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**REPORT OF THE  
COMPTROLLER AND AUDITOR GENERAL  
OF INDIA**

**UNION GOVERNMENT (COMMERCIAL)**

**1981**

**PART XI**

**RESUME OF THE COMPANY AUDITORS'  
REPORTS AND COMMENTS ON ACCOUNTS  
OF GOVERNMENT COMPANIES**

**ERRATA**

Page	Para/Sub-para	Line	For	Read
(i)	Table of Contents against '8. General'		112—115	111—115
4	Section II		119—138	119—139
4	1.1.5—Item (ii)		recorders	re order
8	1.2.3.—Item (vii)	1st	(Rs. 367.11 lakhs)	(Rs. 367.11 lakhs)
10	1.2.4—Item (v)	2nd	for	far
11	1.2.5—Item (ii)	1st	write off of	write off,
12	1.2.10—Item (vi)	Heading	Foundry Forge Plant	Foundry Forge Plant
18	1.2.24(xi)	2nd	quality rates	quality, rates
22	1.4(2)(b)	2nd	(Manindra)	(Manindra)
24	1.4.5—Item (ii)	1st	equipment,	equipment and
32	1.5.6—Item (vii)	2nd	price ledgers	priced ledgers
36	1.5.17(a)	2nd	materials and	materials. The
41	2.1.4—Item (iv)			
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47	2.3.5	2nd	Rare Earths	Indian Rare Earths
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60	4.1—Item 8— 1st Column		Central Foundry Forge Plants	Central Foundry Forge Plant
61	4.1—Item 11	Last line (1st column)		
		—table		Barauni
61	—do—	—do— (2nd column)	Barauni Urea	Urea
67	5.1.5(b)(i)	3rd	required	needed
69	5.2.3	2nd	(Banial)	(Bengal)
73	5.8.2	4th	7.83	7.03
74	5.8.9	2nd	Hindustan Photo Films Limited,	Hindustan Photo Films Manufacturing Company Limited,
75	5.9.2	1st	Ophthalmic	Ophthalmic
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78	5.10.2	1st	Consultancy	Consultancy Services
82	5.13—Item (viii) (4th Column)	3rd	5 lakhs	Rs. 5 lakhs
82	—do—	8th	with	worth
82	—do—	9th	procured	procured
83	5.13.3—Item 1 —column 1		speed)	speed range 4.5 to 450)
85	5.14.3	1st	Central	Cement
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90	6.1—Item 13	1st	(13) Lubrizol India Limited	(13A) Lubrizol India Limited

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92	6.1.8	1st	Allied	Allied
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95	6.3.4	2nd	obsolete	obsolete
96	Table—Item No. (x)(b)—last column	2nd	More than one year but less than 3 years.	More than one year but less than 2 years.
96	—do—	4th	More than 2 years but less than 2 years.	More than 2 years but less than 3 years.
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109	Col. 2 of table— Sl. No. (xii)		Mazagaon	Mazagon
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COMPTROLLER AND AUDITOR GENERAL  
OF INDIA

UNION GOVERNMENT (COMMERCIAL)

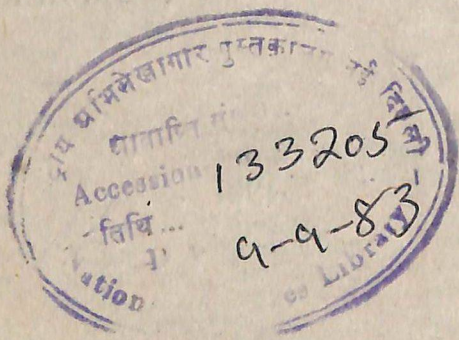
1981

PART XI

RESUME OF THE COMPANY AUDITORS'  
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## PREFATORY REMARKS

A reference is invited to the prefatory remarks in Part I of the Report of the Comptroller and Auditor General of India—Union Government (Commercial), 1981—wherein it was mentioned that the Report of the Comptroller and Auditor General of India—Union Government (Commercial), 1981 will be presented in several parts.

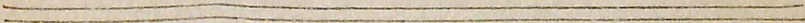
2. This part contains (i) a resume of the reports of the Company auditors submitted by them under directives issued by the Comptroller and Auditor General of India, and (ii) observations made on review of annual accounts under section 619(4) of the Companies Act, 1956.

3. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration of the Companies or of the departments of the Central Government dealing with them.

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SECTION I



*Reports of the Company Auditors under the directives issued by  
the Comptroller and Auditor General of India*

In pursuance of the directives issued by the Comptroller and Auditor General of India under Section 619(3)(a) of the Companies Act, 1956, the special reports of the Company auditors on the accounts for the year 1979-80 were received in the case of 107 companies and 40 subsidiary companies upto November 1981. The details of the companies where supplementary reports were due but not received and where supplementary reports were not due are given in Appendix I.

The important points contained in the special reports, as classified under broad headings, are given in the succeeding paragraphs :

1. *System of Accounts and Book Keeping*

1.1 There was no manual laying down the detailed procedure for compilation and maintenance of accounts in the following companies :

- (1) Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.
- (2) Bharat Aluminium Company Limited.
- (3) Bharat Refractories Limited.
- (4) Biecco Lawrie Limited.
- (5) Burn Standard Company Limited.

- (6) Coal India Limited (Regional Offices) and its following subsidiaries :
- (a) Bharat Coking Coal Limited (Headquarters. Area No. XII, Central Jharia, D&C Division and D&F Ropeways).
  - (b) Central Coalfields Limited (Orissa, Singrauli and Charhi areas).
  - (c) Eastern Coalfield Limited (Pandaveswar Area and Rajmahal Project).
  - (d) Western Coalfields Limited (Calcutta Sales Office, Bilaspur and Sohagpur areas).
- (7) The following subsidiaries of Clive Row Investment Holding Company Limited :
- (a) Basmatia Tea Company Limited.
  - (b) Rajgarh Tea Company Limited.
  - (c) The Murphulani (Assam) Tea Company Limited.
- (8) Export Credit and Guarantee Corporation Limited.
- (9) Hindustan Copper Limited (Indian Copper Complex, Rakha Copper Project, Malanjkhanda Copper Project, Khetri Copper Complex and Head Office).
- (10) Hindustan Salts Limited.
- (11) India Tourism Development Corporation Limited (Eastern Region).
- (12) Indo-Burma Petroleum Company Limited and its subsidiary Balmer Lawrie and Company Limited.
- (13) Lagan Jute Machinery Company Limited.

- (14) Mining and Allied Machinery Corporation Limited.
- (15) Nagaland Pulp and Paper Company Limited (subsidiary of Hindustan Paper Corporation Limited).
- (16) North Eastern Electric Power Corporation Limited.
- (17) Rehabilitation Industries Corporation Limited.
- (18) The following subsidiaries of Steel Authority of India Limited :
  - (a) India Fire Bricks and Insulation Company Limited.
  - (b) Metal Scrap Trade Corporation Limited.
- (19) Tannery and Footwear Corporation of India Limited.
- (20) Triveni Structurals Limited.
- (21) Tungabhadra Steel Products Limited.
- (22) The Handicrafts and Handlooms Exports Corporation of India Limited (Subsidiary of the State Trading Corporation of India Limited).
- (23) Water and Power Development Consultancy Services (India) Limited.

1.1.1 The accounting manual drawn up in 1966 in the case of Indian Telephone Industries Limited had become obsolete in view of increase in volume and vast change in activities. However, no fresh manual had been compiled in spite of observations from the Statutory Auditors to this effect for the last four years.

1.1.2 In Garden Reach Shipbuilders and Engineers Limited, Accounting manual had not been updated so as to incorporate additional instructions issued from time to time.

1.1.3 In Indian Dairy Corporation, the manual did not specify the financial powers, duties and responsibilities of the different officers.

1.1.4 In Jessop and Company Limited, the accounting manual being followed neither laid down detailed accounting procedure nor specified financial powers and responsibilities of different officers

1.1.5 In National Textile Corporation (Delhi, Punjab and Rajasthan) Limited (Kharar Textile Mills), the accounting manual was not strictly followed particularly in respect of :—

- (i) Mechanisation and coding of accounts.
- (ii) Fixation of recorders' levels.
- (iii) Perpetual stock taking.
- (iv) Preparation/adoption of cash budgets.

1.1.6 In National Textile Corporation (South Maharashtra) Limited (Nanded Textile Mills), the accounting manual was not strictly followed by the unit in respect of the system of maintenance of records and accounting for consumption of cotton, stores and spare parts etc.

1.1.7 In Pyrites, Phosphates and Chemicals Limited, though the accounting manual had been prepared, the same was not fully implemented.

1.2 In Bharat Aluminium Company Limited :

- (i) Sundry Creditors register was not complete and as such the details of sundry creditors were not prepared.
- (ii) There was no control system in function to ensure that all income/expenses booked by various departments were received by Accounts Department properly and timely.

### 1.2.1 In Bharat Coking Coal Limited :

#### *Headquarters, Area No. XII, Central Jharia, D & C Division and D & F Ropeways*

- (i) Accounting method of sales realisation needed improvement inasmuch as the detailed recording of realisations, bill to bill, particularly for the earlier years was not done in a systematic manner.
- (ii) In the absence of proper reporting system it could not be ascertained at a particular point of time as to the use of funds by Areas out of authorisations issued from Headquarters. The system in vogue did not enable the Company to have better control over these accounts.
- (iii) Subsidiary ledgers were not maintained for cash parties and hence detailed list of sundry debtors (cash sales) was not produced to Auditors. A debit balance of Rs. 147.81 lakhs relating to cash parties remained to be linked up and/or adjusted.
- (iv) Advance coal sale of Rs. 2.53 crores had been set off against outstandings without linking up debit balances against the parties.
- (v) Sundry debtors considered good included Rs. 83.03 lakhs on account of interest on overdue bills receivable from Indian Iron and Steel Company Limited, not admitted by it. These also included a sum of Rs. 78.81 lakhs for which suits were pending in various courts of law.
- (vi) Sales did not include the value of 6 wagons of coal pending linking up.
- (vii) Party wise ledger for all debtors had not been maintained. Further, balances as per control ledger had not been reconciled with balances appearing in subsidiary ledgers.

*Kusunda Area*

The system of giving advances to employees and contractors and system of recovery of the same were not satisfactory in view of the following :—

- (i) Advances given to employees and contractors remained unrecovered/unadjusted for considerable time.
- (ii) Fresh advances were given to employees and contractors without earlier advances being adjusted or recovered.
- (iii) Advances were not being utilised for the purposes these were granted.

1.2.2 In Bharat Ophthalmic Glass Limited :

- (a) The accounting system was not up to the standard in so far as it related to :
  - (i) Records for wastages were not maintained.
  - (ii) Consumption of raw materials etc. in laboratory for testing and research purposes.
  - (iii) Raising of sales bills by the sales department without passing them through accounts department.
  - (iv) Sundry debtors, creditors and miscellaneous advances ledgers were not up-to-date and could not be reconciled with general ledger figures. The bank balances at the close remained unreconciled.
- (b) The system of allowing discount on sales had not yet been approved by the Board of Directors of the Company.
- (c) There was no managerial and administrative control over canteen expenses.



### 1.2.3 In Central Coalfields Limited :

- (i) The credit balances in assets and expense heads and debit balances in liability and income heads had not been netted from the gross amounts in preparing the annual accounts.
- (ii) Cheques received were accounted for only at the time these were deposited in bank.
- (iii) Transactions relating to the period prior to 1st April 1968 in respect of sundry debtors (other than coal sales), loans and advances, sundry creditors and other liabilities for which no details were available except those relating to Government had been transferred to unlinked suspense. The net credit balance under this head was Rs. 10.78 lakhs.
- (iv) Several balances under current assets, loans and advances and current liabilities could not be verified owing to lack of details and absence of reconciliation of control accounts with related subsidiary records.

The following control account balances at the end of the accounting year were found to be short or excess as compared with the balances in subsidiary or other records :—

- (a) Sundry debtors (coal sales)—short by Rs. 12.21 lakhs.
- (b) Plant and machinery—short by Rs. 50.62 lakhs.
- (c) Deferred credit liabilities—excess by Rs. 19.21 lakhs.
- (v) Linking of sundry creditors with advances for purchase of stores and plant and machinery (including in-transit) had not been fully completed. Payments made on account of supply of machines had been

debited to sundry creditors resulting in understatement of assets and liabilities. Similarly, linking of Sundry Debtors (Miscellaneous) with Deposits (Others) had not been completed. The system for linking of debit and credit balances of the same party appearing in different accounts was not proper.

- (vi) No confirmations had been received for closing balances of the holding company and sister subsidiary companies. Balances with Eastern Coalfields Limited, Central Mine Planning and Design Institute Limited and Coal India Limited had never been reconciled.
- (vii) The total figure of land (Rs. 367.11 lakhs) could not be verified as the Company was unable to reconcile the same with land records maintained by it. Land included lease-hold and some portion of land transferred to Coal Mines Labour Housing Board and some portion leased to the Board.
- (viii) The 'Capital Suspense Account' *i.e.* net debits to fixed assets arising out of physical verification in 1974 had not been adjusted owing to lack of details. Pending adjustment, the gross debit and gross credit at the year end were Rs. 95.87 lakhs and Rs. 133.03 lakhs respectively.
- (ix) Cost of buildings included cost of electrical fittings, water supply arrangements and sanitary fittings, which had not been sub-divided. As such depreciation had only been provided at rates prescribed for buildings.
- (x) In many cases, though the construction of buildings had been completed and buildings put to use, the cost of such buildings had been kept in 'buildings under construction'. Accordingly, depreciation on such buildings had not been provided.

- (xi) While the advances paid for construction of railway sidings were included under fixed assets, the advances for plant and machinery were shown under "Current Assets".
- (xii) The Company accounted for development expenses on its mines to manufacturing units (washeries and workshops).
- (xiii) There had been delay in recovery/adjustment of staff advances and local purchase advances, which had resulted in accumulation of outstanding balances. The local purchase advances had not been cleared within 3 months as provided under Company's rules. The outstanding local purchase advance increased from Rs. 26 lakhs (as on 31-3-1979) to Rs. 45 lakhs (as on 31-3-1980).
- (xiv) In terms of the Government of India letter No. 28012/19/79-CA, dated 10th October 1979 supplies of grades C&D Coal to power houses had been charged for at grade WS III and WS IV rates respectively which were lower than the notified price of C&D grades. Losses incurred on such sale amounted to Rs. 112.45 lakhs during the year.
- (xv) The debit balances of deferred revenue expenditure of Rs. 107.60 lakhs and development account Rs. 32.21 lakhs representing maintenance expenditure and capitalised development cost on closed and suspended mines respectively, had not been written off.
- (xvi) Physical verification of cash at collieries was not done by imprest holders though required to be done atleast once in a month
- (xvii) Quantity deductions aggregating Rs. 152 lakhs and underloading deductions amounting to Rs. 34 lakhs were made by Steel Plants and Railways

- (xviii) No records were kept in respect of orders placed but not yet fulfilled.

