.06	4.93	3.26	4.74	7.33	14.18

4. The table below compares the claims paid, management expenses and underwriting profits of each of the Insurance Companies for different classes of business, expressed as a percentage of its net premium income :—

	(Percentage of Net Premium)								
	Fire business		Marine business		Miscellaneous business		Total		
	1973	1974	1973	1974	1973	1974	1973	1974	
<i>Claims</i>									
General Insurance Corporation of India	23.6	25.4	35.9	53.4	34.2	50.5	30.7	42.4	
New India Assurance Company Limited	43.1	35.6	55.4	61.6	59.0	17.3	58.7	33.2	
Oriental Fire & General Insurance Company Limited	42.4	38.7	80.2	62.2	64.2	56.9	60.9	51.4	
<i>Management Expenses</i>									
General Insurance Corporation of India	27.2	37.2	21.0	19.8	14.8	27.5	21.7	28.8	
New India Assurance Company Ltd.	34.4	34.3	24.3	23.1	26.9	28.4	29.0	29.2	
Oriental Fire & General Insurance Company Limited	31.1	30.8	19.7	21.9	35.9	39.8	31.2	32.9	
<i>Underwriting Profits</i>									
General Insurance Corporation of India	12.2	30.6	(—)20.4	(—)1.6	2.5	8.3	0.13	17.0	
New India Assurance Company Limited	12.1	24.5	8.0	(—)9.2	9.2	8.3	10.0	9.7	
Oriental Fire & General Insurance Company Limited	28.8	29.6	(—)5.0	3.0	0.1	5	9.7	12.8	

5. Some other aspects of the working of the General Insurance Corporation and two of its subsidiaries are mentioned below:—

- (a) The net claims including portfolio premium adjustments for the year 1974 amounted to Rs. 67.07 crores as against Rs. 74.21 crores for the previous year.
- (b) Premium derived from business effected in India and out of India amounted to Rs. 120.28 crores and Rs. 39.57 crores during 1974 as against Rs. 108.60 crores and Rs. 32.38 crores respectively during 1973.
- (c) Claims paid to claimants out of India during 1974 amounted to Rs. 19.01 crores as against Rs. 41.56 crores paid to claimants in India, the corresponding figures for 1973 being Rs. 16.65 crores and Rs. 39.15 crores respectively.
- (d) The estimated liability in respect of claims, whether due or intimated, at the end of 1974 was Rs. 100.56 crores as against Rs. 95.25 crores as at the end of 1973.
- (e) The reserves for unexpired risks for the various classes of insurance business were Rs. 98.49 crores as on 31st December 1974, as against Rs. 102.72 crores as on 31st December 1973. There was, therefore, a net decline of Rs. 4.23 crores.
- (f) New India Assurance Company Limited has the following three subsidiary Companies in foreign countries incorporated under the local laws of these countries:—
 - (i) The New India Assurance Company (Nigeria) Limited.
 - (ii) The New India Assurance Company (Ghana) Limited.

(iii) The New India Assurance Company (Sierra Leone) Limited.

(g) United India Fire and General Insurance Company Limited has the following two foreign subsidiaries:—

(i) The British India General Insurance Company (Nigeria) Limited

(ii) The British India General Insurance Company (Ghana) Limited.

III. STATUTORY CORPORATIONS

1. Number of Corporations

There were seven Union Government Corporations (Air India, Indian Airlines, Central Warehousing Corporation, Oil & Natural Gas Commission, International Airports Authority of India, Food Corporation of India and Delhi Transport Corporation) on 31st March 1975 under the audit of Comptroller and Auditor General of India.

The accounts of the Delhi Transport Corporation for the years 1972-73, 1973-74 and 1974-75 have not been submitted for audit so far (April 1976).

After completing the supplementary audit of the accounts of Food Corporation of India for the year 1973-74, the comments of Comptroller and Auditor General were issued to the Food Corporation of India on 8th April, 1976. The supplementary audit of the accounts of the corporation for the year 1974-75 is in progress (April 1976).

2. Paid up capital

The total paid-up capital of the five corporations as on 31st March, 1975 (whose accounts for the year 1974-75 had been finalised) was Rs. 282.19 crores and represented an increase of Rs. 10 crores over the paid-up capital of Rs. 272.19 crores at the end of the previous year.

The break-up of the paid-up capital of these corporations, according to the investment made by the Union Government and others, as on 31st March, 1975 was as follows:—

(Rupees in lakhs)				
	No.	Union Government	Others	Total
(i) Corporations fully owned by the Union Government	4	26218.83	—	26218.83
(ii) Corporations jointly owned by the Union Government and others	1	1561.50	438.44	1999.94
TOTAL	5	27780.33 98.4%	438.44 1.6%	28218.77 100%
Figures for the year 1973-74	5	26780.33 98.4%	438.44 1.6%	27218.77 100%

3. Loans

The total long-term loans obtained by the five corporations stood at Rs. 182.08 crores at the end of 1974-75 and represented a decrease of Rs. 10.33 crores over the long-term loans of Rs. 192.41 crores as at the end of the previous year.

The break-up of long-term loans of these corporations, according to the source of finance viz. Union Government, foreign credits and others as on 31st March, 1975 was as follows:—

(Rupees in lakhs)					
	1973-74	Percentage	1974-75	Percentage	Increase(+) / Decrease(-)
1	2	3	4	5	6
(i) Union Government	10265.48	53.3	9136.55	50.2	(—)1128.93
(ii) Foreign credits	8860.44	46.1	7956.39	43.7	(—)904.05
(iii) Others	115.33	0.6	1115.33	6.1	(+)1000.00
TOTAL	19241.25	100.0	18208.27	100.0	(—)1032.98

The Union Government has granted moratorium for periods ranging from 1 to 5 years for repayment of loans aggregating Rs. 6.42 crores provided during the year to two corporations (Air India and Central Warehousing Corporation).

4. Guarantee

Government has guaranteed loans to the extent of Rs. 74.77 crores raised by the following Corporations:—

(i) Air India	48.92 crores
(ii) Indian Airlines	25.85 crores

Government has also guaranteed repayment of the paid-up capital of the Central Warehousing Corporation to the extent of Rs. 20 crores.

Guarantee has also been given for repayment of principal and interest and fulfilment of payment obligation in pursuance of agreements/letters of acceptance entered into with foreign consultants/contractors in the case of one corporation. The maximum amount thus guaranteed as on 31st March, 1975 was Rs. 19.29 crores against which the actual amount outstanding on that date was Rs. 1.42 crores.

5. Subsidy

Indian Airlines receives subsidy for operation of certain routes every year. During the year 1974-75 it received Rs. 1.01 crores as subsidy for this purpose. The total subsidy received on this account upto 31st March 1975 was Rs. 12.36 crores.

Central Warehousing Corporation received upto 31st March, 1975 Rs. 0.10 crore as subsidy from National Co-operative Development and Warehousing Board to cover its working deficit upto 1962-63.

6. Profit

According to the annual accounts of these five corporations, the total net profit earned during 1974-75 was Rs. 46.84 crores as against the net profit of Rs. 27.63 crores in the previous year. The net profit for the year 1974-75 represented 16.6 per cent of the paid-up capital of Rs. 282.19 crores.

7. Return on capital invested.

For the reasons stated in paragraph 8 of Section 1, which also hold good in the case of corporations, an attempt has been made in Annexure 'C' to analyse the working results of the corporations on a uniform basis. On this basis, the return in 1974-75 on a total investment of Rs. 524.40 crores amounted to Rs. 62.31 crores, representing 11.9 per cent of the investment (rate of return in 1973-74 for these five corporations was 7.9 per cent).

8. Return on capital employed

The return in 1974-75 on capital of Rs. 394.18 crores employed in five corporations was Rs. 63.12 crores being 16 per cent of the capital employed (rate of return for these five corporations in 1973-74 was 10.8 per cent).