1.2.4 In Central Inland Water Transport Corporation Limited :

- (i) A sum of Rs. 16.41 lakhs representing sundry deposit and included in loans and advances had been carried forward without adjustment since 1966.
- (ii) Work-in-progress account of Rajgarh Dockyard included :
  - (a) cancelled and abandoned jobs amounting to Rs. 18.45 lakhs;
  - (b) a number of jobs already completed but not billed for.
- (iii) In many cases unadjusted balances in respect of Income Tax, Sales Tax, Provident Fund, C.D.S. deductions, and income tax deducted from contractors' bills were being carried forward for years without any adjustment and reconciliation.
- (iv) Monthly bank reconciliation statements were prepared only in respect of a few bank accounts.
- (v) The Company had not laid down pricing policy. The response to the quotations of the Company was for from satisfactory due to :—
  - (i) backlog in fulfilling contractual obligations under earlier orders in the case of shipbuilding jobs;
  - (ii) the quotations were found to be higher as compared to those of well established builders having sophisticated machinery in the case of body building jobs; and

- (iii) formidable competition from Railways and private road transport operators in the case of river service.

1.2.5 In Eastern Coalfields Limited (Pandaveswar Area and Rajmahal Project) :—

- (i) Subsidiary accounts like sundry debtors and sundry creditors were not maintained.
- (ii) There was no prescribed procedure for write off of discounts and refunds.

1.2.6 In Engineering Projects (India) Limited, there was no procedure for write off, discount and refunds etc.

1.2.7 In Export Credit and Guarantee Corporation Limited, branchwise and party-wise break up of Registration Deposit Account, Registration Deposit Adjustment Account, Minimum Premium Account and Deposit Premium Common Account were not produced to Auditors.

1.2.8 In the Fertilizer (Planning and Development) India Limited, the net loss of Rs. 133.78 lakhs was mainly due to delay in clearance of fertilizer projects based on Bombay High gas besides increase in the cost of raw materials and increase in wages.

1.2.9 In Goa Shipyard Limited, the accounting system needed to be properly defined and streamlined.

1.2.10 In Heavy Engineering Corporation Limited :

- (i) *Township*

Rent register had not been maintained quarter-cum-employeewise. Quarterwise reconciliation of rent account had also not been made.

- (ii) In certain cases final bills of contractors were settled without adjustment of recoveries to be made from them.

*Heavy Machine Building Plant*

- (iii) There was no system of computing profit/loss in various contracts particularly involving long term production cycle separately for each year before taking into account credit for the same.
- (iv) There was no proper system of recording advances received against bills.
- (v) Bills for goods despatched or services rendered worth Rs. 123.13 crores had not been raised against the customers.

*Foundry Force Plant*

- (vi) Confirmation of balances of sundry creditors, sundry debtors and loans and advances had not been obtained.

1.2.11 In Hindustan Copper Limited (Khetri Copper Complex), no proper system for lodging claims and their recovery had been followed.

1.2.12 In Hindustan Shipyard Limited, the accounting system was found deficient in respect of the following items :

- (i) Personal accounts of all the purchase creditors were not maintained to enable analysis of individual accounts of creditors.
- (ii) Balances from 1962 onwards were lying unadjusted under provisional liability for purchase account and advance account.

1.2.13 In Indian Drugs and Pharmaceuticals Limited. (Antibiotics Plant), no proper scrutiny of advances to contractors which were outstanding for many years had been made.

1.2.14 In Mining and Allied Machinery Corporation Limited :

- (i) Loans and advances included Rs. 47.83 lakhs and Rs. 10.21 lakhs outstanding for more than 3 years in respect of stores purchases and works contracts respectively pending linking up with sundry creditors and receipt of final bills.
- (ii) Sundry debtors, sundry creditors, advances to suppliers and advances to customers/contractors were not linked up properly.
- (iii) Advances to suppliers amounting to Rs. 656.31 lakhs had been set off against sundry creditors pending adjustment/linking up. No adjustment had been made in individual party's account in subsidiary ledger.
- (iv) A sum of Rs. 203.39 lakhs shown under the head 'Advances for supplies for stores Bill' was lying unadjusted and unlinked for a long time.
- (v) 'Advance paid to foreign suppliers' amounting to Rs. 158 lakhs (approx.) had been adjusted though the goods were still lying in bonded ware-houses/on high seas/company's own stores pending raising of C.R.Vs. No adjustment had, however, been made in individual party's account in subsidiary ledger. Advances under the above head amounting to Rs. 132 lakhs were outstanding for more than 3 years.
- (vi) Advances received from different parties/customers on account of sale of materials had been carried forward for many years, without being reconciled due to improper linking up with sundry debtors.

- (vii) There were differences in the balances of some of the subsidiary ledgers with balances as shown in general ledger, which had not been reconciled.
- (viii) The amounts due from several employees under the following heads were not regularly recovered from them and were being carried forward for a long time :
  - (a) Rent, water and electricity charges.
  - (b) Travelling allowances.
  - (c) Leave travel advances.
  - (d) Medical advances.
  - (e) Festival advances.
  - (f) Miscellaneous advances.

In some cases, payments received from them were not adjusted and as a result some employees accounts showed credit balances.

- (ix) No register was being maintained for claims lodged by customers against the Company or vice-versa for liquidated damages, escalation, rate revision, etc.
- (x) There was no proper system of computing profit/loss on various contracts, particularly involving long term production cycle separately, for each year.

1.2.15 In Modern Bakeries (India) Limited (Bombay Unit), there was no system of keeping debtors and creditors control accounts.



1.2.16 In National Instruments Limited, there were many accounts lying unlinked since 1976 in cash credit account with State Bank of India.

1.2.17 In National Textile Corporation (Delhi Punjab and Rajasthan) Limited—(Kharar Textile Mills), no accounting entries were passed at the mills level for goods despatched for sale at depots. On the other hand, depots were making accounting entries for goods received by them from the Mills resulting in differences in the accounts, which were unreconciled.

1.2.18 In National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited—(Bengal Textile Mills), the accounting system was not properly followed and as a result, audit in depth was not always possible. The main short-comings were as under :—

- (i) The Mills office did not maintain any general ledger and/or prepare any cash trial balance so that the subsidiary ledgers kept at Mills office could not be checked with the Mills office general ledger.
- (ii) Balances of subsidiary ledgers of Mills office did not agree with the general ledger figures of head office.
- (iii) No periodical reconciliation of despatch of goods (Cotton) from head office to Mills office was made.
- (iv) Losses or shortages/excesses in transit were not recorded.

1.2.19 In National Textile Corporation (Maharashtra North) Limited—(India United Mills—Dye works), the following deficiencies in accounting system were noticed :—

- (i) The unit did not have system of recording monthly consumption of stores in the financial books of accounts.

(ii) The unit did not maintain the following registers :—

Hundi register, goods returned register, debit and credit note register.

(iii) Contracts with outside parties for processing charges to be charged, were not made.

(iv) There was delay to the extent of six months in some cases in recording purchases in purchase register for the goods received.

(v) Receipts as well as original hundies were not available in some cases in respect of payments made by the unit.

1.2.20 In Steel Authority of India Limited :

(a) Clearance of outstanding advances for stores purchases needed further improvement (Bokaro Steel Plant).

(b) There were differences between the figures as per control account and subsidiary ledger (Durgapur Steel Plant).

1.2.21 In State Chemicals and Pharmaceuticals Corporation of India Limited (Bombay Branch), control accounts maintained in the general ledger in respect of sundry debtors were not reconciled periodically.

1.2.22 In Triveni Structurals Limited, in some cases letters confirming bank balances at sites were not available from bankers and bank accounts (sites) remained unreconciled.

1.2.23 In Water and Power Development Consultancy Services (India) Limited, the accounting system did not provide for reconciliation of control accounts and subsidiary accounts periodically. Further, reconciliation of site accounts was altogether ignored.

## 1.2.24 In Western Coalfields Limited :

*Kanhan, Pathakhera and Wardha Valley Areas*

- (i) Party-wise accounts in respect of advances for local purchases, supply of stores, machinery etc. and similarly for liabilities for purchases and expenses had not been maintained.
- (ii) Subsidiary ledgers for advances at the areas and collieries were not reconciled with control accounts.
- (iii) Reconciliation of control accounts in the financial ledger with subsidiary registers was not made.
- (iv) Internal consumption of coal for boilers and free issue to employees were accounted for on the actual basis which was not strictly in conformity with the norms fixed having regard to number of employees and types of boilers (except Wardha Valley Area).
- (v) The adjustment of credit notes (Rs. 58 lakhs) issued in respect of coal sales made to various parties for quality discrepancy were debited to bad debts and not to revenue income-raw coal.

*Calcutta Sales Office*

- (vi) Deposits from customers aggregating Rs. 144.03 lakhs could not be linked with debtors in the absence of complete information. Moreover, party-wise details in respect of Rs. 112.65 lakhs of customers' deposits had remained to be compiled.
- (vii) Payments had been received from various parties for which no bill details were available. Consequently, these had remained credited to the respective customers' accounts pending further follow up.

- (viii) There were a number of transactions with sister subsidiaries each year but no confirmation or reconciliation in respect of closing balances of these accounts shown under sundry creditors, were available.
- (ix) There was no regular system of reconciliation of control accounts and subsidiary accounts of sundry debtors,
- (x) Deposits, bank guarantees and letters of credit held from certain customers could not be linked in the absence of complete information.

*Sohagpur Area*

- (xi) Credit notes aggregating Rs. 11.11 lakhs issued in respect of sale for difference in weight, quality rates etc., had been debited to bad debts accounts.
- (xii) There were many unlinked balances in 'advances' and 'sundry creditors'.

*Bilaspur Area*

- (xiii) Sales included unlifted quantity of coal forming part of closing stock.

1.3 In the following Companies, there was no effective system of reconciliation of books by taking out periodical trial balances :—

- (1) Bharat Aluminium Company Limited.
- (2) Central Inland Water Transport Corporation Limited.

- (3) Eastern Coalfields Limited (Pandaveswar Area, Rajmahal Project) and Western Coalfields Limited (Calcutta Sales Office) (subsidiaries of Coal India Limited).
- (4) Indo-Burma Petroleum Company Limited (Engineering Division).
- (5) India Tourism Development Corporation Limited (Regional Office Bombay, units of Western and Eastern Regions).
- (6) National Textile Corporation (Maharashtra North) Limited—(India United Mills—Dye Works)—(subsidiary of National Textile Corporation Limited).
- (7) Pyrites, Phosphates and Chemicals Limited.
- (8) Sambhar Salts Limited (subsidiary of Hindustan Salts Limited).

#### 1.3.1 In Bharat Coking Coal Limited :

*Head Quarters, Area No. XII, Central Jharia, D & C Division and D & F Ropeways.*

- (i) In some Areas the balances of subsidiary ledger with respect to sundry creditors were not fully reconciled with the amount shown in the relative control ledger.
- (ii) The advances and sundry creditors' accounts were not fully reconciled and linked up.

#### *Kusunda Area*

- (a) The system of reconciliation was not satisfactory in respect of the following :
  - (i) Total of outstanding advances given to employees and contractors as per control accounts with individual accounts.

(ii) Capitalised items of stores with I.B.M. issue statements.

(iii) Sundry Creditors list with book balance.

(b) The system of allocation of stores expenditure (consumption) was not uniform in different collieries.

1.3.2 In Central Coalfields Limited (Charhi Area):

(a) Reconciliation of priced ledger and numerical ledger had not been done for the last few years.

(b) There was no proper linking between the sundry debtors ledger and advance ledger.

1.3.3 In Export Credit and Guarantee Corporation Limited, reconciliation of bank accounts, control accounts, subsidiary accounts in head office had not been done periodically.

1.3.4 In Jessop and Company Limited, reconciliation of bank account, control accounts and subsidiary accounts had not been done.

1.3.5 In National Buildings Construction Corporation Limited, trial balances were not prepared periodically. Bank reconciliation was done only once in a year and branch accounts were reconciled at the end of the year.

1.3.6 In National Instruments Limited, reconciliation of debtors' accounts had not been completed.

1.3.7 In National Research Development Corporation of India, periodical reconciliation of the balances in respect of subsidiary ledger with the control account in the general ledger had not been done.

1.3.8 In Sambhar Salts Limited, there was no system of preparing bank reconciliation, control accounts and subsidiary accounts. Reconciliation between financial books and physical verification had also not been done.

1.3.9 In State Chemicals and Pharmaceuticals Corporation of India Limited, control accounts maintained in the general ledger in respect of sundry debtors were not reconciled periodically.

1.3.10 In Western Coalfields Limited :

- (i) Subsidiary records in respect of advances, sundry creditors and other liabilities were not complete and were not reconciled with control accounts in general ledger (Bilaspur and Sohagpur Areas).
- (ii) The items of loans and advances, current assets and current liabilities included irregular balances in the form of unlinked, unresponded or unreconciled balances being carried forward in accounts (Bilaspur Area).
- (iii) The trial balances and bank reconciliation statements were prepared only at the time of closing of the accounts of the year (Bilaspur and Sohagpur Areas).

1.3.11 *Improvements :*

(1) In Central Coalfields Limited :

- (i) Remittances in-transit from Areas to Calcutta were satisfactorily reconciled.
- (ii) Price variance adjustments in stores were very substantially completed.
- (iii) The correct adjustment, including arrears of past years, was made for the miners' housing subsidy received from CMLWO.

(iv) The reserve for depreciation was adjusted during the year.

(2) In National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited—(Bengal Spinning and Weaving Mills No. 1), the books of accounts were effectively reconciled by taking out periodical trial balances during 1979-80.

1.4 In the following Companies, Property/Plant/Assets Registers were not maintained :—

(1) Eastern Coalfields Limited (Pandaveswar Area and Rajmahal Project) —(subsidiary of Coal India Limited).

(2) The following subsidiaries of National Textile Corporation Limited :

(a) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—(Panipat Woollen Mills).

(b) National Textile Corporation (West Bengal Assam, Bihar and Orissa) Limited—(Manidra Textile Mills).

(c) National Textile Corporation (South Maharashtra) Limited—(Nanded Textile Mills, Head Office Jupiter Textile Mills).

(3) Tannery and Footwear Corporation of India Limited.

1.4.1 In Bharat Coking Coal Limited (Kusunda Area) :

(i) The physical verification of fixed assets was not conducted.