9. Working Results

The working results of the individual corporations are indicated below :—

(i) *Air India*

The working of the Corporation in 1974-75 resulted in a net loss of Rs. 8.85 crores against profit of Rs. 0.30 crore in 1973-74. The operating loss during the year 1974-75 was due to reduced operations on account of strike by the pilots from August to October 1974.

During the year the Corporation incurred an operating loss of Rs. 362 crores as against a profit of Rs. 4.50 crores in the previous year. While the operating revenue (Rs. 135.58 crores) during the year increased by 7.5 per cent over those of the previous year (Rs. 126.14 crores) the operating expenses (Rs. 139.20 crores) registered an increase of 14.4 per cent as compared with the last year (Rs. 121.64 crores), the increase in the former case was due mainly to cumulative increase in normal fares during the year while that in the latter case was mainly the result of continued rise in fuel prices world-wide.

As in the previous years, no provision was made for obsolescence of spares (Rs. 1.63 crores). According to the Management, provision for obsolescence was not made owing to heavy loss incurred by the Corporation in 1974-75.

The cumulative loss as on 31st March, 1975 amounted to Rs. 19.44 crores representing 52.90 per cent of the equity capital or 31.45 per cent of the total equity and loan capital.

(ii) *Indian Airlines*

The Corporation earned a net profit of Rs. 1.02 crores during 1974-75 as against a net loss of Rs. 1.07 crores in the previous year. The net profit has been arrived at after taking into account the net credit balance of Rs. 1.47 crores under "Adjustment relating to Previous years." But for this the working results of the Corporation would have shown a net loss of Rs. 0.45 crore during 1974-75.

The operating revenue as well as the operating expenses during 1974-75 were more than those of 1973-74. The operating profit during 1974-75 (Rs. 2.93 crores) was also more than that of 1973-74 (Rs. 2.24 crores). The increase in operating revenue was on account of (a) 25 per cent increase in passenger fares and freight rate effective from February 1974 (b) increase under

'incidental revenue' primarily on account of increase of Rs. 89.30 lakhs under 'foreign exchange gain' resulting from fluctuations in the rates of foreign currencies and (c) increase in the number of passengers carried.

The accumulated losses as on 31st March, 1975 amounted to Rs. 15.90 crores and represented 60.2 per cent of equity capital or 30.1 per cent of equity and loan capital.

(iii) *Central Warehousing Corporation*

The Corporation earned a net profit of Rs. 1.24 crores during 1974-75 as against a net profit of Rs. 1.23 crores during 1973-74.

In the case of this Corporation dividend has been guaranteed by Union Government at $3\frac{1}{2}$ per cent. Dividend up to 1967-68 was paid by the Corporation by obtaining subventions from the Central Government. The total amount of subventions obtained by the Corporation on this account amounted to Rs. 1.56 crores. It has, now, been decided by the Management that beginning from 1974-75, 50% of the net retained profits will be utilised for repayment of the subvention and accordingly a sum of Rs. 0.12 crore has been provided during the year for the repayment of subvention.

(iv) *Oil and Natural Gas Commission*

The Commission earned a net profit of Rs. 50.77 crores in 1974-75 as against a net profit of Rs. 24.51 crores in 1973-74. The improvement in the working result was mainly due to full impact of the price rise given in 1973-74 (which was applicable only for five months during the previous year) and increase in the volume of sale of oil and gas. As a result, the sale proceeds increased from Rs. 81.60 crores in 1973-74 to Rs. 143.53 crores during 1974-75.

In August, 1968 Government had decided that the Commission would pay a return of 5 per cent on Government capital from the

year in which the Commission had surplus *i.e.* when the Commission did not receive funds from Government either as capital or as loan. During 1973-74 it was for the first time that the Commission did not receive any funds from Government and made a net profit but the Government decided that no payment would be due from the Commission for that year as it had no surplus available for distribution. During 1974-75 though the net profit was adequate to pay a return of 5 per cent on the Government capital, no provision has been made by the Commission for the payment of the return on the ground that it had drawn a loan of Rs. 10 crores from the Oil Industry Development Board and, therefore, had no cash surplus.

(v) *International Airports Authority of India*

The Authority earned a net profit of Rs. 2.66 crores during 1974-75 as against the net profit of Rs. 2.93 crores in 1973-74. While the traffic revenue during 1974-75 increased by 11.5 per cent the traffic expenses were higher by 33.9 per cent as compared to 1973-74.

Government is yet to issue orders under Section 12(1)(c) of the International Airports Authority Act regarding capital of the Authority. Pending finalisation of the terms and conditions the provisional figure of capital of Rs. 18 crores under Section 12(1)(c) of the Act and further capital of Rs. 6.88 crores received upto 31st March, 1975 under Section 18 of the Act has been allocated by the Authority between equity and debt in the ratio of 1 : 1.

After making provision of Rs. 1.24 crores for taxes and Rs. 0.12 crore for development rebate, the balance of Rs. 1.30 crores of the profit for the year 1974-75 has been appropriated to the General Reserve. No amount was available for payment to the Central Government under Section 20(2) of the Act. The profit of Rs. 0.62 crore payable to Government under Section 20(2) of the Act for the year 1972-73 was appropriated by the Authority

to the General Reserve in contravention of the provisions of the Act. In terms of Section 20(1) of the Act, the sums set apart annually in respect of each or any of the specific and general reserves and the aggregate at any time of such sums is not to exceed such limits as may from time to time be fixed by the Central Government. No such limit has been prescribed so far (November 1975) pending which the net surplus is transferred to General Reserve every year and a sum of Rs. 3.97 crores has accumulated under this head as on 31st March, 1975.

(vi) *Food Corporation of India*

The accounts of the Corporation for the year 1973-74 as certified by the statutory auditors, show a net profit of Rs. 1.10 crores against the net profit of Rs. 0.71 crore for the year 1972-73. Test check of the accounts of the Corporation for 1973-74, in terms of Section 34(5) of the Food Corporation Act, 1964 disclosed *inter alia*:—

	(Rupees in Lakhs)
Non-provision, short provision or understatement of liabilities (net)	95.14
Overstatement of sundry creditors, deposits, etc.	1641.68
Understatement of expenditure (net)	90.52
Overstatement of sundry debtors, claims receivables, other recoverables, etc.	1653.83
Understatement of loans and advances	16.77

The comments of the Comptroller and Auditor General on the accounts of the Corporation for 1973-74 were forwarded on 8th April, 1976 to the Corporation for being placed by it before Central Government and Parliament in terms of Section 35(2) of the Food Corporation Act, 1964.

10. In addition to the seven corporations referred to in paragraph 1, the Damodar Valley Corporation is also under the audit of Comptroller and Auditor General. The Corporation

was constituted under the Damodar Valley Corporation Act, 1948, with the main object of flood control, irrigation, power generation and distribution. The capital of the Corporation is contributed by the Union Government and the Governments of West Bengal and Bihar under Section 30 of Damodar Valley Corporation Act. With effect from 1st April, 1966 the Corporation has switched over to commercial system of accounting. The table below indicates the capital contribution of the participating Governments as on 31st March, 1974 (Objectwise) and the divisible surplus/deficit of the three main objects for the last three years:—

(Rupees in crores)

Name of the Government	Flood control	Irrigation	Power	Total contribution upto 31st March 1974
1. Union Government	7.00	—	49.09	56.09
2. West Bengal Government	10.25	39.05	59.97	109.27
3. Bihar Government	—	0.19	49.17	49.36
TOTAL	17.25	39.24	158.23	214.72

Divisible surplus/deficit

(Rupees in lakhs)

	1971-72	1972-73	1973-74
(i) Power	(+)14.94	—	(—)357.23
(ii) Irrigation	(—)163.91	(—)134.92	(—)184.25
(iii) Flood control	(—)118.26	(—)127.42	(—)126.42
TOTAL	(—)267.23	(—)262.34	(—)667.90

NOTE.—The results under 'Power' include the net surplus of Rs. 15.58 lakhs and Rs. 14.75 lakhs in 1971-72 and 1972-73 respectively on sale of power imported on barter basis from the adjoining power system whereas in the year 1973-74 there was a deficit to the extent of Rs. 9.77 lakhs on this account.