(ii) There was no uniform system of capitalisation of fixed assets from work-in-progress. In certain cases, capitalisation had been made on the basis of date



of completion of project and in certain other cases on the basis of the passing for payment of revised final bills irrespective of the date of completion of the project.

#### 1.4.2 In Central Coalfields Limited :

- (i) In a few cases of transfer and disposal of assets, particularly of plant and machinery minus cards had been operated instead of deducting the disposal from the original cost after linking with the card recording capitalisation.
- (ii) The furniture and fittings had not been physically verified for a long time.

1.4.3 In Eastern Coalfield Limited (Pandaveswar Area and Rajmahal Project), there appeared to be no proper system of keeping Accounts Department informed about disposal of items of property, plant and equipment.

1.4.4 In Hindustan Copper Limited (Rakha Copper Project), method of maintenance of property registers needed improvement as details of situation, location etc. were not noted and as the registers were not written up on regular basis, there were differences between the control and subsidiary accounts.

#### 1.4.5 In Heavy Engineering Corporation Limited :

##### *Township*

- (i) Register of fixed assets for construction and other equipment, furniture, fixtures and other office equipment valuing Rs. 43.74 lakhs, had not been compiled. Physical verification of these assets was also not done.

##### *Heavy Machine Building Plant*

- (ii) Physical verification in respect of immovable assets other than plant and machinery and other movable

assets like furniture and fixtures, office equipment, construction equipment had not been carried out.

- (iii) As reported in previous year steel slabs and plates worth Rs. 4.39 crores capitalised under a separate group were not susceptible of identification with individual plant and machinery and hence were not capable of verification.
- (iv) Finished products included material not despatched worth Rs. 53.55 lakhs for more than one year, Rs. 8.77 lakhs for more than 2 years and Rs. 299.01 lakhs for more than 3 years.

#### *Foundry Forge Plant*

- (v) Registers for land and land development, non-residential buildings, roads and buildings, railway lines and sidings, water works and sewerage, electric installations, furniture and fixtures and office equipment had not been maintained.

#### 1.4.6 In Mining and Allied Machinery Corporation Limited:

- (i) Physical verification of non-standard equipment was not conducted every year. The physical verification of items of plant and machinery costing below Rupees one lakh had not been completed.
- (ii) Inventory registers for non-standard equipments lacked important information like quantity, number and locations, etc.

#### 1.4.7 In the National Small Industries Corporation Limited:—

- (i) No proper records were maintained regarding buildings at head office and Industrial Estate, Naini.
- (ii) No proper records of fixed assets were maintained by Proto-type Development-cum-Training Centre, Okhla except in respect of machinery and library.

1.4.8 In National Textile Corporation (South Maharashtra) Limited—(Applo Textile Mills), register for fixed assets other than plant and machinery was not prepared

1.4.9 In North Eastern Electric Power Corporation Limited, fixed assets and movable assets registers were not maintained at the outside offices of the Corporation.

1.4.10 In Triveni Structural Limited, property/plant registers (except for plant and machinery) were not maintained.

1.4.11 In Western Coalfields Limited (Kanhan, Pathakhera and Wardha Valley Areas) fixed assets records maintained were not complete in all respects.

1.4.12 In the following Companies, Property/Plant/Assets Registers were not reconciled with the financial books :—

- (1) Central Coalfields Limited (Singrauli and Charhi Areas)—(subsidiary of Coal India Limited).
- (2) Hindustan Copper Limited (Head office).
- (3) India Tourism Development Corporation Limited (Ashok Hotel, New Delhi and Aurangabad Hotel).
- (4) Rural Electrification Corporation Limited.
- (5) Steel Authority of India Limited—(units in Ranchi).
- (6) Triveni Structural Limited.
- (7) The Handicrafts and Handlooms Exports Corporation of India Limited (subsidiary of the State Trading Corporation of India Limited).
- (8) Tannery and Footwear Corporation of India Limited.
- (9) Water and Power Development Consultancy Services (India) Limited.

1.4.13 In National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—(Suraj Textile Mills), assets registers were not kept up-to-date and reconciled.

1.4.14 In India Tourism Development Corporation Limited (Laxmi Vilas Palace Hotel), the position of reconciliation of fixed assets with financial books was not satisfactory.

1.4.15 In National Research Development Corporation of India, property/plant registers had not been reconciled with financial books as property/plant registers did not show full particulars regarding depreciation written off, etc.

1.4.15 In the following Companies, Property/Plant/Assets Registers were not maintained properly or were incomplete or were not up-to-date :—

- (1) In the following subsidiaries of the National Textile Corporation Limited.
  - (a) National Textile Corporation (Delhi Punjab and Rajasthan) Limited—(Ajudhia Textile Mills).
  - (b) National Textile Corporation (Maharashtra North) Limited—(Head Office/Central Office and India United Mills No. 4 and 5).
  - (c) National Textile Corporation (West Bengal, Assam Bihar and Orissa) Limited—(Bengal Fine Spinning and Weaving Mills No. 1).
- (2) The National Small Industries Corporation Limited (Bombay and Howrah Branch Offices).
- (3) State Farms Corporation of India Limited, (Liki-cherra and Kokilabari Units).

(4) Steel Authority of India Limited. (Units in Ranchi).

(5) The Minerals and Metals Trading Corporation of India Limited (Bombay branch).

1.4.16 In Bharat Coking Coal Limited (Headquarters Area No. XII, Central Jharia, D & C Division and D & F Ropeways), assets registers for assets acquired on nationalisation had not been maintained. Though the Company had started maintaining assets registers for the assets purchased by it, these had not been made up-to-date.

1.4.17 In Central Coalfields Limited :

- (i) Records to show full particulars including quantitative details and situation of fixed assets (except for plant and machinery for which certain Areas maintained proper records though these did not contain full details) were not maintained.
- (ii) Item-wise details were not recorded in the register of fixed assets like buildings, railway sidings, furniture and fittings.

1.4.18 In Central Inland Water Transport Corporation Limited, though the Company maintained records of fixed assets, the details regarding location and description of the assets were not recorded. Assets as per book records were not reconciled with the figures as per physical verification as a result of which discrepancies could not be ascertained.

1.4.19 In Heavy Engineering Corporation Limited :

*Heavy Machine Tools Plant*

Assets cards/inventory in respect of furniture, fixture and office equipment (old) were not maintained.

### Headquarters

Assets registers representing furniture and fixtures and office equipments (excluding computer and data processing equipment), electrical equipment and cycles worth Rs. 45.20 lakhs had not been built up despite repeated assurances given in earlier years.

Physical verification of the above assets had also not been carried out.

1.4.20 In Hindustan Machine Tools Limited (Division I and II), quantitative details and particulars of situation/location were not available in respect of furniture, fixtures and office equipment.

1.4.21 In Hindustan Salts Limited, the block registers maintained did not indicate identification, situation and details of assets, nor these were reconciled with physical holding of assets.

1.4.22 In Mining and Allied Machinery Corporation Limited, the fixed assets register for land, land development, roads, culverts, residential/non-residential buildings, etc was not complete.

1.4.23 In National Textile Corporation (Madhya Pradesh) Limited —(Bengal Nagpur Cotton Mills), the assets registers did not give full particulars including quantitative details, location and cumulative depreciation.

1.4.24 In National Textile Corporation (South Maharashtra) Limited—(Jupiter Textile Mills), fixed assets registers showing quantitative details and situation of fixed assets, other than plant and machinery, were not prepared.

1.4.25 In Tungabhadra Steel Products Limited, fixed Assets register was incomplete inasmuch as particulars regarding locations of assets were lacking in many instances.

## 1.4.26 In Western Coalfields Limited :

*Sohagpur Area*

- (i) There was no proper system of recording of transfer of fixed assets from one Area/Sub-Area to another.
- (ii) No depreciation was provided in respect of assets taken over on nationalisation as no details of same were available.

*Kanhan, Pathakhera and Wardha Valley Areas*

- (iii) Property/plant registers were incomplete and were not reconciled with the books of accounts.

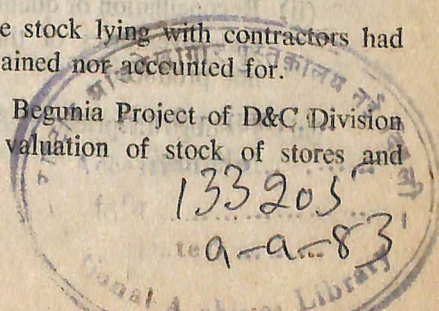
## 1.5 Stores accounting records needed improvement in view of the following deficiencies :—

1.5.1 In Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited, no standard procedure for write off of stores had been prescribed.

## 1.5.2 In Bharat Coking Coal Limited :

*Headquarters Area No. XII Central Jharia, D&C Division and D&F Ropeways*

- (i) In some Areas, consumption of stores and spares had been arrived at on an estimated basis.
- (ii) Discrepancies noticed in some areas in the inventory of stores and spares between the control ledger and the sheets prepared by the machine had not been adjusted pending scrutiny and reconciliation.
- (iii) In Area No. II the stock lying with contractors had neither been ascertained nor accounted for.
- (iv) In Area No. I and Begunia Project of D&C Division different basis of valuation of stock of stores and



spares had been adopted. The basis of valuation was not fair and proper.

### *Kusimda Area*

- (v) The value of stores and materials issued to contractors (civil or transport) was directly debited to stores consumption account.
- (vi) The value of materials (bricks and cement) issued to contractors was recovered at scheduled rates which were much less than issue rates debited in accounts. The loss thus incurred was debited to 'Consumption of Stores' account.
- (vii) In almost all the collieries, the stores ledgers were not maintained up-to-date.
- (viii) The method of stores accounting in Area No. XII, Civil Engineering Division and D&C Division required to be improved inasmuch as stores ledgers, bin cards, stock cards were not maintained on regular basis.

1.5.3 In Burn Standard Company Limited, reconciliation between the quantities of steel materials (in Howrah Works) as per bin cards and as per stores priced ledger prepared by electronic data processing was not possible as the former indicated the size and quantity in weight.

### 1.5.4 In Central Coalfields Limited :

- (i) Stores and spares inventories were generally valued at recent purchase price.
- (ii) Reconciliation of quantities of purchases, consumption and inventories of timber and explosives etc. were not produced.
- (iii) Postings in priced and numerical records were often in arrears.



- (iv) Stores at times were issued without proper authority.
- (v) Inventory of raw coal for washery consumption had been valued at notified rates which were in some cases higher than the cost of coal raised.
- (vi) Depot stores in transit included a number of old balances which had not been scrutinised and adjusted.
- (vii) The goods inward records for explosives, iron and steel materials, cement, lubricants, underground machinery spares etc., were not reviewed for items for which no invoices had been received and no reconciliations were made of quantities and values received as shown in purchase invoices with receipts in stock records.

1.5.5 In Central Inland Water Transport Corporation Limited, no records in respect of scrap generation and stock thereof had been maintained.

#### 1.5.6 In Heavy Engineering Corporation Limited :

##### *Heavy Machine Tools Plant*

- (i) Bin card balances had been reconciled with those of the stores priced ledger to the extent of 15 per cent only. The latter were adopted for inventory valuation.

##### *Heavy Machine Building Plant*

- (ii) In a number of cases, old outstanding debit balances for issue of materials were being carried forward without adjustment.

(iii) There were many mistakes in stores priced ledger e.g.

- (a) Wrong pricing of materials resulting in over/under valuation of raw materials consumption.

- (b) Wrong posting of receipt and issue vouchers in different bin cards.
- (c) Taking of rough weights instead of net weights of raw materials as well as taking of wrong design weights.
- (d) Computer mistakes in valuing the materials.
- (iv) Bin card balances had not been fully reconciled with those of stores priced ledgers.
- (v) No accounting records were maintained for the materials lying at the shop floor.

#### *Foundry Forge Plant*

- (vi) In the absence of accounting records at Plant level, closing stock of stores etc. lying at floor shop was accounted for on the basis of physical verification.
- (vii) Bin card balances were not reconciled with stores price ledgers. The latter balances were adopted for the purpose of valuation.

1.5.7 In Hindustan Copper Limited (Khetri Copper Complex), the stores in transit account had not been reconciled.

1.5.8 In Indian Drugs and Pharmaceutical Limited (Antibiotics Plant) :

- (i) Loose tools in use were not listed for the last several years to ensure their accountal.
- (ii) Pricing procedure for stores was considered faulty and required to be streamlined.

1.5.9 In India Tourism Development Corporation Limited :

*New Delhi*

- (i) There were no priced stores ledgers.

*Hotels Qutab and Ashok*

- (ii) Priced stores ledgers were not maintained.

*Lodhi Hotel*

- (iii) Records maintained for kitchen consumption were not sufficient to ensure proper control over the consumption of kitchen materials.

*Eastern Region*

- (iv) The units had not maintained priced stores ledgers and also there was no system for pricing of stores issued.

1.5.10 In Lubrizol India Limited, the pricing of stores issue slip had not been done during the year on individual basis.

1.5.11 In Mining and Allied Machinery Corporation Limited :

- (i) The finished products, work-in-progress lying with ancillary units had been partly accounted for on the basis of physical verification and partly on the basis of book stock/certificates of parties available with the Company.
- (ii) Out of raw material worth Rs. 23.66 lakhs lying with the sub-contractors confirmations of Rs. 11.37 lakhs were only available.
- (iii) No book records were maintained to cross verify the correctness of physical stock of work-in-progress.

- (iv) The recovery rate in respect of scrap and materials not returned by the contractors (ancillary units) was fixed at Rs. 600 and Rs. 3,000 per tonne which was much lower than the current market rate.
- (v) No finished products ledger was maintained and as a result, correctness of closing stock could not be verified.
- (vi) Some ancillary units had failed to fulfil their supplies within the stipulated periods for which neither claims for damages had been made nor any action taken. The process of recovery of raw materials from defaulting units was defective, faulty and long drawn.
- (vii) No register was maintained to record the receipt and delivery of all the materials received from customers for conditioning/repairing to keep a track over the movements of such stock.
- (viii) Materials worth Rs. 36 lakhs (approx.) were lying in stores for which neither any inspection was made nor any CRVs raised.
- (ix) A sum of Rs. 2.16 lakhs was due from some parties for more than 5/6 years against materials issued to them on loan.
- (x) In some cases materials issued to rerollers on loan in earlier years had been converted into sales at the rates prevailing at the time of issue.
- (xi) No standard procedure was followed for purchase of materials at port site projects.
- (xii) No proper register was maintained to record issue of materials to erection contractors at port projects. These materials had also not been taken into account to arrive at correct figure of closing stock.

1.5.12 In National Seeds Corporation Limited, the procedure of pricing of stores issued had not been followed.

1.5.13 In National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—(Ajudhia Textile Mills), pricing of stores issued had not been done correctly and on a uniform basis.

1.5.14 In National Textile Corporation (Madhya Pradesh) Limited—(Swadeshi Cotton and Flour Mills) maintenance of Kardex as per the procedure laid down was not done inasmuch as the entries for receipt of materials were made subsequent to issue of materials and, therefore, the issues could not be valued at 'weighted average' rate.

1.5.16 In National Textile Corporation (South Maharashtra) Limited :

- (a) The weighted average price charged at the time of issue of stores could not be worked out correctly due to non-receipt of invoices in stores department (Mumbai Textile Mills).
- (b) Consumption of spare parts, dyes and chemicals were not reconciled with books of accounts (Nanded Textile Mills).
- (c) In respect of goods sent outside the unit for processing and receipt of the same, the accounting records required to be adequately modified to have proper control over the movement of stock and also for reconciliation of the stock as per books and as per the certificates issued by the various parties (Apollo Textile Mills).
- (d) The pricing of stores was not done on uniform basis (Apollo Textile Mills).

## 1.5.16 In Sambhar Salts Limited :

- (a) The stores records were defective and not properly maintained *e.g.*
  - (i) Bin Cards were not properly maintained in case of many items of stores and stock.
  - (ii) Pricing for the issue of items from stores was not proper.
  - (iii) The balances of stores as per physical verification were not reconciled with the stores ledger.
  - (iv) No adjustment for shortages and excesses were made.
- (b) There was no defined system of procurement and disposal of stores and also procedure for determining surplus/unserviceable stores.

## 1.5.17 In Steel Authority of India Limited :

- (a) There was no proper procedure for recording the receipt and issue of materials and maintenance of stores ledger needed immediate attention (Research and Development Centre, Ranchi).
- (b) The estimated stock at rail heads and pit-heads at the mines at Bhawanathpur and Kuteshwar was not assessed and considered in the accounts (Bokaro Steel Plant).

## 1.5.18 In Western Coalfields Limited :

*Kanhan Area*

- (i) The balances as per inventories, priced stores ledgers and control accounts in general ledger remained to be reconciled.

*Bilaspur Area*

- (ii) No financial accounts had been maintained for materials issued to the contractors.

*Sohagpur Area*

- (iii) Accounting of stores items in the financial books was based on the stores records which were incomplete, unreconciled and in many cases based on estimation.
- (iv) The pricing of stores issued was not done on uniform basis *i.e.*, these were priced on different basis such as average price, last purchase price, estimated price, etc.
- (v) Stores inventory was incomplete and had not been reconciled with stores records and financial books.
- (vi) Basic stock records, inventories were not complete.
- (vii) At Jamuna Sub-area proper production records, showing the opening balance, daily production, despatches etc. were not made available to Auditors for Jamuna open cast mine.

1.5.19 *Improvements*

In India Tourism Development Corporation Limited (Laxmi Vilas Palace Hotel), there was improvement in maintaining records of receipts and issue of stores, provisions and engineering goods.

2. *Internal control*

2.1 There was no manual outlining the scope and programme of work for internal audit in the following companies :

- (1) Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.

- (2) Basmatia Tea Company Limited and Rajgarh Tea Company Limited (subsidiaries of Clive Row Investment Holding Company Limited).
- (3) Bharat Refractories Limited.
- (4) Bharat Dynamics Limited.
- (5) Burn Standard Company Limited.
- (6) Bieco Lawrie Limited.
- (7) Bharat Coking Coal Limited (Headquarters, Area No. XII, Central Jharia, D&C Division and D&F Ropeways).
- (8) Central Coalfields Limited (Orissa, Kujua and Dalton Ganj Areas) and Western Coalfields Limited (Calcutta Sales Office)—(subsidiaries of Coal India Limited).
- (9) Computer Maintenance Corporation Limited.
- (10) Ferro Scrap Nigam Limited (subsidiary of Metal Scrap Trade Corporation Limited).
- (11) Goa Shipyard Limited.
- (12) Hindustan Fertilizers Corporation Limited.
- (13) Hindustan Copper Limited (Indian Copper Complex, Rakha Copper Complex, Malanjkhand Copper Complex and Khetri Copper Complex).
- (14) Indian Dairy Corporation.
- (15) India Fire-bricks and Insulation Company Limited and Metal Scrap Trade Corporation Limited (subsidiaries of Steel Authority of India Limited).



- (16) Indo-Burma Petroleum Company Limited and its subsidiary Balmer Lawrie and Company Limited (Other than Bombay Branch).
- (17) Jessop and Company Limited.
- (18) Lagan Jute Machinery Company Limited.
- (19) Modern Bakeries (India) Limited (Chandigarh unit).
- (20) National Instruments Limited.
- (21) North Eastern Electric Power Corporation Limited.
- (22) The Projects and Equipment Corporation of India Limited and State Chemicals and Pharmaceuticals Limited (subsidiaries of the State Trading Corporation of India Limited).
- (23) Rehabilitation Industries Corporation Limited.
- (24) Richardson and Cruddas (1972) Limited.
- (25) Triveni Structurals Limited.
- (26) Tannery and Footwear Corporation of India Limited.
- (27) Trade Fair Authority of India.
- (28) Water and Power Development Consultancy Services (India) Limited.

#### 2.1.1 In Bharat Coking Coal Limited :

*Headquarters, Area No. XII, Central Jharia, D & C Division and D&F Ropeways*

- (i) The work of the internal audit department was mostly confined to investigation of cases where irregularities and malpractices were suspected and programmes were accordingly drawn out to suit the purpose.

- (ii) Internal Audit was giving financial concurrence as well as conducting internal audit.

### *Kusunda Area*

- (iii) Internal audit department needed to be broadened to cover the checking of sales billing, inter-transfer reconciliation, stores capitalisation, transfer of capital work-in-progress to fixed assets and reconciliation of advances to employees with control account.
- (iv) Internal control system for wages payment and raising statements was not sufficiently commensurate with size of business.
- (v) Internal control and checking regarding the loan of heavy machines like pay loaders, cranes, tractors, etc. from one colliery to another was non-existent.

### 2.1.2 In Burn Standard Company Limited :

- (i) There was lack of internal control in booking of direct costs to different jobs.
- (ii) There was considerable time lag between the period of audit and submission of reports resulting in delayed action by the management.

2.1.3 In Export Credit and Guarantee Corporation Limited, the internal audit was not conducted in accordance with the guidelines and functions outlined by the Company.

### 2.1.4 In Heavy Engineering Corporation Limited :

- (i) Internal Audit needed improvement in areas like;
- (a) accounting of scrap and casting.
- (b) inventories including stores in transit and

- (c) linking and clearing of old balances in the accounts of advances, deposits and sundry creditors including setting off of liabilities by timely raising of C.R.Vs. (Heavy Machine Tools Plant).
- (ii) Internal control over accounting and collection of rent is required to be strengthened to be commensurate with the size of the township (Township).
- (iii) Internal control system of accounting needed strengthening in respect of ancillary units/off-loaded parties so as to ensure that the materials consumed, production claimed and accountal of inventories in respect of these were reflected correctly in the accounts (Heavy Machine Building Plant).
- (iv) (a) There was much scope for improvement of internal Control and book-keeping in some areas *e.g.*
- (i) accounting of scrap and costing.
  - (ii) inventories including stores-in-transit.
  - (iii) Linking and clearing of old balances in the accounts of advances, deposits, sundry creditors etc.
- (b) System of control and review in respect of finished goods required tightening up. The stock of finished goods included items worth Rs. 24.75 lakhs which were more than 2 years old and items worth Rs. 62.80 lakhs which were more than 3 years old (Foundry Forge Plant).

2.1.5 In Hindustan Steel Works Construction Limited, the existing accounting and internal control system needed improvement in the following areas :

- (i) Adjustment of certain advance payments made to suppliers in earlier years.
- (ii) Reconciliation of general ledger balances with the subsidiary ledgers.
- (iii) Reconciliation of bin card balances with priced stores ledgers (Bokaro unit).
- (iv) Contract billing and receipts.
- (v) Introduction of perpetual inventory system at major units of the Company.
- (vi) Periodical agewise and partywise, analysis of debtors and creditors.

2.1.6 In Indian Oil Corporation Limited (*Barauni Refinery*) :

Internal control required to be streamlined in the following areas :

- (i) Discrepancies between priced store ledger balances and bin card balances as on 31st March 1979 were not completely reconciled.
- (ii) Materials despatched during the years 1972 and 1975 to 1978 were still shown under materials in-transit.

2.1.7 In India Tourism Development Corporation Limited (Eastern Region) there were drawbacks in internal control at Airport Hotel, Airport Restaurant, Transport units in Bhubaneswar and Calcutta and Forest Lodge, Kaziranga.

2.1.8 In Jessop and Company Limited, reports of internal audit department regarding non-implementation of internal control procedure (regular writing up of books, reconciliation of accounts, drawing up of trial balances and bank reconciliation, follow up of advances, book debts etc.) did not appear to have been brought to the notice of the Board of Directors.

2.1.9 In Mining and Allied Machinery Corporation Limited, though the internal audit manual had been prepared in 1971-72, the provisions contained therein had not been given effect to even during 1979-80 due to shortage of staff.

2.1.10 In Central Coalfields Limited :

(i) The internal control for review and acceptance of transactions with holding Company and sister subsidiaries could not function satisfactorily due to inadequate details and supporting documents being furnished by those Companies when raising debits on the Company.

(ii) Wage sheets were not always checked before making payments resulting in many errors remaining undetected.

2.1.11 In Modern Bakeries (India) Limited (Chandigarh unit), internal control in respect of payment of overtime, stores and spares, expenditure on repairs and maintenance of vehicles and hiring charges of vehicles needs strengthening.

2.1.12 In National Buildings Construction Corporation Limited, there was no well defined manual for internal audit.

2.1.13 In the National Small Industries Corporation Limited, internal audit on test check basis was conducted once in a year although the manual prescribed that the audit should be conducted twice a year.

2.1.14 In National Textile Corporation (South Maharashtra) Limited—(Jupiter Textile Mills), there was no system of recording monthly consumption of stores and raw materials in the financial books of accounts; consumption of raw materials, stores, dyes, chemicals and other items was recorded at the close of the year by derived method.

2.1.15 In National Textile Corporation (South Maharashtra) Limited (Chaligaon Textile Mills), the following weaknesses were noticed in the internal control system :

- (i) Bin cards showing quantity records and the Kardex system showing quantity and value records were both maintained by the stores department.
- (ii) Capital expenditure was incurred without proper authorisation by Head Office.
- (iii) Receipts of coal from suppliers were not weighed at the factory gate prior to 20th March 1980 in the absence of weighment facilities.

2.1.16 In National Textile Corporation (Delhi, Punjab and Rajasthan Limited—(Suraj Textile Mills), the system of internal control suffered from the following major drawbacks :

- (i) No entry was passed in the Mills (Head Office) financial books in respect of transfers of yarn to various sales depots and transfers by one sale depot to another sale depot (inter-depot transfer) were not advised to the Mills.
- (ii) Various sales depots did not send their accounts (return) relating to sales, expenses etc. regularly to the Mills.
- (iii) There was no effective co-ordination between the inspection, stores and accounts departments for the purposes of prompt accounting of purchase of stores

and spares. Invoices were retained in the stores pending approval of material for a long period.

- (iv) No records were maintained by the Mills in respect of scrap.

**2.1.17 In State Chemicals and Pharmaceuticals Corporation of India Limited :**

- (i) Internal audit department had not submitted its yearly or any other report in respect of the year.
- (ii) The internal audit department of the holding Company had not been able to conduct proper indepth studies of all aspects of the accounting system and all operations of the Company (Bombay Branch).

**2.1.18 In Steel Authority of India Limited (Durgapur Steel Plant),** during the year a sum of Rs. 69.17 lakhs had been taken back to stock crediting consumption for stores lying in the shop floor at the end of the year. This indicates the need for better control over the accountal of materials lying at the shop floor.

**2.1.19 In Tannery and Footwear Corporation of India Limited,** internal control in respect of sale depot accounting required to be streamlined and strengthened.

**2.1.20 In Western Coalfields Limited :**

- (i) The internal audit manual, if any, outlining the scope of audit was not made available to Auditors (Kanhan, Pathakhera and Wardha Valley Areas).
- (ii) The supporting documents for the payments made had not been cancelled, either before or after signature of cheque, to avoid their use in support of future payments (Calcutta Sales Office).

2.2 There was no system of internal audit in the case of the following companies :

- (1) Bharat Ophthalmic Glass Limited.
- (2) Modern Bakeries (India) Limited (Cochin Unit).
- (3) National Instruments Limited.
- (4) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited—(Jyoti Weaving Factory) and National Textile Corporation (U.P.) Limited (Bijli Cotton Mills)—(subsidiaries of the National Textile Corporation Limited).

2.3 Internal Audit was not conducted in the following Companies during the year :

- (1) Heavy Engineering Corporation Limited—(Calcutta Office).
- (2) National Textile Corporation (U.P.) Limited—(Lord Krishna Textile Mills), and National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited (Manindra Mills and Bengal Textile Mills)—(subsidiaries of National Textile Corporation Limited).
- (3) National Projects Construction Corporation Limited (except Singrauli unit).
- (4) Richardson and Cruddas (1972) Limited. (Nagpur and Madras Branches).
- (5) State Farms Corporation of India Limited (Lokicherra, Kokilabari units).
- (6) Western Coalfields Limited (Calcutta Sales Office, Bilaspur and Sohagpur Areas).



2.3.1 In Burn Standard Company Limited, the accounts of Raniganj group of units were not covered by internal audit during the year. In respect of other units the period of audit covered related to earlier years and audit of the accounts for 1979-80 had generally not been covered. Several areas to be covered by internal audit were not actually taken up.

2.3.2 The Management of Singrauli and Charhi Areas of Central Coalfields Limited could not produce any internal audit report to the Auditors.

2.3.3 In India Tourism Development Corporation Limited (Central Office, Production and Publicity Division, Projects Division, Stores and Purchase Division, Son-et-Lumiere Shows, Red Fort and Shalimar Garden. Tourist Reception Centre-cum-Hotel Jaipur, Airport Restaurant at Agra, Travellers Lodges and Restaurants in Northern Region including Bharatpur Forest Lodge and Duty Free Shop, Delhi), internal audit of various divisions had been carried out for different periods during the year and for some of the divisions, the internal audit for half year ending 31st March 1978 had not been completed.

2.3.4 In the National Small Industries Corporation Limited (Howrah Branch), internal audit was done for a part of the year.

### 2.3.5 *Improvements*

There was no system of Internal Audit in Orissa Sand Complex of Rare Earths Limited during the previous year. In the current year, internal audit system was introduced but the programme could be partially completed. Thus to a limited extent there has been an improvement.