Surplus/deficit under "Power" is distributed equally among the three participating Governments while deficit under "Flood control" is allocated to the Government of West Bengal only and that under "Irrigation" is shared by the Governments of West Bengal and Bihar in proportion of their respective shares in the total capital cost attributed to the object "Irrigation".

According to this formula, the share of the net deficit up to 31st March, 1974 of the two State Governments was as follows :—

(Rupees in lakhs)

	Government of West Bengal	Government of Bihar
1. Irrigation	1821.09	12.03
2. Flood control	1239.33	—
	<u>3060.42</u>	<u>12.03</u>

NOTE.—The deficit under "Irrigation" for 1973-74 in respect of West Bengal Government and Bihar Government has been allocated in the proportion of capital provided by the participating Government instead of in the proportion of the respective shares of capital cost attributed as per D.V.C. Act, 1948 (Section 37). This has resulted in over allocation of deficit to West Bengal Government with corresponding under allocation to the Bihar Government by Rs. 20,016.

Out of the total net deficit of Rs. 3060.42 lakhs allocated to the Government of West Bengal, adjustments were carried out, till the end of 1973-74, to the extent of Rs. 2702.71 lakhs (Rs. 1924.33 lakhs representing interest on capital, Rs. 180.77 lakhs being share of the revenue surplus under "Power" and Rs. 597.61 lakhs being expenditure incurred by the Government of West Bengal for operation and maintenance of the Damodar

Valley Corporation Barrage and Irrigation Sytem on agency basis) thereby leaving a balance of Rs. 357.71 lakhs to be paid by Government of West Bengal.

Out of the net deficit of Rs. 12.03 lakhs allocated to the Government of Bihar, adjustments were carried out, till the end of 1973-74 to the extent of Rs. 9.26 lakhs being the share of revenue surplus under "Power" thereby leaving a balance of Rs. 2.77 lakhs to be paid by Government of Bihar.

In terms of Section 30 of the Damodary Valley Corporation Act, 1948, the three participating Governments are to provide the entire capital required by the Corporation for completion of any project undertaken by it. Capital contributed by the participating Governments to the end of 1973-74 fell short of the outlay by Rs. 63.67 crores as indicated below :—

	(Rupees in crores)
Union Government	21.84
West Bengal Government	19.98
Bihar Government	21.85
TOTAL	63.67

This excess of outlay over actual contribution was met by the Corporation from the following sources :—

	(Rupees in crores)
(a) Special Loan from Government of India obtained in March 1970	2.23
(b) Open market loans under Section 42 of the Act	21.18
(c) Internal resources	40.26
TOTAL	63.67

Audit of accounts of the Corporation for 1974-75 is in progress.

11. Rate of growth

(a) Paid-up Capital and Reserves and Surplus

The rate of growth of paid-up capital and reserves and surplus of the corporations (whose accounts for the year 1974-75 had

been finalised) during 1974-75 as compared with that of 1973-74 is indicated below :—

Paid-up Capital and Reserves & Surplus			(Rupees in lakhs) Rate of growth	
1972-73	1973-74	1974-75	1973-74	1974-75
39834.41	40630.42	37705.94	2%	—

(b) *Gross Assets*

The rate of growth of total gross assets of these corporations increased in 1974-75 as compared with that of 1973-74 as indicated below :—

Total Gross Assets			(Rupees in lakhs) Rate of growth	
1972-73	1973-74	1974-75	1973-74	1974-75
86176.66	91312.28	101138.33	6%	10.8%

(c) *Value of production*

The rate of growth of value of production/business increased in 1974-75 as compared with that of 1973-74 as indicated below :—

Value of production/business			(Rupees in lakhs) Rate of growth	
1972-73	1973-74	1974-75	1973-74	1974-75
23541.57	28898.39	38118.60	22.8%	31.9%

(d) *Profit*

The rate of growth of profit before tax of these corporations decreased in 1974-75 as compared with that in 1973-74 as indicated below :—

Profit before tax			(Rupees in lakhs) Rate of growth	
1972-73	1973-74	1974-75	1973-74	1974-75
1095.99	2763.09	4683.54	152.1%	69.5%

12. Sources of funds

Funds received by these corporations during 1973-74 and 1974-75 from internal and external sources are indicated below :—

	Internal sources		External sources	
	Amount	Percentage to total funds (internal & external)	Amount	Percentage to total funds (internal & external)
1973-74	2582.67	49.1	2678.59	50.9
1974-75	10231.85	95.5	478.81	4.5

13. Analysis of Sales

(a) Information regarding customer composition *viz.* Government Departments, Public Sector Undertakings, others, etc., was available in respect of one corporation out of five. The analysis indicated the following :—

	(Percentage of total sales)	
	1973-74	1974-75
(a) Sales to Government Departments	1.9	1.2
(b) Sales to Public Sector Undertakings	95.2	95.2
(c) Sales to others	2.9	3.6

(b) Sundry Debtors

The comparative position of sundry debtors and sales of these corporations for the last three years is given below :—

	(Rupees in lakhs)		
	Sundry Debtors	Sales	Percentage of Sundry Debtors to Sales
1972-73	4742.98	23541.57	20.1
1973-74	8422.02	28898.39	29.2
1974-75	8026.95	38116.62	23.7

14. (i) The remarks in paragraph 14(i) of Section 1 hold good in the case of the corporations also. Some of the aspects are considered below :—

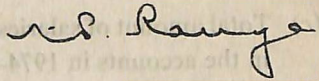
- (a) *Foreign Exchange earnings.*—Total foreign exchange earned by two of these corporations in 1974-75 was Rs. 28.03 crores as against Rs. 28.95 crores in 1973-74.
- (b) *Employment Statistics.*—The total number of persons employed in the five corporations as on 31st March, 1975 was 55,557.
- (c) Total amount of salaries, wages and other benefits charged in the accounts in 1974-75 in respect of the above corporations was Rs. 75.69 crores.
- (d) Incidence of salaries, wages and other benefits per employee on the basis of data mentioned in (c) above works out to Rs. 13,624 per annum.
- (e) Number of employees for every Rs. 1 crore of capital invested in respect of the above corporations works out to 106.
- (ii) *Social overheads.*—These have been analysed under two broad categories viz. township and other social overheads.

(a) *Township maintenance.*—Information in respect of four corporations for the year 1974-75 is analysed below :—

	(Rupees in lakhs)
(i) Maintenance and administrative expenses	45.22
(ii) Depreciation on townhsip	16.71
(iii) Interest on capital outlay	25.52
TOTAL	<u>87.45</u>
(iv) Rent receipts and other miscellaneous collections	28.90
(v) Net expenditure on township	58.55

The net profit earned by these corporations during 1974-75 was Rs. 45.60 crores.

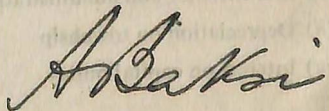
(b) Total cost of other social overheads like educational facilities, medical facilities, social and cultural activities, transport facilities, canteen subsidy, etc., amounted to Rs. 3.59 crores in respect of four corporations.



New Delhi,
The

(R. P. RANGA)
Chairman, Audit Board
and *Ex-officio* Additional Deputy Comptroller
and Auditor General (Commercial)

Countersigned



(A. BAKSI)

New Delhi,
The

Comptroller and Auditor General of India

ANNEXURE 'A'

List of Companies/Corporations in which Government has invested Rs. 1 crore or above but which are not subject to audit by the Comptroller and Auditor General of India.