2.4 The existing system of internal audit was not considered to be comprehensive and adequate with reference to volume of

transactions and coverage of units etc. in the following companies :

- (1) Burn Standard Company Limited.
- (2) Central Inland Water Transport Corporation Limited.
- (3) Central Coalfields Limited (subsidiary of Coal India Limited).
- (4) Fertilizer Corporation of India Limited (Gorakhpur unit).
- (5) Hindustan Shipyard Limited.
- (6) Hindustan Salts Limited.
- (7) Hindustan Aeronautics Limited.
- (8) Indian Drugs and Pharmaceuticals Limited (Antibiotics Plant).
- (9) North Eastern Electric Power Corporation Limited.
- (10) Pyrites, Phosphates and Chemicals Limited.
- (11) Rehabilitation Industries Corporation Limited.
- (12) National Textile Corporation (South Maharashtra) Limited—(Jupitar Textile Mills)—(subsidiary of National Textile Corporation Limited).

2.4.1 In Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited, the area, scope and extent of audit checks undertaken by internal audit were negligible and not commensurate with the nature and size of the work of the Company.

2.4.2 In Bharat Pumps and Compressors Limited, internal audit department did not cover all the aspects in its programme and in some cases transactions for few months in the year were checked.

2.4.3 In Biecco Lawrie Limited, internal audit of only certain specified jobs was done during the year.

2.4.4 In Cotton Corporation of India Limited :

- (a) Internal Audit did not cover many areas viz., proper cover of insurance, payment of purchase price, unutilised idle funds, internal control operating in regard to purchases/sales accounting and their proper recording.
- (b) Internal control for inter-departmental co-ordination, internal check on all transactions, authentication, scrutiny and reconciliation of financial records needed to be improved.

2.4.5 In Engineering Projects (India) Limited, (Calcutta Branch), the internal audit covered only one unit out of 18 of Metallurgical Division and 3 units out of 12 units of Coal and Mineral Division.

2.4.6 In the Fertilizer Corporation of India Limited :

- (a) The coverage of internal audit envisaged in the audit programme was not adequate (Sindri Unit).
- (b) Coverage of internal audit was not adequate inasmuch as important aspects like review of old advances, accounts receivable, provision of liabilities for expenses and stores were not looked into (Ramagundam Division).

2.4.7 In Heavy Engineering Corporation Limited :

*Heavy Machine Building Plant*

- (i) The coverage by internal audit was not adequate as some of the major sections like foreign payments, works bills, off loading, commercial casting etc. were not covered.

- (ii) Internal audit had generally been carried out after completion of statutory audit, besides internal audit was restricted to a very short period. In view of this the scope of internal audit needs to be enlarged.

*Headquarters and Foundry Forge Plant*

- (iii) There was scope for strengthening the existing system of internal audit so as to cope with the nature and volume of transactions.

2.4.8 In Mining and Allied Machinery Corporation Limited, the existing internal audit system was not considered to be comprehensive and adequate with reference to nature of activities.

2.4.9 In National Seeds Corporation Limited, internal audit was conducted only for a part of the year and that too only in respect of a few units. The scope and coverage of internal audit required to be enlarged, so as to cover all the areas specified in the programmes.

2.4.10 In National Textile Corporation (Gujarat) Limited, the coverage of internal audit was not adequate as it did not cover the verification of the financial books and reconciliation with the departmental records.

2.4.11 In National Textile Corporation (South Maharashtra) Limited—(Digvijay Textile Mills), internal audit needed to be adequately enlarged and extended to various units of operation.

2.4.12 Sambhar Salts Limited, did not have adequate internal control system commensurate with its size.

2.4.13 In Steel Authority of India Limited (Bolani Ores Mines), the coverage and scope of internal audit needed to be extended so as to include the audit of financial transactions also.

2.5 In the following companies, the internal audit was required to be strengthened with adequate staff so as to increase periodicity of audit and percentage of checking etc.

- (1) Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.
- (2) Bharat Aluminium Company Limited.
- (3) Bharat Pumps and Compressors Limited.
- (4) Central Inland Water Transport Corporation Limited.
- (5) Coal India Limited (Regional Offices) and its subsidiaries viz. Bharat Coking Coal Limited (Headquarters, Area No. XII, Central Jharia, D&C Division and D&F Ropeways) and Central Coalfields Limited.
- (6) Hindustan Copper Limited (Indian Copper Complex, Rakha Copper Complex, Malanjhand Copper Complex and Khetri Copper Complex).
- (7) Hindustan Petroleum Corporation Limited.
- (8) Heavy Engineering Corporation Limited (Heavy Machine Building Plant).
- (9) Modern Bakeries (India) Limited (Hyderabad and Bombay units).
- (10) Nagaland Pulp and Paper Company Limited (subsidiary of Hindustan Paper Corporation Limited).
- (11) National Textile Corporation (South Maharashtra) Limited (New Hind Textile Mills and Dhule Textile Mills)—(subsidiary of National Textile Corporation Limited).
- (12) Pyrites, Phosphates and Chemicals Limited.

(13) Richardson and Cruddas (1972) Limited (Byculla and Mulund units).

(14) Tannery and Footwear Corporation of India Limited.

2.5.1 In Bharat Heavy Electricals Limited (Heavy Electrical Equipment Plant), there was scope for strengthening internal audit by extending the coverage to areas like inventory control and production.

2.5.2 In Export Credit and Guarantee Corporation Limited, the prevalent system of internal audit needed to be strengthened and also extended to areas not presently covered.

2.5.3 In Hindustan Fertilizers Corporation Limited :

(a) Internal audit department needed to be strengthened and its efficiency improved (Haldia Division).

(b) Internal audit needed to be strengthened to cover most of the important financial and other areas like cost records, capital work-in-progress and review of outstanding advances/sundry debtors (Barauni Unit).

2.5.4 In Hindustan Paper Corporation Limited, internal audit was required to be strengthened with adequate staff and increasing periodicity of audit and percentage of checking etc., so as to cover the increased volume of internal audit work of the Marketing Division arising from trading operations in imported paper.

2.5.5 In Mining and Allied Machinery Corporation Limited, the areas and periods covered by internal audit were inadequate as compared to the nature, size, volume and transactions of Corporation and needed to be strengthened to bring about efficiency in working.

2.5.6 In National Projects Construction Corporation Limited, considering the size and nature of business and also in

view of expanding activities, the internal audit system required to be enlarged in scope and personnel.

2.5.7 In National Textile Corporation (South Maharashtra) Limited—(Nanded Textile Mills), the scope of internal audit was required to be adequately enlarged and extended to various areas and units of operation to be commensurate with the size of the unit and nature of its business.

2.5.8 In Steel Authority of India Limited (Central Marketing Organisation, Home Sales Division—Branches falling under Calcutta, Eastern and North-Central Zones), in some of the branches frequency of internal audit needed to be increased.

#### 2.5.9 Improvements

- (i) In Cochin Shipyard Limited, the internal audit department had been strengthened and the coverage had also increased.
- (ii) In Fertilizer Corporation of India Limited (Gorakhpur Unit), the internal audit department was reported to have been strengthened and the audit programme was being finalised in consultation with the Chief Auditor, Central Office and monthly/half yearly Reports were being sent to him still the audit programme was inadequate and not commensurate with the size and magnitude of the unit.
- (iii) In Hindustan Photo Films Manufacturing Company Limited, action to strengthen the internal audit department was initiated.

2.6 In the following companies, there was no follow up action on the points thrown up by the internal audit :

- (1) Goa Shipyard Limited.
- (2) Mining and Allied Machinery Corporation Limited.
- (3) Pyrites, Phosphates and Chemicals Limited.

2.6.1 In Central Inland Water Transport Corporation Limited, out of 45 audit reports issued by the internal audit department, only a few had been settled by the management. The management took considerable time to furnish replies to internal audit queries and to take necessary action recommended.

2.6.2 In India Tourism Development Corporation Limited (Ashok Hotel, New Delhi and Hotel Outab), internal audit reports were submitted late and there was no effective follow up of defects and irregularities pointed out by internal audit.

2.6.3 In the Minerals and Metals Trading Corporation of India Limited, there was delay in submitting the report of internal audit department to the Management which in turn resulted in delay in settlement of the points raised therein.

2.6.4 In the State Trading Corporation of India Limited, in respect of several important matters pointed out by internal audit, the Corporation had yet to take necessary action/implement the recommendations.

2.7 In the following Companies, the programme drawn up for internal audit was not fully implemented :

- (1) Garden Reach Shipbuilders and Engineers Limited.
- (2) Hindustan Shipyard Limited.
- (3) North Eastern Electric Power Corporation Limited.

2.7.1 In the Mica Trading Corporation of India Limited, (Calcutta Regional Office), there was no regular programme for internal audit.

2.7.2 In the Nagaland Pulp and Paper Company Limited, the Company had not drawn up any programme for internal audit department.



2.7.3 In the National Newsprint and Paper Mills Limited, the guidelines prescribed and programme of internal audit had not been followed and taken up fully for want of proper manpower except verification of stock at the close of the year.

2.7.4 In Pyrites, Phosphates and Chemicals Limited the programme drawn up as per internal audit manual was not adhered to.

### 3. Budget Estimates

3.1 In the following companies, there were large variations between budget estimates and actuals :

- (1) Balmer Lawrie and Company Limited (Other than Bombay Branch).
- (2) Bharat Refractories Limited.
- (3) Central Inland Water Transport Corporation Limited.
- (4) The Cotton Corporation of India Limited (in respect of sales, procurement and revenue).
- (5) Cochin Shipyard Limited (Revenue).
- (6) Heavy Engineering Corporation Limited (Heavy Machine Building Plant, Headquarters and Foundry Forge Plant).
- (7) Hindustan Copper Limited (Indian Copper Complex).
- (8) Hindustan Paper Corporation Limited.
- (9) India Firebricks and Insulation Company Limited (subsidiary of Steel Authority of India Limited).
- (10) Jessop and Company Limited.
- (11) Modern Bakeries (India) Limited (Chandigarh Unit).
- (12) National Projects Construction Corporation Limited.

- (13) National Instruments Limited.
- (14) National Textile Corporation (U.P.) Limited (Muir Mills Kanpur)—(Production and Sales).
- (15) North Eastern Electric Power Corporation Limited.
- (16) Pyrites, Phosphates and Chemicals Limited.
- (17) Rehabilitation Industries Corporation Limited.
- (18) Steel Authority of India Limited (Bokaro Steel Plant, Durgapur Steel Plant and Alloy Steels Plant).

### 3.1.1 In Bharat Coking Coal Limited :

#### *Kusunda Area*

The variation between budgeted costs and actual costs were mainly due to :

- (i) Increase in unit cost owing to shortfall in output and heavy incidence of fixed cost.
- (ii) Increase in wages and price escalations in stores purchases.
- (iii) Fall in yield of hard coke due to low efficiency of hard coke beehives (Bhatta).

3.1.2 In Cochin Shipyard Limited, there were variations between budget estimates (revenue) and actuals for this year also.

3.1.3 In Eastern Coalfields Limited (Pandaveswar Area and Rajmahal Project) :

- (i) Variances between actual and budgeted capital expenditure alongwith reasons therefor had not been ascertained.

- (ii) Sanctioned budgets in respect of revenue, production and sales had not been furnished to the Auditors.

3.1.4 In the Fertilizer and Chemicals Travancore Limited, the Capital expenditure of Udyogmandal Division fell short of capital budget estimate by 37 per cent mainly due to delay in supply of materials/execution of works/postponement of erection of machinery etc. In Cochfn Division, the capital expenditure fell short of budget estimates by 19 per cent, mainly due to delay in supply/execution of works.

3.1.5 In Hindustan Antibiotics Limited, actual expenditure against various capital works fell/short of the budget estimates by 41 per cent mainly due to workers' strike, shortage of steel and cement, labour unrest and deferment of expenditure to match the related plan progress of the project etc.

3.1.6 In India Tourism Development Corporation Limited, there were wide variations between the capital and revenue budgets and actuals to the extent indicated below :—

Particulars	Variations
<b>Capital Budget</b>	
(i) Total capital expenditure (Plan scheme only as approved by Government)	(—)185.43
(ii) Construction of Hotel and Tourist Lodges	(—)127.76
(iii) Renovation and expansion of Hotels, Motels and Tourist Lodges etc.	(—) 71.28
<b>Revenue Budget</b>	
Sales, production publicity and marketing Division	(—) 40.89

3.1.7 In Mining and Allied Machinery Corporation Limited :

- (i) There were abnormal variations between the budget estimates and the actuals. As per the management, the variations were mainly due to failure to achieve targeted production, power cuts, shortage of steel and critical fund position.
- (ii) No budget estimates as to the limit of erection expenses to be incurred at port sites projects were prepared.

3.1.8 In the National Small Industries Corporation Limited (Calcutta Unit), there was decrease of 36.79 per cent in the sales as compared to the budgeted figures.

3.1.9 In Neyveli Lignite Corporation Limited, the actual expenditure on various capital schemes exceeded the budget estimates by 23 per cent mainly on account of capitalisation of certain expenditure, advance payments etc.

3.1.10 In Western Coalfields Limited (Bilaspur and Sohagpur Areas), neither the copies of budget estimates nor comparative statements of actual performance with budget estimates were made available to Auditors.

3.2 In Bharat Coking Coal Limited (Headquarters, Area No. XII, Central Jharia D&C Division and D&F Ropeways), no system of variance analysis was in vogue.

3.3 In the following companies there was no system of preparing capital, revenue, production and sales budgets so as to compare actual performance there against :

National Textile Corporation (West Bengal, Assam and Bihar and Orissa) Limited—(Manindra Mills) & National Textile Corporation (South Maharashtra) Limited—(Apollo Textile Mills) (subsidiaries of National Textile Corporation Limited).

3.3.1 In National Textile Corporation (Maharashtra North) Limited—(India United Mills—Dye works), there was no system of preparing capital, revenue, production and sales budgets with adequate details.

3.4 No budget for the year under review was prepared in the following Companies :

- (i) Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited, (Capital, revenue, production and sales budgets).
- (ii) Central Inland Water Transport Corporation Limited (Capital and production budget).
- (iii) India Tourism Development Corporation Limited (Ashok Hotel—New Delhi, Regional Office Bombay, units of Western Region and Eastern Region except Airport hotel, Airport Restaurant and Aurangabad Hotel) (Capital, revenue and sales budgets).
- (iv) National Buildings Construction Corporation Limited did not prepare capital, production and sales budgets with adequate details sufficiently in advance.
- (v) National Textile Corporation (U.P.) Limited (Muir Mills Kanpur) —(Capital expenditure budget).

#### 4. Targets of production

4.1 The targets of production/rated capacity were not achieved in the following companies :—

- (1) Andrew Yule and Company Limited.
- (2) Balmer Lawrie and Company Limited (other than Bombay Division)—(subsidiary of Indo-Burma Petroleum Company Limited).

(3) The following subsidiaries of Coal India Limited.

(a) Bharat Coking Coal Limited. [Kusunda Area VI—Coal hard Coke and hard Coke (yield)]; Headquarters, Area No. XII Central Jharia D&C Division and D&F Ropeways—(Coal, hard Coke and Soft Coke).

(b) Central Coalfields Limited—(Washed coal and middlings).

(4) Bharat Pumps and Compressors Limited. (Centrifugal pump, reciprocating pumps, gas cylinders and shells).

(5) Bharat Refractories Limited.

(6) Bieco Lawrie Limited.

(7) Burn Standard Company Limited.

(8) Bharat Heavy Electricals Limited.

Unit	Product	Shortfall (per cent)
Boiler Plant and SSTP Trichi Unit	Seamless Steel tubes	49.2
Jhansi Division	Transformers and Reactors	21.4 to 50.9
Heavy Electrical Equipment Plant	Electrical machines	21.5
	Turbo sets	25.0
	Hydro sets	28.6
Central Foundry Forge Plants	All products.	26 to 70
Bhopal Division	Switchgear, Control gear, rectifiers, transformers, industrial motors, heavy rotating plant, water turbine, water alternator, steam turbine and turbo alternators.	11.3 to 70

- (9) Hindustan Cables Limited.
- (10) Hindustan Copper Limited (Indian Copper Complex and Rakha Copper Complex).
- (11) Hindustan Fertilizers Corporation Limited.

Unit	Particulars of the Products	Shortfall (per cent)
Nangal	CAN	8.05
	Urea	27.7
	Heavy Water	12.3
Namrup	Ammonium Sulphate	32.4
	Urea I	25.8
	Urea II	38.5
	Barauni Urea	28.8

- (12) Hindustan Organic Chemicals Limited (most of the items of production).
- (13) Heavy Engineering Corporation Limited (Heavy Machine Tools Plant—A number of products) and (Heavy Machine Building Plant).
- (14) Indian Oil Corporation Limited (BK Pipelines) (Shortfall being 19 per cent).
- (15) Hindustan Machine Tools Limited (in respect of various machine tools and plastic injection moulding machines—shortfall being 10.4 per cent and 71.4 per cent respectively).
- (16) India Fire Bricks and Insulation Company Limited. (subsidiary of Steel Authority of India Limited) (fire bricks).

- (17) Indian Drugs and Pharmaceuticals Limited. (Antibiotics Plant)—(major items of production).
- (18) Indian Telephone Industries Limited. (most of the products).
- (19) Jessop and Company Limited.
- (20) Lagan Jute Machinery Company Limited (major products).
- (21) Madras Fertilizers Limited, (shortfall ranging between 7.9 and 12.6 per cent).
- (22) Mining and Allied Machinery Corporation Limited.
- (23) Modern Bakeries (India) Limited (Chandigarh unit)—(standard loaves).
- (24) Murphalani (Assam) Tea Company Limited. (subsidiary of Clive Row Investment Holding Company Limited).
- (25) National Buildings Construction Corporation Limited. (bricks—The rated capacity had never been achieved during the last three years).
- (26) National Instruments Limited (most of the products).
- (27) National Mineral Development Corporation Limited (Panna Diamond Mining Project—shortfall being 42 per cent).
- (28) Rajgarh Tea Company Limited (subsidiary of Clive Row Investment Holding Company Limited).
- (29) Steel Authority of India Limited (Alloy Steels Plant, Bokaro Steel Plant, Bhilai Steel Plant, Durgapur Steel Plant, Rourkela Steel Plant and Bolani Ores Mines).



4.1.1 In Bharat Heavy Plate and Vessels Limited, the actual production in respect of its main products was only 26 per cent of the rated capacity and also short of targets fixed by the Management by 25 per cent.

4.1.2 In Hindustan Copper Limited (Khetri Copper Complex), actual production of wire bars and TSP was less than the licenced capacity as well as targets fixed.

4.1.3 In Hindustan Machine Tools Limited (Hyderabad Unit), the rated capacity for the manufacture of each division had not been determined.

4.1.4 In Indian Drugs and Pharmaceuticals Limited (Surgical Instruments Plant), targets of production were not achieved in respect of instruments, tablets and capsules, the shortfall being 32.4, 25.9 and 37.6 per cent respectively.

4.1.5 In Neyveli Lignite Corporation Limited, targets of production fell short during the year by 27 per cent in respect of lignite (Mining Scheme), 25 per cent in power (Power Generation Scheme) and 36 per cent in washed clay (Clay Washed Scheme).

4.1.6 In National Textile Corporation Limited and its subsidiaries, targets of production were not achieved as per details given below :—

Name of the Company	Name of the Mill	Particulars of products	Shortfall in production (percentage)
1	2	3	4
(i) National Textile Corporation Limited	Shri Sarda Mills	Yarn Cloth	37.6 41.1
(ii) National Textile Corporation Maharashtra (North) Ltd.	RS RG Mohta Spinning and Weaving Mills	Cloth	13.3

1	2	3	4
	Model Mills,	Spinning	17.03
	India United Mills— Dye Works	Processing of Cloth	32.5
	India United Mills I	Yarn Cloth	23.4 28.9
	India United Mills 2&3	Yarn Cloth	38.5 27.3
(iii)	National Textile Corporation (Madhya Pradesh) Limited	Swadeshi Cotton & Flour Mills	Cloth 21.7
	Bengal Nagpur Cotton Mills	Spinning Weaving	36.77 28.64
(iv)	National Textile Corporation (South Maharashtra) Limited	Chalisingaon Textile Mills	Cloth 24.2
	New Hind Textile Mills	Yarn Cloth	34.0 35.5
	Jupiter Textile Mills	Market Yarn Grey Cloth	20.9 26.5
(v)	National Textile Corporation (Delhi, Punjab and Rajasthan) Limited	Edward Mills	Yarn Cloth 31.7 30.4
(vi)	National Textile Corporation (Gujarat) Limited		Market Yarn 63.5
(vii)	National Textile Corporation (Tamil Nadu and Pondicherry) Limited.	Coimbatore Murugan Mills	Yarn Cloth 24.6 32.7
	Somasundaram Mills	Yarn Cloth	40.7 47.8
	Pankaja Mills Pioneer and Kaleswara Mills B Unit.	Yarn Cloth	35.0 42.4

1	2	3	4	
	Krishnaveni Textile Mills	Yarn	41.2	
	Rangavilas Ginning, Spinning and Weaving Mills.	Yarn	33.4	
	Shr. Bharati Mills	Yarn Cloth	22.6 36.2	
(viii)	National Textile Corporation (Andhra Pradesh, Karnataka, Kerala, and Madhya Pradesh) Limited.	Mysore Spinning and Manufacturing	Yarn Cloth	28.8 23.5
	Adoni Mills	Yarn	22.5	
(ix)	National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited	Laxmi Narayan Cotton Mills	Yarn	38.4
	Jyoti Weaving Factory	Yarn	72.2	
	Bengal Fine Spinning and Weaving Mills No. 1	Yarn	22.6	
		Cloth	15.5	

4.1.7 In Pyrites, Phosphates and Chemicals Limited actual production of pyrites ore ( $33 \pm 3$  per cent and 38 per cent) was less than the rated capacity as well as targets.

4.1.8 In Tungabhadra Steel Products Limited, targets of production were not achieved in respect of hydraulic structurals, galvanised structurals and Cranes, the shortfall being 22.7, 43.5 and 82.3 per cent respectively.

## 5. Cost Control

5.1 In the following companies, there was no costing system in operation :—

- (1) Bharat Heavy Electricals Limited (Jhansi Division).
- (2) Bharat Pumps and Compressors Limited.

- (3) Bharat Refractories Limited.
- (4) Hindustan Copper Limited (Indian Copper Complex and Rakha Copper Complex).
- (5) Indian Firebricks and Insulation Company Limited (subsidiary of Steel Authority of India Limited).
- (6) India Tourism Development Corporation Limited (Lodhi Hotel).
- (7) Lubrizol India Limited.

5.1.1 In Bharat Ophthalmic Glass Limited, no account was maintained to indicate the cost of each unit of production.

5.1.2 In Burn Standard Company Limited.

- (i) There was considerable time lag between manufacturing of items and preparation of cost sheets.
- (ii) Work orders remaining pending for a long time were not reviewed from time to time.

5.1.3 In Central Inland Water Transport Corporation Limited, there was considerable time lag in computation of costs.

5.1.4 In Hindustan Fertilizers Corporation Limited, expenses or losses arising out of extraneous factors or abnormal conditions were not distinguished for comparison of cost between one period and another and between one unit and another.

5.1.5 In Heavy Engineering Corporation Limited, the existing system of costing was not effective because of the following reasons :—

(a) *Heavy Machine Tools Plant*

- (i) There were instances of booking of labour and/or overheads without corresponding booking of

material and also booking of material without corresponding booking of labour and/or overheads.

- (ii) Cost sheets of completed machine tools showed that cost of identical items was not comparable.

**(b) Foundry Forge Plant**

- (i) The system of reporting to the Management as to the areas calling for cost control and cost reduction required to be properly geared up to be more effective.
- (ii) The causes of under and/or over-absorption of overheads, were not analysed frequently.
- (iii) The work orders remaining pending for long time without any progress were not effectively reviewed.

5.1.6 In Hindustan Aeronautics Limited, the cost variances were not determined.

5.1.7 In Jessop and Company Limited.

- (a) There was no system of cost control because of the following deficiencies :—

- (i) Cost records were not up-to-date.
- (ii) System of issue accounting was not in vogue for productive items.
- (iii) Lack of control on non-productive expenditure with reference to budget.

- (b) There was delay in compilation of costs.

5.1.8 In Mining and Allied Machinery Corporation Limited :

- (i) Cost records were not maintained to ascertain the cost of each unit of its production.
- (ii) The cost records were not dependable, correct and effective.
- (iii) In the absence of proper cost records/system, etc. finished products and work-in-progress were being valued at selling rates.

5.1.9 In Modern Bakeries (India) Limited (Chandigarh Unit), the accounts indicating the cost of each unit of its major products were not prepared.

5.1.10 In National Textile Corporation (U.P.) Limited.

*Lord Krishna Textile Mills*

- (i) The costs were not being compiled in time and there was no distribution of overheads in the calculation of costs. No proper and regular costs were compiled.

*New Victoria Mills*

- (ii) There was a long time lag in compilation of costs.

5.1.11 In National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited, proper cost accounting records as required by law, were not prepared.

5.1.12 In Pyrites, Phosphates and Chemicals Limited, while no cost records were maintained in the case of rock phosphate of **Mussoorie Phosphorite Project**, the cost records maintained at **Amjhore Mining Project** were not adequate and there was considerable time lag between the preparation of cost sheets and reporting to the Management.

5.1.13 In Western Coalfields Limited :

- (i) Cost accounts were not prepared, only cost sheets for determining the cost of coal raised on historical basis were prepared (Sohagpur Area).
- (ii) No cost accounts were prepared (Bilaspur Area).

5.1.14 *Improvements*

In National Textile Corporation (Maharashtra North) Limited—(India United Mills 4 and 5), proper cost accounting was introduced during the year.

5.2 In the following companies there was no effective system of reconciliation of cost with financial accounts :—

- (i) Bharat Coking Coal Limited (Headquarters, Area No. XII, Central Jharia, D & C Division and D & F Ropeways)—(subsidiary of Coal India Limited).
- (ii) Mining and Allied Machinery Corporation Limited.

5.2.1 In Central Coalfields Limited, under the present system of costing, no effective reconciliation can be carried out with financial accounts to ensure correctness of the costs computed.

5.2.2 In National Instruments Limited, reconciliation of cost with financial accounts had not been done.

5.2.3 In National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited—(Banial Textile Mills), cost accounting statements were not reconciled with financial books.

5.3 In the following companies, system of standard costing had not been introduced/standard costs had not been fixed.

- (1) Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.
- (2) Balmer Lawrie and Company Limited (Bombay branch)—(subsidiary of Indo-Burma Petroleum Company Limited) (containers Division).
- (3) Bharat Ophthalmic Glass Limited.
- (4) Burn Standard Company Limited.
- (5) The following subsidiaries of Coal India Limited.
  - (a) Bharat Coking Coal Limited (Headquarters, Area No. XII, Central Jharia, D & C Division and D & F Ropeways).
  - (b) Central Coalfields Limited (main products).
  - (c) Eastern Coalfields Limited. (Pandaveswar Area and Rajmahal Project).
  - (d) Western Coalfields Limited (Kanhan, Pathakhara, Wardha Valley, Sohagpur and Bilaspur Areas).
- (6) Heavy Engineering Corporation Limited. (Heavy Machine Tools Plant and Foundry Forge Plant).
- (7) Hindustan Copper Limited.
- (8) Hindustan Antibiotics Limited.
- (9) Hindustan Fertilizers Corporation Limited.
- (10) Hindustan Cables Limited (main products).
- (11) Indian Drugs and Pharmaceuticals Limited (Antibiotics Plant).



- (12) India Firebricks and Insulation Company Limited  
(subsidiary of Steel Authority of India Limited).
- (13) Jessop and Company Limited.
- (14) Lagan Jute Machinery Company Limited.
- (15) Madras Refineries Limited.
- (16) Mining and Allied Machinery Corporation Limited.
- (17) Modern Bakeries (India) Limited (Ahemedabad and Chandigarh Units).
- (18) National Buildings Construction Corporation Limited  
(bricks).
- (19) National Textile Corporation (Maharashtra North)  
Limited (India United Mills-Dye works)—(subsidiary of National Textile Corporation Limited)—  
(main products).

5.3.1 In Garden Reach Shipbuilders and Engineers Limited, there was scope for introduction of standard costing in respect of uniform production *i.e.* diesel engines pumps and road rollers.

5.3.2 In Hindustan Shipyard Limited, standard cost of products had not yet been fixed but the Company was stated to have set up a fullfledged industrial engineering department based on the recommendations of Bureau of Public Enterprises. According to the Management, considering the volume of work involved and complex nature of shipbuilding industry, it would further take a minimum of 2 years to make sound beginning in evolving norms and works standards.

5.4 In Central Inland Water Transport Corporation Limited, adequate records had not been kept to compare actual consumption with the estimated consumption in the case of activities like general engineering, deep sea ship repairs, etc.

5.5 In National Buildings Construction Corporation Limited, excess consumption of material over theoretical consumption in the case of construction projects is not being determined regularly.

5.6 In the National Small Industries Corporation Limited (Howrah branch), in respect of manufacturing activities which were mainly confined to the development of prototypes, neither bill of materials was prepared for prototypes nor the actual consumption was controlled with reference to any estimates.