(Rupees in lakhs)

Sl. No.	Name of Company/Statutory Corporation	Total investment up to 1974-75
1.	Oil India Limited	1762.00
2.	Indian Explosives Limited	274.00
3.	British India Corporation Limited	106.00
4.	Life Insurance Corporation of India	500.00
5.	Reserve Bank of India	593.00

ANNEXURE 'B'

Summarised Financial Results of Government companies for the year 1974-75

(Rupees in lakhs)

Name of the Company	Name of the Ministry	Date of incorporation	Total capital invested	Profit(+) Loss(-)	Total Interest charged to Profit and Loss Account	Interest on long-term loans	Total return on capital invested (6+8)	Percentage of total return on capital invested	Capital employed	Total return on capital employed (6+7)	Percentage of total return on capital employed	REMARKS
2	3	4	5	6	7	8	9	10	11	12	13	14
RUNNING CONCERNS												
A-INDUSTRIAL												
Engineering												
1. Hindustan Machine Tools Limited	Ministry of Heavy Industry	7-2-1953	5554.87	(+)508.59	352.67	158.92	(+)667.51	12.0	6200.87	(+)861.26	13.9	
2. Bharat Heavy Electricals Limited	—do—	13-11-1964	31677.47	(+)4514.98	2246.34	1120.91	(+)5635.89	17.8	42574.66	(+)6761.32	15.8	
3. Hindustan Cables Limited	Ministry of Industrial Development	4-8-1952	2154.37	(+)123.94	111.33	43.96	(+)167.90	7.8	2658.17	(+)235.27	8.8	
4. National Instruments Limited	Ministry of Industrial Development	26-6-1957	467.92	(+)8.30	14.39	10.79	(+)19.09	4.1	246.71	(+)22.69	9.2	
5. Heavy Engineering Corporation Limited	Ministry of Heavy Industry	31-12-1958	29233.36	(-)437.66	1245.51	939.54	(+)501.88	1.7	19574.87	(+)807.85	4.1	1. In view of the disclosures made in Note I-B-5 of Schedule X, a technical assessment of the life of the plant and machinery, having regard to their nature and usage is called for, to determine the appropriate rate of depreciation which would represent the matching cost on account of use of plant and machinery. It may be mentioned that the legal opinion referred to in the Note was received on 3rd October, 1975. 2. Heavy Machine Building Plant (i) Against an input (consumption) of 68,570 tonnes, credit for an output (sales and stock) of 71,463 tonnes has been taken in the accounts. The reasons for the excess credit of output/undercharge of input of 2893 tonnes have not been analysed and identified itemwise. (ii) Note IV. D. 6 of Schedule X—The Company has a turn key contract for the supply of 408 electrolytic cells to the Korba Project of BALCO. The weight breakup of an electrolytic cell comprising various parts is 67.570 tonnes. On this basis, the total weight for 408 cells works out to 27570 tonnes approx. Up to 31-3-75, the Company had completed supply and erection of 102 cells weighing 6892.140 tonnes valued at selling price of Rs. 5.36 crores (Approx.). As on that date, additional 15990 tonnes were stated to have been processed, out of which 14615 tonnes were treated as 'finished stock' and 1375 tonnes as 'work-in-progress'. The different components making up in weight of 67.570 tonnes per cell have substantial differences in weights and value. However, component-wise details of 14,615 tonnes of materials treated as finished stock were not available with the Company to work out its equivalent in terms of completed cells for purposes of valuation in accordance with the contract which stipulates the price per cell. The company valued the materials treated as finished stock @Rs. 7,010 per tonnes (excluding estimated erection cost) which has been arrived at on the basis of the total value of the contract and the tonnage involved irrespective of the weightage the tonnage should get on the basis of nature and value of the items involved. On this basis, the sale price (including escalation) has been computed at Rs. 1116.01 lakhs as against the cost of Rs. 611.87 lakhs booked in the accounts. The total value of the contract (including escalation) and cost estimated by the Company to complete it are Rs. 22.22 crores (including escalation of Rs. 1.82 crores) and Rs. 15.74 crores respectively. The company has already incurred a cumulative cost of Rs. 10.44 crores and estimated a further expenditure of Rs. 5.29 crores to complete the work. Thus on the work stated to have been completed so far, the Company has already taken credit of a profit of Rs. 6.35 crores approx. as against a total anticipated profit of Rs. 6.48 crores leading to : (a) taking credit for unrealised profit on erection work still to be done; (b) taking credit for profit on 6063 tonnes of material still to be processed. (c) taking credit for escalation still to be accepted by the clients; and (d) non-provision of any amount likely to be incurred under the contract towards repairs, replacements and also the liquidated damages, if any. In the absence of the details of the components and other variables mentioned above, the profit taken credit of, in excess is not quantifiable. 3. Many of the Notes referred to in the Report of the Company Auditors to the Shareholders have the effect of modifying the accounts. 7.3 1. Plant and Machinery—Rs. 9,30,71,930 This includes plant and Machinery of the original value of Rs. 82.26 lakhs (depreciated value Rs. 43.78 lakh) not used since erection/commissioning on dates prior to 31st March, 1965. 2. Capital work in progress (Rs. 35,83,373), includes an amount of Rs. 12.27 lakhs being the value of spare components/equipment for machines and equipment already installed and in use. 3.(a) Materials worth Rs. 2,02,000 issued during 1974-75 have not been accounted for as materials consumed. This has resulted in over-statement of closing inventory and understatement of raw materials consumed. 3.(b) It is mentioned in item No. II of Schedule 'O' notes forming part of the accounts that raw materials have been valued at cost. However, raw materials lying in the shopfloor and in sub-stores have been valued at issue rates which were higher than the cost. This has resulted in over valuation of closing inventory by Rs. 4,14,500. 4. Finished Products—Rs. 9,70,37,113. It is stated in item 11(d) of Schedule 'O' notes forming part of the Accounts that the closing stock of finished products and work-in-progress has been valued at cost. However, the closing stock of finished products and work-in-progress is valued at issue rates which were higher than the cost. This has resulted in over valuation of closing stock and the same cannot be compared with the cost.
6. Mining & Allied Machinery Corporation Limited.	Ministry of Heavy Industry	1-4-1965	6472.83	(+)44.95	196.02	126.10	(+)171.05	2.6	3,284.17	(+)240.97	7.3	

14,613 tonnes of materials treated as finished stock were not available with the Company to work out its equivalent in terms of completed cells for purposes of valuation in accordance with the contract which stipulates the price per cell. The company valued the materials treated as finished stock @Rs. 7,010 per tonnes (excluding estimated erection cost) which has been arrived at on the basis of the total value of the contract and the tonnage involved irrespective of the weightage the tonnage should get on the basis of nature and value of the items involved. On this basis, the sale price (including escalation) has been computed at Rs. 116.01 lakhs as against the cost of Rs. 611.87 lakhs booked in the accounts.

The total value of the contract (including escalation) and cost estimated by the Company to complete it are Rs. 22.22 crores (including escalation of Rs. 1.82 crores) and Rs. 15.74 crores respectively. The company has already incurred a cumulative cost of Rs. 10.44 crores and estimated a further expenditure of Rs. 5.29 crores to complete the work. Thus on the work stated to have been completed so far, the Company has already taken credit of a profit of Rs. 6.35 crores approx. as against a total anticipated profit of Rs. 6.48 crores leading to :

- taking credit for unrealised profit on erection work still to be done;
- taking credit for profit on 6063 tonnes of material still to be processed.
- taking credit for escalation still to be accepted by the clients; and
- non-provision of any amount likely to be incurred under the contract towards repairs, replacements and also the liquidated damages, if any.

In the absence of the details of the components and other variables mentioned above, the profit taken credit of, in excess is not quantifiable.

3. Many of the Notes referred to in the Report of the Company Auditors to the Shareholders have the effect of modifying the accounts.