5.7 In the following Companies norms for consumption of major raw materials for manufacture of main products had not been fixed :

(i) The following subsidiaries of the National Textile Corporation Limited :—

(a) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited—(Manindra Textile Mills).

(b) National Textile Corporation (Maharashtra North) Limited—(India United Mills 2 and 3).

(c) National Textile Corporation (U.P.) Limited—(New Victoria Mills).

(d) National Textile Corporation (Madhya Pradesh) Limited—(Burhanpur Tapti Mills).

(e) National Textile Corporation (South Maharashtra) Limited—(Apollo Textile Mills).

(ii) Rehabilitation Industries Corporation Limited.

(iii) Tannery and Footwear Corporation of India Limited.

5.8 In the following companies, the consumption of raw materials was more than the standards estimates/design norms/accepted norms :

- (i) Central Inland Water Transport Corporation Limited (shipbuilding activity).
- (ii) Steel Authority of India Limited (Bhilai Steel Plant—dry coke); (Bokaro Steel Plant—major raw materials); (Rourkela Steel Plant and Durgapur Steel Plant—in a number of cases).
- (iii) The Fertilizer and Chemicals Tranvancore Limited (major raw materials).
- (iv) National Instruments Limited (in a number of cases).

5.8.1 In Engineering Projects (India) Limited; (Calcutta Branch), actual consumption of major materials for construction of major projects had not been worked out by the branch to compare with the estimates made by the Management.

5.8.2 In the Fertilizer Corporation of India Limited (Gorakhpur Unit), consumption of major raw materials exceeded the norms fixed by Management by 9.4 per cent, 18.2 per cent and 7.83 per cent in respect of naphtha, coal and electricity respectively.

5.8.3 In Heavy Engineering Corporation Limited (Heavy Machine Building Plant), control over wastages and losses of materials was inadequate. In the absence of comparison of actual material consumption with bill of materials specified by Technical Departments for concerned work orders, the correlation of the materials booked with a particular work order was not ascertainable.

5.8.4 In Hindustan Antibiotics Limited, there were large variations between actual consumption of raw materials and standards fixed in respect of some of the major items of raw materials.

5.8.5 In Hindustan Copper Limited (Head Office), the consumption of raw materials included Rs. 27.64 lakhs being the handling and other losses in respect of rock phosphate, which was under investigation.

5.8.6 In Indian Drugs and Pharmaceuticals Limited :

- (i) Consumption of some of the major raw materials was more than the estimated quantities as per the revised norms (Antibiotics Plant).
- (ii) Consumption of major raw materials for the manufacture of major products in certain cases was found to be higher than standards (Synthetic Drugs Plant).

5.8.7 In Jessop and Company Limited, in the case of job/batch orders for manufacture of cranes, railway wagons and other important fabricated items, variations, if any, in the consumption of major raw materials over estimated quantities could not be ascertained as the norms fixed by the Management for individual contracts had not been made available.

5.8.8 In Modern Bakeries (India) Limited (Ahmedabad Unit), handling loss in respect of wheat flour and sugar was more than the norms prescribed.

#### 5.8.9 *Improvements*

In Hindustan Photo Films Limited, there was appreciable reduction in consumption of silver nitrate which is a costly item.

#### 5.9 *Rejections*

5.9.1 In Bharat Coking Coal Limited (Headquarters, Area No. XII, Central Jharia, D&C Division and D&F Ropeways), records for rejections at production level had not been maintained.

5.9.2 In Bharat Ophthalmic Glass Limited, no proper records were maintained for determining rejections in production.

5.9.3 In Bharat Refractories Limited, percentage of rejection during the year was 22 as against 15 to 20 considered by the Management as normal.

5.9.4 In Central Coalfields Limited, records were maintained for determining the rejections in production in the case of washeries only. The aggregate actual rejections were approximately one-fourth more than estimated.

5.9.5 In Garden Reach Ship-builders and Engineers Limited, no norms had been fixed for rejections. Further, no records were maintained for determining rejections and scrap except in respect of foundry shop and timber workshop.

5.9.6 In Heavy Engineering Corporation Limited :

(a) *Foundry Forge Plant*.—In the case of most of the items percentage of rejections was more than the norms fixed.

(b) *Heavy Machine Tools Plant*.—Rejected castings worth Rs. 16.73 lakhs were returned to the Foundry Forge Plant.

5.9.7 In Hindustan Machine Tools Limited (Ajmer Unit), proper record for determining the rejections in production were not maintained and as such quantum of abnormal rejections and reasons therefor were not determined.

5.9.8 In Hindustan Prefab Limited, no information as to standards for breakages and rejections in production was available.

5.9.9 In Indian Drugs and Pharmaceuticals Limited (Surgical Instruments Plant, Madras) percentage of rejections during the year (21.24) was considered higher when compared to that of the last year (17.10).

5.9.10 In Jessop and Company Limited, no quantitative records were kept relating to rejections in production.

5.9.11 In Mining and Allied Machinery Corporation Limited, though norms for wastage/process loss and rejections had been fixed, these were not compared with actual wastage/consumption.

5.9.12 In National Textile Corporation (Delhi, Punjab and Rajasthan) Limited (Ajudhia Textile Mills), no norms for rejections were fixed.

5.9.13 In Steel Authority of India Limited (Durgapur Steel Plant), in the case of a number of products, the rejections were more than the norms prescribed.

5.10 In the following companies, actual cost of production was more than the estimated/standard cost :

- (1) Balmer Lawrie and Company Limited (subsidiary of Indo-Burma Petroleum Company Limited).
- (2) Bharat Coking Coal Limited (Kusunda Area—Coke, hard coke and soft coke) and Western Coal-fields Limited (Kanhan, Pathahera and Wardha Valley Areas) (subsidiary of Coal India Limited).
- (3) Bieco Lawrie Limited.
- (4) Garden Reach Shipbuilders and Engineers Limited (in respect of pump components).
- (5) The Fertilizer Corporation of India Limited (Gorakhpur Unit).

- (6) Hindustan Fertilizers Corporation Limited (Nangal Unit).
- (7) Hindustan Organic Chemicals Limited.
- (8) Hindustan Machine Tools Limited. (Kalamassery Unit, Pinjore Unit and Ajmer Unit—in respect of various products, which was attributed mainly to non-inclusion of rejection percentage and inefficiency factor in the working of standard cost).
- (9) Jessop and Company Limited.
- (10) National Instruments Limited (in a number of products).
- (11) Neyveli Lignite Corporation Limited [by 28 per cent in respect of power, 4 per cent in Urea (based on lignite) and 43 per cent in Leco].
- (12) Tannery and Footwear Corporation of India Limited.
- (13) Rajgarh Tea Company Limited (subsidiary of Clive Row Investment Holding Company Limited).

#### 5.10.1 In Steel Authority of India Limited :

- (a) *Bolani Ore Mines* : Cost of Production of iron ore lumps was more than the average selling price.
- (b) *Rourkela Steel Plant*.—Actual works cost per tonne of all the major products was more than the standard cost.
- (c) *Durgapur Steel Plant*.—In respect of all the products.
- (d) *Central Coal Washeries Organisation*.—Actual Cost was more than the targeted cost (ROM).
- (e) *Bhilai Steel Plant*.—Actual works cost (excluding depreciation and interest) of production was more than the standard cost.

(f) *Bokaro Steel Plant*.—Actual works cost of most of the major products was more than the standard cost.

(g) *Alloy Steels Plant*.—In respect of a number of products, actual cost was more than the standard cost as well as selling price.

5.10.2 In Water and Power Development Consultancy (India) Limited, estimates of cost were not compared with actuals.

5.11 In the following companies, there was no system of ascertaining idle time for labour and machinery specifying the reasons therefor :

- (1) Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited (labour).
- (2) The following subsidiaries of Coal India Limited—
  - (a) Bharat Coking Coal Limited (Headquarters, Area No. XII, Central Jharia, D&C Division and D&F Ropeways).
  - (b) Central Coalfields Limited Orissa Area (labour) Kuju and Daltonganj Areas—(labour and machinery), Charhi and Singrauli Areas—(labour).
  - (c) Eastern Coalfields Limited Pandaveswar Area and Rajmahal Projects—(labour and machinery).
  - (d) Western Coalfields Limited (Kanhan, Sohagpur, Bilaspur and Wardha Valley Areas)—(labour and Machinery) Pathakhera Area (labour).
- (3) Bharat Heavy Electricals Limited (Jhansi Division).
- (4) Balmer Lawrie and Company Limited (subsidiary of Indo-Burma Petroleum Company Limited)



- (Bombay Branch—labour and machinery), (other than Bombay Branch—labour only).
- (5) Cement Corporation of India Limited—(labour).
  - (6) Central Inland Water Transport Corporation Limited (machinery).
  - (7) **Engineering Projects (India) Limited** (New Delhi—labour and machinery, Calcutta—machinery/construction equipment).
  - (8) Hindustan Copper Limited (Indian Copper Complex).
  - (9) Hindustan Antibiotics Limited—(labour).
  - (10) **India Firebricks and Insulation Company Limited** (subsidiary of Steel Authority of India Limited)—(labour).
  - (11) **Indian Oil Blending Limited.** (Subsidiary of Indian Oil Corporation Limited).
  - (12) **Indian Drugs & Pharmaceuticals Limited** (Synthetic Drugs Plant).
  - (13) **Jessop and Company Limited.**
  - (14) **Manganese Ore (India) Limited.**
  - (15) **Mining and Allied Machinery Corporation Limited—(Machinery).**
  - (16) **Mineral Exploration Corporation Limited.**
  - (17) **Modern Bakeries (India) Limited.**
    - (a) Ahmedabad and Hyderabad Units—(labour and machinery).
    - (b) Bombay and Chandigarh Units—(labour).
  - (18) **Neyveli Lignite Corporation Limited—(labour).**

- (19) The National Small Industries Corporation Limited (PTC Okhla—Machinery).
- (20) National Mineral Development Corporation Limited (Donimalai Iron Ore Mines—labour).
- (21) The following subsidiaries of National Textile Corporation Limited :—
- (a) National Textile Corporation (Madhya Pradesh) Limited (Hira Mills, New Bhopal Textile Mills and Burhanpur Tapti Mills).
  - (b) National Textile Corporation (Tamil Nadu and Pondicherry) Limited—(Sri Bharati Mills—labour).
  - (c) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited (Kharar Textile Mills—labour) (Panipat Woollen Mills).
  - (d) National Textile Corporation (South Maharashtra) Limited (New Hind Textile Mills—labour), (Appollo Textile Mills).
  - (e) National Textile Corporation (U.P.) Limited—(Bijli Cotton Mills and New Victoria Mills).
  - (f) National Textile Corporation (Maharashtra North) Limited.
    - (i) India United Mills—Dye works.
    - (ii) India United Mills No. 1, 4 and 5.
    - (iii) RSRG Mohta Spinning & Weaving Mills.
  - (g) National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited—(Azam Jahi Mills).
- (22) Rehabilitation Industries Corporation Limited.
- (23) Richardson and Cruddas (1972) Limited (except in case of some machines in the machine shop).

(24) Sambhar Salts Limited.

(25) Steel Authority of India Limited.

(a) Central Coal Washeries Organisation  
(machinery).

(b) Bolani Ores Mines (labour).

(26) Tannery and Footwear Corporation of India Limited.

5.11.1 In Bharat Ophthalmic Glass Limited, man hours and machine hours to the extent of 49.1 per cent and 48.3 per cent respectively were lost during the year.

5.11.2 In Central Coalfields Limited, the average utilisation of heavy earth moving machinery (which constitute nearly half the total capital investment in machinery) was below 50 per cent.

5.11.3 In Heavy Engineering Corporation Limited :

*Heavy Machine Building Plant*

The percentage of idle hours to the available hours of labour and machinery was 31.5 and 39.7 respectively.

*Foundry Forge Plant*

In some shops the percentage of idle labour and idle machine hours to available hours was as high as 57 and 75 respectively.

5.11.4 In National Instruments Limited, no records were maintained for idle time of individual machinery.

5.11.5 In Pyrities, Phosphates and Chemicals Limited, no records to ascertain idle time for labour and machinery were maintained.

5.12 In Burn Standard Company Limited, there was no system of recording idle time specifying reasons therefor (except for load shedding).

5.13 In the following companies, certain equipment, plant and machinery remained idle/un-installed as indicated against each of them :

Serial No.	Name of the Company	Value (Rs. in lakhs)	Remarks
1	2	3	4
(i) Bharat Pumps and Compressors Limited	2.93	Bagsvig Ammonia Furnace remained un-commissioned till April 1980 due to faults observed during the trial operation.	
(ii) Cochin Refineries Limited	129.67	Drum plant remained Idle through out the year.	
(iii) The Fertilizer Corporation of India Limited. (Gorakhpur Unit)	15.00	Plant and Machinery lying Idle since Installation in February 1976.	
(iv) Heavy Engineering Corporation Limited (Heavy Machine Building Plant)	11.15	Plant and machinery through installed had not been commissioned since 1971-72.	
(v) Hindustan Copper Limited (Indian Copper Complex)	136.39	Plant and machinery costing more than Rs. 5 lakhs each.	
(vi) Hindustan Cables Limited	53.56	Plant, and machinery purchased in 1970-71 and 1973-74 had not been installed.	
(vii) Indo-Burma Petroleum Company Limited	11.92	Freeze Dryer, Laboratory equipment were awaiting installation.	
(viii) Mining and Allied Machinery Corporation Limited.	11.35	Mould conveyer valued at more than 5 lakhs remained idle during 1979-80. The same had since been dismantled. Gas-fired chamber type furnace with Rs. 6.35 lakhs procured during the previous year had not been commissioned.	

5.13.1 In Bharat Aluminium Company Limited, the third and fourth phase of smelter plant, though installed in 1977-78 and 1978-79 respectively, had not been commissioned due to non-availability of power.

5.13.2 In Bharat Ophthalmic Glass Limited, due to closure of lens shop with effect from 1st August 1975 all the machines installed therein had been lying idle since then.

5.13.3 In Central Coalfields Limited, instances of machinery costing more than Rs. 5 lakhs which remained idle for more than one year were as follows :—

Description	Number	Cost (Rs. in lakhs)	Location	Since when lying	Remarks
1	2	3	4	5	6
1. Hindustan Heavy Duty Centre lathe (L45-3000mm spread)	1	5.79	Regional Stores Singrauli.	March 1978	
2. Belt cover	4	29.05	Central Stores, Barkakana.	July 1977	The quantity as per priced stores ledger was 6 pieces; the value of additional 2 pieces being Rs. 16.04 lakhs.
3. Double Scraper Chain conveyor	6	39.00	Central Stores, Barkakana	July 1977	The quantity as per stores ledger was 3 units more worth Rs. 22.36 lakhs.
4. Hindustan Centre lathe (HD3000m).	1	5.66	Regional Stores, Saunda	April 1977	
5. Continuous minor	1	6.75	Giridih Workshop.	1975	Imported machine which did not operate satisfactorily since import (1962). A further sum of Rs. 1.35 lakhs had been spent on the repairs and modifications.