1. *Plant and Machinery*—Rs. 9,30,71,950
This includes plant and Machinery of the original value of Rs. 82.26 lakhs (depreciated value Rs. 43.78 lakh) not used since erection/commissioning on dates prior to 31st March, 1965.
2. Capital work in progress (Rs. 35,83,373), includes an amount of Rs. 12.27 lakhs being the value of spare components/equipment for machines and equipment already installed and in use.
- 3.(a) Materials worth Rs. 2,02,000 issued during 1974-75 have not been accounted for as materials consumed. This has resulted in over-statement of closing inventory and understatement of raw materials consumed.
- 3.(b) It is mentioned in item No. II of Schedule 'O' notes forming part of the accounts that raw materials have been valued at cost. However, raw materials lying in the shopfloor and in sub-stores have been valued at issue rates which were higher than the cost. This has resulted in over valuation of closing inventory by Rs. 4,14,500.
4. *Finished Products*—Rs. 9,70,37,113.

It is stated in item 11(i)(c) of Schedule 'O' notes forming part of the Accounts that the closing stock of finished products and work-in-progress has been valued on the basis of sale order prices etc. and provision made for profit/contingencies. The notes further state that till costing is fully developed sale orderwise valuation of closing stock can be compared with the cost only on totality basis and that the cost records indicate that the valuation of closing stocks of W.I.P. and F.P. on the basis of sale orders as per past practice (without provision) works out lower than the valuation on cost basis. The value of finished product shown at Rs. 9,70,37,113 is however, higher by Rs. 27,13,090 than the total cost of production of the finished product according to the date compiled by the costing department.

5. *Note No. 11(3) and prior period adjustment (Rs. 60,97,150-Dr.)*

Rs. 47,08,480 have been written off during the current year below the line as prior period adjustment on account of over valuation of the figure of sales in transit as on 31-3-1974. The write off under prior period adjustment during the current year had the effect of converting the profit of Rs. 25,26,515 for the year 1973-74 into a loss of Rs. 21,81,965 on this account alone. The credit taken during the current year on account of sales in transit as disclosed in the note was Rs. 551.86 lakhs on which no provision has been made in the accounts for the year 1974-75.

6. Mining & Allied Machinery Corporation Limited.	Ministry of Heavy Industry	1-4-1965	6472.83	(+)44.95	196.02	126.10	(+)171.05	2.6	3,284.47	(+)240.97	7.3
7. Tungbhadra Steel Products Limited	Ministry of Heavy Industry	20-2-1960	206.93	(+)6.76	15.84	4.13	(+)10.89	5.2	319.25	(+)22.60	7.1
8. Hindustan Aeronautics Limited	Ministry of Defence	1-10-1964	23,930.81	(+)834.88	434.50	376.88	(+)1,211.76	5.1	18,610.04	(+)1,269.38	6.8
9. Bharat Earth Movers Limited.	—do—	11-5-1964	5,072.94	(+)918.95	266.54	142.43	(+)1,061.38	20.9	6,061.77	(+)1,185.49	19.6
10. Praga Tools Limited	—do—	28-5-1943	985.78	(-)17.33	68.06	48.63	(+)31.30	3.2	684.78	(+)50.73	7.4
11. Bharat Electronics Limited	—do—	21-4-1954	4,674.53	(+)482.24	264.95	120.69	(+)602.93	12.9	6,040.22	(+)747.19	12.4
12. Hindustan Teleprinters Limited	Ministry of Communications	14-12-1960	508.98	(+)59.46	2.72	2.72	(+)62.18	12.0	538.16	(+)62.18	11.5
13. Indian Telephone Industries Limited	—do—	25-1-1950	3,201.83	(+)865.21	279.69	45.63	(+)910.84	28.4	6,020.07	(+)1,144.90	19.0
14. Electronics Corporation of India, Limited	Department of Atomic Energy	11-4-1967	1,547.77	(+)158.57	141.83	47.83	(+)206.40	13.3	2,228.91	(+)300.40	13.5
15. Instrumentation Limited	Ministry of Industrial Development	21-3-1964	1,490.24	(+)22.11	27.78	25.88	(+)47.99	3.2	1,371.73	(+)49.89	3.6
16. Triveni Structural Limited	Ministry of Heavy Industry	3-7-1965	899.63	(-)52.63	72.81	35.59	(-)17.04	—	854.64	(+)20.18	2.4
17. Machine Tool Corporation of India, Limited	—do—	11-1-1967	915.77	(-)43.33	60.95	26.69	(-)16.64	—	830.26	(+)17.62	2.1

1	2	3	4	5	6	7	8	9	10	11	12	13	14
18.	Bharat Heavy Plate and Vessels Limited	Ministry of Heavy Industries	25-6-1966	2,499.40	(-)103.84	178.84	92.01	(-)11.83	—	2,486.07	(+)75.00	3.0	
19.	Richardson & Cruddas (1972) Limited	—do—	15-3-1973	499.66	(+)10.53	61.62	22.31	(+)32.84	6.6	816.31	(+)72.15	8.8	
20.	Bharat Dynamics Limited	Ministry of Defence	16-7-1970	235.67	(+)9.00	—	—	(+)9.00	3.8	237.03	(+)9.00	3.8	
21.	Bharat Ophthalmic Glass Limited	Ministry of Industrial Development	1-4-1972	848.31	(-)120.89	41.36	39.39	(-) 81.50	—	262.97	(-)79.53	—	Liabilities for expenses aggregating Rs. 20,62,259.28 have not been provided for with the result that the loss has been understated to this extent. Plant & Machinery (Rs. 1,08,70,269.20) includes the written down value of Rs. 55.02 lakhs in respect of Plant and Machinery of Lens Department. Although it was decided in March 1974 to close the Deptt. gradually and the Deptt. was finally closed down on 1st August, 1975 no provision has been made in the Accounts for the likely loss on the disposal of surplus Plant and Machinery.
22.	Jessop and Company Limited	Ministry of Heavy Industry	25-10-1932 (became a Govt. Company w.e.f. 1-4-1973)	3,501.34	(-)156.62	408.00	190.67	(+)34.05	1.0	3,576.16	(+)251.38	7.0	
23.	Balmer Lawrie & Co. Limited	Ministry of Petroleum & Chemicals	1-2-1924 (became a Govt. Co. w.e.f. 29-7-1972)	228.43	(+)24.60	11.82	—	(+)24.60	10.8	355.13	(+)36.42	10.3	Subsidiary to Indo-Burma Petroleum Company Limited.
24.	Biecco Lawrie Co. Limited	—do—	23-12-1919 (became a Govt. Co. w.e.f. 29-7-1972)	37.45	(-)32.49	27.49	—	(-)32.49	—	212.58	(-)5.00	—	Subsidiary to Balmer Lawrie & Company, Limited.
25.	Industrial Containers Limited	—do—	16-6-1958 (became a Govt. Co. w.e.f. 29-7-1972)	43.68	(+)30.64	6.45	—	(+)30.64	70.1	98.53	(+)37.09	37.6	Subsidiary to Balmer Lawrie & Company Limited.
26.	Steel Containers Limited	—do—	16-6-1958 (became a Govt. Co. w.e.f. 29-7-1972)	74.08	(+)38.12	5.44	—	(+)38.12	51.5	141.26	(+)43.56	30.8	Subsidiary to Balmer Lawrie & Company Limited.
27.	Scooters India Limited	Ministry of Industrial Development	7-9-1972	1,068.97	(-)44.55	74.11	50.43	(+)5.88	0.6	895.91	(+)29.56	3.3	
TOTAL				1,28,033.02	(+)7,652.49	6,617.06	3,672.13	(+)11,324.62	8.8	1,27,181.53	(+)14,269.55	11.2	
Figures for the year 1973-74				1,21,828.69	(+)4,842.83	4,522.99	2,944.90	(+)7,787.73	6.4	1,07,201.08	(+)9,365.82	8.7	
<i>Chemicals</i>													
28.	The Fertilizer Corporation of India Limited	Ministry of Petroleum & Chemicals	1-1-1961	61,401.79	(+)128.26	267.32	1,029.65	(+)1,157.91	1.9	26,996.39	(+)395.58	1.5	1. No provision has been made for Rs. 1.20 lakhs on account assistance fee. 2. Net Profit for the year Rs. 1,28,26,182 A reference is invited to comment no. 6 on the accounts for the year ending 31st March, 1974. The date of 1st April, 1974 fixed by the Management as the date of commencement of commercial production of Durgapur Plant was subsequently shifted to 1st October, 1974 and the revenue expenditure of Rs. 2,72,65,639 incurred from 1-4-1974 to 30-9-1974 was also treated as Deferred Revenue Expenditure as in the year 1973-74. While the company has written off in the Profit and Loss Account of the year one fifth (Rs. 87,68,164) of the Deferred Revenue Expenditure (Rs. 4,38,40,822) incurred in 1973-74 in accordance with the decision of the Board taken in May, 1974, no such write off has been made in respect of the expenditure incurred during 1-4-1974 to 30-9-1974, which works out to Rs. 34,53,128.
29.	The Fertilisers & Chemicals Travancore Limited	—do—	22-9-1943	14,122.99	(-)305.88	338.90	414.34	(+)108.46	0.7	9,499.56	(+)33.02	0.3	1. Current Liabilities & Provisions (Rs. 39,66,83,703) does not include liability amounting to Rs. 38,89,428 being income tax payable for the assessment year 1972-73 (as per assessment order dt. 12-3-1975) relating to a foreign technician employed by the company. The amount is stated to be recoverable from the Fertiliser Corporation of India Ltd. Thus both liabilities and assets are under stated. 2. Both the sale of products and the total expenses charged to the Profit and Loss Account are over stated by Rs. 34,60,631 in schedule I forming part of the Annual Accounts.
30.	Madras Fertilisers Limited	—do—	8-12-1966	7,230.88	(+)527.95	401.13	383.52	(+)911.47	12.6	7,312.91	(+)929.08	12.7	Development Rebate Reserve has been exhibited distinctly side by side with the debit balance of the Profit and Loss Account (Rs. 4,20,36,721) in view of part absorption of development rebate allowable rendering a part of development rebate reserve as committed reserve. The uncommitted portion of the reserve should have been exhibited as a deduction from the debit balance of the Profit and Loss account in accordance with Schedule VI of the Companies Act, 1956.
31.	Hindustan Antibiotics Limited	—do—	30-3-1954	450.74	(-)326.22	37.42	—	(-)326.22	—	817.17	(-)288.80	—	—
32.	Hindustan Insecticides Limited	—do—	11-3-1954	383.41	(+)99.82	6.09	—	(+)99.82	26	466.84	(+)105.91	22.7	—
33.	Indian Drugs and Pharmaceuticals Limited	—do—	5-4-1961	6,083.40	(+)327.73	363.99	204.25	(+)531.98	8.8	5,786.54	(+)691.72	12.0	1. No liability has been provided for in the accounts in respect of:— (a) Income Tax in respect of non-resident technicians whose stay in India exceeded one year after 31-12-1971 pending disposal of application for exemption. (b) Company's contribution to provident fund in respect of those employees who are eligible but have neither become members nor paid their contribution. (c) The liabilities for certain extra items of work completed by the contractors in one unit as the same was not ascertainable. (d) Penal and compound interest on delayed repayment of Loan instalments and delayed payment of interest to Govt. amounting to Rs. 149.20 lakhs up to 31-3-1975 since the company has requested the Govt. for waiver of the same.

1	2	3	4	5	6	7	8	9	10	11	12	13	14
18.	Bharat Heavy Plate and Vessels Limited	Ministry of Heavy Industries	25-6-1966	2,499.40	(-)103.84	178.84	92.01	(-)11.83	—	2,486.07	(+)75.00	3.0	
19.	Richardson & Cruddas (1972) Limited	—do—	15-3-1973	499.66	(+)10.53	61.62	22.31	(+)32.84	6.6	816.31	(+)72.15	8.8	
20.	Bharat Dynamics Limited	Ministry of Defence	16-7-1970	235.67	(+)9.00	—	—	(+)9.00	3.8	237.03	(+)9.00	3.8	
21.	Bharat Ophthalmic Glass Limited	Ministry of Industrial Development	1-4-1972	848.31	(-)120.89	41.36	39.39	(-) 81.50	—	262.97	(-)79.53	—	Liabilities for expenses aggregating Rs. 20,62,259.28 have not been provided for with the result that the loss has been understated to this extent. Plant & Machinery (Rs. 1,08,70,269.20) includes the written down value of Rs. 55.02 lakhs in respect of Plant and Machinery of Lens Department. Although it was decided in March 1974 to close the Deptt. gradually and the Deptt. was finally closed down on 1st August, 1975 no provision has been made in the Accounts for the likely loss on the disposal of surplus Plant and Machinery.
22.	Jessop and Company Limited	Ministry of Heavy Industry	25-10-1932 (became a Govt. Company w.e.f. 1-4-1973)	3,501.34	(-)156.62	408.00	190.67	(+)34.05	1.0	3,576.16	(+)251.38	7.0	
23.	Balmer Lawrie & Co. Limited	Ministry of Petroleum & Chemicals	1-2-1924 (became a Govt. Co. w.e.f. 29-7-1972)	228.43	(+)24.60	11.82	—	(+)24.60	10.8	355.13	(+)36.42	10.3	Subsidiary to Indo-Burma Petroleum Company Limited.
24.	Biecco Lawrie Co. Limited	—do—	23-12-1919 (became a Govt. Co. w.e.f. 29-7-1972)	37.45	(-)32.49	27.49	—	(-)32.49	—	212.58	(-)5.00	—	Subsidiary to Balmer Lawrie & Company, Limited.
25.	Industrial Containers Limited	—do—	16-6-1958 (became a Govt. Co. w.e.f. 29-7-1972)	43.68	(+)30.64	6.45	—	(+)30.64	70.1	98.53	(+)37.09	37.6	Subsidiary to Balmer Lawrie & Company Limited.
26.	Steel Containers Limited	—do—	16-6-1958 (became a Govt. Co. w.e.f. 29-7-1972)	74.08	(+)38.12	5.44	—	(+)38.12	51.5	141.26	(+)43.56	30.8	Subsidiary to Balmer Lawrie & Company Limited.
27.	Scooters India Limited	Ministry of Industrial Development	7-9-1972	1,068.97	(-)44.55	74.11	50.43	(+)5.88	0.6	895.91	(+)29.56	3.3	
TOTAL				1,28,033.02	(+)7,652.49	6,617.06	3,672.13	(+)11,324.62	8.8	1,27,181.53	(+)14,269.55	11.2	
Figures for the year 1973-74				1,21,828.69	(+)4,842.83	4,522.99	2,944.90	(+)7,787.73	6.4	1,07,201.08	(+)9,365.82	8.7	
<i>Chemicals</i>													
28.	The Fertilizer Corporation of India Limited	Ministry of Petroleum & Chemicals	1-1-1961	61,401.79	(+)128.26	267.32	1,029.65	(+)1,157.91	1.9	26,996.39	(+)395.58	1.5	1. No provision has been made for Rs. 1.20 lakhs on account assistance fee. 2. Net Profit for the year Rs. 1,28,26,182 A reference is invited to comment no. 6 on the accounts for the year ending 31st March, 1974. The date of 1st April, 1974 fixed by the Management as the date of commencement of commercial production of Durgapur Plant was subsequently shifted to 1st October, 1974 and the revenue expenditure of Rs. 2,72,65,639 incurred from 1-4-1974 to 30-9-1974 was also treated as Deferred Revenue Expenditure as in the year 1973-74. While the company has written off in the Profit and Loss Account of the year one fifth (Rs. 87,68,164) of the Deferred Revenue Expenditure (Rs. 4,38,40,822) incurred in 1973-74 in accordance with the decision of the Board taken in May, 1974, no such write off has been made in respect of the expenditure incurred during 1-4-1974 to 30-9-1974, which works out to Rs. 34,53,128.
29.	The Fertilisers & Chemicals Travancore Limited	—do—	22-9-1943	14,122.99	(-)305.88	338.90	414.34	(+)108.46	0.7	9,499.56	(+)33.02	0.3	1. Current Liabilities & Provisions (Rs. 39,66,83,703) does not include liability amounting to Rs. 38,89,428 being income tax payable for the assessment year 1972-73 (as per assessment order dt. 12-3-1975) relating to a foreign technician employed by the company. The amount is stated to be recoverable from the Fertiliser Corporation of India Ltd. Thus both liabilities and assets are under stated. 2. Both the sale of products and the total expenses charged to the Profit and Loss Account are over stated by Rs. 34,60,631 in schedule I forming part of the Annual Accounts.
30.	Madras Fertilisers Limited	—do—	8-12-1966	7,230.88	(+)527.95	401.13	383.52	(+)911.47	12.6	7,312.91	(+)929.08	12.7	Development Rebate Reserve has been exhibited distinctly side by side with the debit balance of the Profit and Loss Account (Rs. 4,20,36,721) in view of part absorption of development rebate allowable rendering a part of development rebate reserve as committed reserve. The uncommitted portion of the reserve should have been exhibited as a deduction from the debit balance of the Profit and Loss account in accordance with Schedule VI of the Companies Act, 1956.
31.	Hindustan Antibiotics Limited	—do—	30-3-1954	450.74	(-)326.22	37.42	—	(-)326.22	—	817.17	(-)288.80	—	—
32.	Hindustan Insecticides Limited	—do—	11-3-1954	383.41	(+)99.82	6.09	—	(+)99.82	26	466.84	(+)105.91	22.7	—
33.	Indian Drugs and Pharmaceuticals Limited	—do—	5-4-1961	6,083.40	(+)327.73	363.99	204.25	(+)531.98	8.8	5,786.54	(+)691.72	12.0	1. No liability has been provided for in the accounts in respect of:— (a) Income Tax in respect of non-resident technicians whose stay in India exceeded one year after 31-12-1971 pending disposal of application for exemption. (b) Company's contribution to provident fund in respect of those employees who are eligible but have neither become members nor paid their contribution. (c) The liabilities for certain extra items of work completed by the contractors in one unit as the same was not ascertainable. (d) Penal and compound interest on delayed repayment of Loan instalments and delayed payment of interest to Govt. amounting to Rs. 149.20 lakhs up to 31-3-1975 since the company has requested the Govt. for waiver of the same.

		Figures for the year 1973-74									
		1-1-1961	61,401.79	(+)128.26	267.17	1,029.65	(+)1,157.91	1.9	26,996.39	(+)395.58	
Chemicals											
28. The Fertilizer Corporation of India Limited	Ministry of Petroleum & Chemicals	1-1-1961	61,401.79	(+)128.26	267.17	1,029.65	(+)1,157.91	1.9	26,996.39	(+)395.58	1.5
											1. No provision has been made for Rs. 1.20 lakhs on account assistance fee.
											2. Net Profit for the year Rs. 1,28,26,182
											A reference is invited to comment no. 6 on the accounts for the year ending 31st March, 1974. The date of 1st April, 1974 fixed by the Management as the date of commencement of commercial production of Durgapur Plant was subsequently shifted to 1st October, 1974 and the revenue expenditure of Rs. 2,72,65,639 incurred from 1-4-1974 to 30-9-1974 was also treated as Deferred Revenue Expenditure as in the year 1973-74. While the company has written off in the Profit and Loss Account of the year one fifth (Rs. 87,68,164) of the Deferred Revenue Expenditure (Rs. 4,38,40,822) incurred in 1973-74 in accordance with the decision of the Board taken in May, 1974, no such write off has been made in respect of the expenditure incurred during 1-4-1974 to 30-9-1974, which works out to Rs. 54,53,128.
29. The Fertilisers & Chemicals Travancore Limited	—do—	22-9-1943	14,122.99	(—)305.88	338.50	414.34	(+)108.46	0.7	9,499.56	(+)33.02	0.3
											1. Current Liabilities & Provisions (Rs. 39,66,83,703) does not include liability amounting to Rs. 38,89,428 being income tax payable for the assessment year 1972-73 (as per assessment order dt. 12-3-1975) relating to a foreign technician employed by the company. The amount is stated to be recoverable from the Fertiliser Corporation of India Ltd. Thus both liabilities and assets are under stated.
											2. Both the sale of products and the total expenses charged to the Profit and Loss Account are over stated by Rs. 34,60,631 in schedule I forming part of the Annual Accounts.
30. Madras Fertilisers Limited	—do—	8-12-1966	7,230.88	(+)527.95	401.13	383.52	(+)911.47	12.6	7,312.91	(+)929.08	12.7
											Development Rebate Reserve has been exhibited distinctly side by side with the debit balance of the Profit and Loss Account (Rs. 4,20,36,721) in view of part absorption of development rebate allowable rendering a part of development rebate reserve as committed reserve. The uncommitted portion of the reserve should have been exhibited as a deduction from the debit balance of the Profit and Loss account in accordance with Schedule VI of the Companies Act, 1956.
31. Hindustan Antibiotics Limited	—do—	30-3-1954	450.74	(—)326.22	37.42	—	(—)326.22	—	817.17	(—)288.80	—
32. Hindustan Insecticides Limited.	—do—	11-3-1954	383.41	(+)99.82	6.09	—	(+)99.82	26	466.84	(+)105.91	22.7
33. Indian Drugs and Pharmaceuticals Limited	—do—	5-4-1961	6,083.40	(+)327.73	363.99	204.25	(+)531.98	8.8	5,786.54	(+)691.72	12.0
											1. No liability has been provided for in the accounts in respect of:—
											(a) Income Tax in respect of non-resident technicians whose stay in India exceeded one year after 31-12-1971 pending disposal of application for exemption.
											(b) Company's contribution to provident fund in respect of those employees who are eligible but have neither become members nor paid their contribution.
											(c) The liabilities for certain extra items of work completed by the contractors in one unit as the same was not ascertainable.
											(d) Penal and compound interest on delayed repayment of Loan instalments and delayed payment of interest to Govt. amounting to Rs. 149.20 lakhs up to 31-3-1975 since the company has requested the Govt. for waiver of the same.
34. Hindustan Salts Limited	Ministry of Industrial Development	12-4-1958	130.18	(+)7.34	—	—	(+)7.34	5.6	134.16	(+)7.34	5.5
35. Hindustan Photo Films Manufacturing Co. Limited	—do—	30-11-1960	2,515.58	(—)167.41	226.15	122.36	(—)45.05	—	1,325.69	(+)58.74	4.4
36. Sambhar Salts Limited	—do—	30-9-1964	117.09	(+)31.65	—	—	(+)31.65	27.0	101.37	(+)31.65	31.2
											1. Subsidiary to Hindustan Salts Limited. The land and immovable property do not stand registered in the name of the Company. The matter is still under correspondence with the Ministry. There is also no agreement between the Govt. of Rajasthan and the Company for lease hold rights as well as for Royalty Rights.
37. Hindustan Organic Chemicals Limited	Ministry of Petroleum & Chemicals	12-12-1960	2,141.89	(+)391.64	52.58	55.34	(+)446.98	20.9	2,091.42	(+)444.22	21.2
38. Mandya National Paper Mills Limited	Ministry of Industrial development	7-11-1957 (became a Govt. Co. on 1-10-1973)	591.06	(+)77.62	6.91	0.06	(+)77.68	13.1	541.46	(+)84.53	15.6
											Subsidiary to Hindustan Paper Corporation Limited.
		TOTAL	95,169.01	(+)692.50	1,700.49	2,09.52	(+)3,002.02	3.2	55,073.51	(+)2,492.99	4.5
		Figures for the year 1973-74	75,602.45	(+)198.71	1,358.33	2140.18	(+)2,338.89	3.1	33,823.56	(+)1,557.04	4.6
Mining and Minerals											
39. Pyrites, Phosphates & Chemicals Limited	Ministry of Petroleum & Chemicals	22-3-1960	905.31	(+)82.77	19.89	19.89	(+)102.66	11.3	627.91	(+)102.66	16.3
40. Bolani Ores Limited	Ministry of Steel and Mines	5-6-1957 (became a Govt. Co. w.e.f. 4-7-1973)	272.07	(—)36.05	10.82	13.92	(—)22.13	—	135.99	(—)25.23	—
											Subsidiary to Steel Authority of India Ltd.
41. Neyveli Lignite Corporation Limited.	Ministry of Energy	14-11-1956	20,536.94	(—)1,139.55	519.27	413.76	(—)725.79	—	13,009.24	(—)620.28	—
42. National Mineral Development Corporation Limited.	Ministry of Steel & Mines	15-11-1958	11,776.81	(+)120.07	58.07	212.43	(+)332.50	2.8	5,755.07	(+)178.14	3.1
											1. Subsidiary to Steel Authority of India Limited.
											2. Pending finalisation the sale price of iron ore of Kiriburu had been adopted at the rates at which provisional bills have been preferred on the customers. The rates at which the corporation have billed are higher than the rates at which the customers have provisionally paid to the Corporation, the excess credit taken in the accounts in respect of sales of the year amounts to Rs. 11 lakhs making the total excess credit taken till 31-3-1975 to Rs. 134 lakhs.
43. Hindustan Zinc Limited	—do—	10-1-1966	3,886.88	(+)893.45	41.55	57.09	(+)950.54	24.4	3,298.49	(+)935.00	28.3
44. Mineral Exploration Corporation Limited.	—do—	21-10-1972	709.00	(—)85.11	—	—	(—)85.11	—	574.79	(—)85.11	—

		Figures for the year 1973-74											
		1-1-1961											
<i>Chemicals</i>													
28. The Fertilizer Corporation of India Limited	Ministry of Petroleum & Chemicals	1-1-1961	61,401.79	(+)128.26	267.12	1,029.65	(+)1,157.91	1.9	26,996.39	(+)395.58	1.5	1. No provision has been made for Rs. 1.20 lakhs on account assistance fee.	
29. The Fertilisers & Chemicals Travancore Limited	—do—	22-9-1943	14,122.99	(—)305.88	338.00	414.34	(+)108.46	0.7	9,499.56	(+)33.02	0.3	1. Current Liabilities & Provisions (Rs. 39,66,83,703) does not include liability amounting to Rs. 38,89,428 being income tax payable for the assessment year 1972-73 (as per assessment order dt. 12-3-1975) relating to a foreign technician employed by the company. The amount is stated to be recoverable from the Fertiliser Corporation of India Ltd. Thus both liabilities and assets are under stated. 2. Both the sale of products and the total expenses charged to the Profit and Loss Account are over stated by Rs. 34,60,631 in schedule I forming part of the Annual Accounts.	
30. Madras Fertilisers Limited	—do—	8-12-1966	7,230.88	(+)527.95	401.13	383.52	(+)911.47	12.6	7,312.91	(+)929.08	12.7	Development Rebate Reserve has been exhibited distinctly side by side with the debit balance of the Profit and Loss Account (Rs. 4,20,36,721) in view of part absorption of development rebate allowable rendering a part of development rebate reserve as committed reserve. The uncommitted portion of the reserve should have been exhibited as a deduction from the debit balance of the Profit and Loss account in accordance with Schedule VI of the Companies Act, 1956.	
31. Hindustan Antibiotics Limited	—do—	30-3-1954	450.74	(—)326.22	37.42	—	(—)326.22	—	817.17	(—)288.80	—	—	
32. Hindustan Insecticides Limited.	—do—	11-3-1954	383.41	(+)99.82	6.09	—	(+)99.82	26	466.84	(+)105.91	22.7	—	
33. Indian Drugs and Pharmaceuticals Limited	—do—	5-4-1961	6,083.40	(+)327.73	363.99	204.25	(+)531.98	8.8	5,786.54	(+)691.72	12.0	1. No liability has been provided for in the accounts in respect of:— (a) Income Tax in respect of non-resident technicians whose stay in India exceeded one year after 31-12-1971 pending disposal of application for exemption. (b) Company's contribution to provident fund in respect of those employees who are eligible but have neither become members nor paid their contribution. (c) The liabilities for certain extra items of work completed by the contractors in one unit as the same was not ascertainable. (d) Penal and compound interest on delayed repayment of Loan instalments and delayed payment of interest to Govt. amounting to Rs. 149.20 lakhs up to 31-3-1975 since the company has requested the Govt. for waiver of the same.	
34. Hindustan Salts Limited	Ministry of Industrial Development	12-4-1958	130.18	(+)7.34	—	—	(+)7.34	5.6	134.16	(+)7.34	5.5	—	
35. Hindustan Photo Films Manufacturing Co. Limited	—do—	30-11-1960	2,515.58	(—)167.41	226.15	122.36	(—)45.05	—	1,325.69	(+)58.74	4.4	—	
36. Sambhar Salts Limited	—do—	30-9-1964	117.09	(+)31.65	—	—	(+)31.65	27.0	101.37	(+)31.65	31.2	1. Subsidiary to Hindustan Salts Limited. The land and immovable property do not stand registered in the name of the Company. The matter is still under correspondence with the Ministry. There is also no agreement between the Govt. of Rajasthan and the Company for lease hold rights as well as for Royalty Rights.	
37. Hindustan Organic Chemicals Limited	Ministry of Petroleum & Chemicals	12-12-1960	2,141.89	(+)391.64	52.58	55.34	(+)446.98	20.9	2,091.42	(+)444.22	21.2	—	
38. Mandya National Paper Mills Limited	Ministry of Industrial development	7-11-1957 (became) Govt. Co. on 1-10-1973)	591.06	(+)77.62	6.91	0.06	(+)77.68	13.1	541.46	(+)84.53	15.6	Subsidiary to Hindustan Paper Corporation Limited.	
		TOTAL	95,169.01	(+)692.50	1,700.49	2,09.52	(+)3,002.02	3.2	55,073.51	(+)2,492.99	4.5		
		Figures for the year 1973-74	75,602.45	(+)198.71	1,358.33	2140.18	(+)2,338.89	3.1	33,823.56	(+)1,557.04	4.6		
<i>Mining and Minerals</i>													
39. Pyrites, Phosphates & Chemicals Limited	Ministry of Petroleum & Chemicals	22-3-1960	905.31	(+)82.77	19.89	19.89	(+)102.66	11.3	627.91	(+)102.66	16.3		
40. Bolani Ores Limited	Ministry of Steel and Mines	5-6-1957 (became a Govt. Co. w.e.f. 4-7-1973)	272.07	(—)36.05	10.82	13.92	(—)22.13	—	135.99	(—)25.23	—	Subsidiary to Steel Authority of India Ltd.	
41. Neyveli Lignite Corporation Limited.	Ministry of Energy	14-11-1956	20,536.94	(—)1,139.55	519.27	413.76	(—)725.79	—	13,009.24	(—)620.28	—		
42. National Mineral Development Corporation Limited.	Ministry of Steel & Mines	15-11-1958	11,776.81	(+)120.07	58.07	212.43	(+)332.50	2.8	5,755.07	(+)178.14	3.1	1. Subsidiary to Steel Authority of India Limited. 2. Pending finalisation the sale price of iron ore of Kiriburu had been adopted at the rates at which provisional bills have been preferred on the customers. The rates at which the corporation have billed are higher than the rates at which the customers have provisionally paid to the Corporation, the excess credit taken in the accounts in respect of sales of the year amounts to Rs. 11 lakhs making the total excess credit taken till 31-3-1975 to Rs. 134 lakhs.	
43. Hindustan Zinc Limited	—do—	10-1-1966	3,886.88	(+)893.45	41.55	57.09	(+)950.54	24.4	3,298.49	(+)935.00	28.3		
44. Mineral Exploration Corporation Limited.	—do—	21-10-1972	709.00	(—)85.11	—	—	(—)85.11	—	574.79	(—)85.11	—		