5.13.4 In Modern Bakeries (India) Limited (Ahmedabad Unit), the plant capacity was utilised to the extent of 50 per cent (approx.).

5.13.5 In Indian Oil Corporation Limited (Barauni Refinery):

(a) The following processing units costing more than Rs. 5 lakhs remained idle for more than 3 months during 1979-80.

Name of Unit	Idle days	Cost (Net Value) (Rs. in lakhs)	Reasons
1	2	3	4
AVU-I	94.5	16.54	Non-availability of Crude Oil
AVU-III	97	64.56	—do—
KTU-A	194 202.5	26.03	Non-availability of feed stock.
PEU	106	62.61	—do—
Dewaxing	140.5	88.13	Non-availability of feed stock and inadequate stock of ammonia.
CFU	366	6.83	No demand of lube Oil (Pale 800)

(b) The following items of plant and machinery costing more than Rs. 5 lakhs could not be installed and Commissioned for the reasons mentioned against each.

Name of machine	Amount (Rs. in lakhs)	Reason
1	2	3
(1) Construction of 5 Cell Induced Draft Cooling Tower.	35.77	Industrial relations problem.
(2) Design Engineering and supply of hortic spheres for additional storage of LPG	26.58	Stoppage of Crude Oil Supplies

5.14 *Manpower*

5.14.1 In the following companies, norms for manpower were not fixed :

- (i) Bharat Coking Coal Limited (Headquarters, Area No. XII, Central Jharia, D&C Division and D&F Ropeways)—(subsidiary to Coal India Limited).
- (ii) Biecco Lawrie Limited.
- (iii) Burn Standard Company Limited.
- (iv) Heavy Engineering Corporation Limited.

5.14.2 In Mining and Allied Machinery Corporation Limited, actual strength of manpower was more than that provided in the Detailed Project Report.

5.14.3 In Central Corporation of India Limited, manpower employed was more than the norms fixed by the Management.

5.14.4 In Central Inland Water Transport Corporation Limited (main workshop), manpower planning was not adequate.

5.14.5 In Heavy Engineering Corporation Limited (Heavy Machine Building Plant), though the plant was running below the rated capacity, manpower employed was in excess of that provided in the Project Report.

5.14.6 In Indian Oil Corporation Limited (Barauni Refinery), as against 1397 posts recommended in the Detailed Project Report, 2413 posts were sanctioned by the Management and there were 2674 employees as on 31st March 1980.

5.14.7 In India Tourism Development Corporation Limited (Eastern Region), no exercise had been made to compare the manpower envisaged in the Project Report norm fixed, with that actually employed.

5.14.8 In Steel Authority of India Limited (Bhilai Steel Plant), manpower employed in works departments was more than that envisaged in the Project Report.

5.15 In the following companies, the selling prices were less than the cost of production/procurement

- (1) Andrew Yule and Company Limited (Conveyor belt).
- (2) Bharat Refractories Limited.
- (3) Bharat Coking Coal Limited (Headquarters, Area No. XII, Central Jharia, D&C Division and D&F Ropeways)—(Coal and Soft Coke) and Western Coalfields Limited (Kanhan, Pathakhera and Wardha Valley Areas) (subsidiaries of Coal India Limited).
- (4) Garden Reach Shipbuilders and Engineers Limited (in respect of crane and dock machinery).
- (5) Heavy Engineering Corporation Limited (Heavy Machine Tools Plant, Heavy Machine Building Plant and Foundry Forge Plant).
- (6) Jessop and Company Limited.
- (7) Hindustan Copper Limited (Khetri Copper Complex).
- (8) Hindustan Machine Tools Limited (Hyderabad Unit in M.T.H. and L.M.H. Division).
- (9) National Buildings Construction Corporation Limited (for bricks).
- (10) National Instruments Limited.



- (11) National Textile Corporation (U.P.) Limited—  
(Lord Krishna Textile Mills and Bijli Cotton Mills).  
National Textile Corporation (South Maharashtra)  
Ltd.—(Mumbai Textile Mills) and (Apollo Textile  
Mills)—(subsidiaries of National Textile Corpora-  
tion Limited).
- (12) Rehabilitation Industries Corporation Limited.
- (13) Tannery and Footwear Corporation of India Limited.

5.15.1 In Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited, in the absence of costing system, unitwise cost was not ascertained and sales to local industries at contracted rates were much less than the auction rates.

5.15.2 In Bharat Pumps and Compressors Limited, sale value of pumps, compressors and gas cylinders was less than the cost of sales.

5.15.3 In Central Coalfields Limited :

- (i) The actual cost of coal, washed coal, coke (Giridih) and middlings was more than the average selling price.
- (ii) The cost of production of soft coke (which was sold at average of Rs. 102.50 per tonne) had not been separately computed.

5.15.4 In Central Inland Water Transport Corporation Limited, the cost estimates prepared for the purpose of quotations did not compare favourably with the actual costs incurred, as a result the cost of production was more than the selling prices.

5.15.5 In Hindustan Copper Limited (Indian Copper Complex), the selling prices of nickel sulphate, tellurium, sulphuric acid and keynite were much less than the cost of production.

5.15.6 In Indian Drugs and Pharmaceuticals Limited (Surgical Instrument Plant), cost of production was so high as compared to sale price that even the wage component was not recovered as the capacities were under-utilised.

5.15.7 In Indian Petrochemicals Corporation Limited, the average selling prices of the following products were less than the average cost of production :—

- (i) P.B.R.
- (ii) Poly propylene.
- (iii) Linear Alkyl Benzene.
- (iv) Acrylic Fibre.

5.15.8 In Mining and Allied Machinery Corporation Limited, in the absence of necessary records/details etc., production/sale—orderwise cost was not determined; the selling price could not, therefore, be compared with cost of production of items manufactured.

5.15.9 In Steel Authority of India Limited :

- (a) *Bokaro Steel Plant*.—Net realisation price of major products (except blast furnaces/coke wet, crude tar and steel ingot) was less than the cost of production.
- (b) *Bolani Ores Mines*.—Cost of production for iron ore (lumps) was more than the average selling price.
- (c) *Alloy Steels Plant*.—The actual cost of a number of products was more than the selling price.
- (d) *Durgapur Steel Plant*.—In respect of most of the products, the average net realisation was less than the annual average cost.

- (e) *Bhalai Steel Plant*.—Net realisation in respect of some of the products was less than the cost of production.

## 6. *Inventory*

6.1 In the following companies, maximum and minimum limits of stores/spares had not been fixed :—

- (1) Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.
- (2) Balmer Lawrie and Company Limited (Bombay Branch) (subsidiary of Indo-Burma Petroleum Corporation Limited).
- (3) Burn Standard Company Limited.
- (4) The following subsidiaries of Coal India Limited.
  - (a) Bharat Coking Coal Limited (Kusunda Area, Headquarters, Area No. XII, Central Jharia, D & C Division and D & F Ropeways).
  - (b) Central Coalfields Limited (Orissa, Kuju and Daltonganj Area).
  - (c) Eastern Coalfields Ltd. (Pandaveswar Area and Rajmahal Project).
- (5) Central Inland Water Transport Corporation Limited.
- (6) Computer Maintenance Corporation Limited.
- (7) Cement Corporation of India Limited (Bokajan Unit).
- (8) Hindustan Copper Limited (Khetri Copper Complex—in respect of spares).
- (9) Hindustan Fertilizer Corporation Limited (Namrup Division).

- (10) Hindustan Machine Tools Limited (Unit I and II).
- (11) Heavy Engineering Corporation Limited (Heavy Machine Tools Plant).
- (12) Indian Drugs and Pharmaceuticals Limited.
- (13) India Tourism Development Corporation Limited [Lodhi Hotel, Hotel Qutab Ashok, Laxmi Vilas Palace Hotel, units under Regional Office South, Bombay Regional Office (Western Region) and units under Eastern Region].
- (13) Lubrizol Indian Limited.
- (14) Lagan Jute Machinery Company Limited.
- (15) Mineral Exploration Corporation Limited.
- (16) Modern Bakeries (India) Limited (Ahmedabad unit in respect of spares, engineering and miscellaneous stores).
- (17) The National Small Industries Corporation Limited (Hawrah unit).
- (18) National Projects Construction Corporation Limited.
- (19) The following subsidiaries of National Textile Corporation Limited —
  - (a) National Textile Corporation (South Maharashtra) Limited—(Mumbai Textile Mills).
  - (b) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—(Kharar Textile Mills and Ajudhia Textile Mills).
  - (c) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited—(Manindra Mills, Laxmi Narayan Cotton Mills, Jyoti Weaving Factory and Bengal Textile Mills).
  - (d) National Textile Corporation (U.P.) Limited, (Bijli Cotton Mills and Muir Mills).

- (e) National Textile Corporation (Maharashtra North) Limited—(India United Mills No. 1, 2 & 3).
- (f) National Textile Corporation (Tamil Nadu & Pondicherry) Limited—(Coimbatore Murugan Mills, Somasundram Mills, Pankaja Mills and Pioneer Spinners & Kaleswarar Mills).
- (g) National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited—(Adoni Cotton Mills and Mysore spinning and Manufacturing Mills).
- (h) National Textile Corporation (Madhya Pradesh) Limited—(Burhanpur Tapti Mills).
- (20) Rehabilitation Industries Corporation Limited (in respect of stores).
- (21) State Farms Corporation of India Limited (most of the Farms)
- (22) Richardson and Crudas (1972) Limited.

6.1.1 In Indian oil Corporation Limited (Barauni Refinery) out of 17,281 items of stores and spares as on 31-3-1980, maximum and minimum Limited had not been prescribed for about 11,831 items.

6.1.2 In Western Coalfields Limited (Sohagpur Area), no scientific norms/levels had been fixed for the stores items with regard to maximum/minimum quantity, ordering levels, etc.

6.1.3 In Central Coalfields Limited, stores and spares inventories were generally valued at recent purchase price.

6.1.4 In the Fertilizer Corporation of India Limited (Sindri Unit), in certain cases of items of raw materials, considerable funds were blocked as a result of holding stock in excess of fixed norms

6.1.5 In Hindustan Machine Tools Limited (Pinjore and Ajmer units) the system of maximum and minimum stock was not working effectively resulting in unnecessary blocking of working capital and loss of interest to the Company.

6.1.6 In Hindustan Steel Works Construction Limited, the existing purchase procedure did not provide for any limit for calling of open tenders.

6.1.7 In Heavy Engineering Corporation Limited.

*Heavy Machine Tools Plant*

The stock control Limits had not been fixed in respect of 23,472 items out of 23,855 items of stores and spares.

*Foundry Forge Plant*

The stock control limits had not been fixed in respect of 26,140 items out of 28,891 items of stores and spare parts.

6.1.8 In Mining and Allied Machinery Corporation Limited.

- (i) Maximum levels had not been fixed for stock and issue items.
- (ii) No maximum/minimum limits had been fixed for non-stock items.

6.1.9 *Improvements*

- (i) In India Tourism Development Corporation Limited, (Laxmi Vilas Palace Hotel), the system of procurement of stores and stocks had been satisfactory this year.
- (ii) In the National Small Industries Corporation Limited, unlike the previous year, purchases had been made in accordance with the production programme.

6.2 In the following Companies, the system of procurement did not ensure that stores in excess of reasonable requirement of maintenance and production were not accumulated :

- (1) Jessop and Company Limited.
- (2) The following subsidiaries of National Textile Corporation Limited :
  - (a) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited—Manindra Textile Mills, Kanoria Industries—Cotton Mills Section.
  - (b) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—(Panipat Woollen Mills).
  - (c) National Textile Corporation (Madhya Pradesh) Limited (Hira Mills, Burhanpur Tapti Mills and New Bhopal Textile Mills.)
  - (d) National Textile Corporation (U.P.) Limited (Lord Krishna Textile Mills and New Victoria Mills).

6.2.1 In Mining and Allied Machinery Corporation Limited, materials worth Rs. 44 lakhs were laying in bonded warehouses for a long time, which were got released as and when required for production. This indicated that materials were procured without proper linking with production programme, resulting in avoidable blocking up of working capital.

6.3 In the following companies, there was no system of determining periodically surplus/unserviceable stores :

- (1) Central Inland Water Transport Corporation Limited.
- (2) Hindustan Cables Limited.
- (3) Jessop and Company Limited.
- (4) The following subsidiaries of National Textile Corporation Limited.

- (a) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited—(Bengal Textile Mills).
  - (b) National Textile Corporation (South Maharashtra) Limited—(Digvijay Textile Mills).
  - (c) National Textile Corporation (U.P.) Limited  
• (Lord Krishna Mills).
- (5) Pyrites, Phosphates and Chemicals Limited.
- (6) Western Coalfields Limited (Kanhan, Pathakhera, Wardha Valley and Sohagpur Areas) subsidiary of Coal India Limited).

6.3.1 In Eastern Coalfields Limited (Pandaveswar Area and Rajmahal Project), unserviceable stores were not determined. Further there was no system of disposing of unserviceable or damaged stores.

6.3.2 In Heavy Engineering Corporation Limited.

(a) *Township*

System of recording surplus materials issued to jobs was not sound and needed improvement.

(b) *Foundry Force Plant*

Obsolete, damaged and unserviceable items of inventories had not been determined.

(c) *Heavy Machine Building Plant*

- (i) Value of stores declared surplus during the year was Rs. 428.50 lakhs.
- (ii) Due to absence of proper coordination between shop management and planning and production departments, raw materials worth Rs. 55.74 lakhs were lying at the shop floor in respect of which the work orders had been closed/cancelled.



- (iii) Raw materials and store-in-transit included items worth Rs. 4.74 crores pertaining to the years 1972-73 to 1978-79.

6.3.3 In the National Newsprint and Paper Mills Limited, items of surplus and unserviceable stores were not identified.

6.3.4 In Triveni Structural Limited, surplus/unserviceable/obsolete stores were not ascertained and disposed of.

### 6.3.5 Improvements

In India Tourism Development Corporation Limited (Laxmi Vilas Palace Hotel), Surplus and unserviceable stores were periodically reviewed by a Committee and purchases were made after due consideration of stores in hand.

6.3.6 In the following companies, stores and spares of the values mentioned thereagainst had not moved for two to three years as on 31st March, 1980 :—

Sl. No.	Name of the Company	Value (Rs. in lakhs)	Description	Period for which the stores did not move
1	2	3	4	5
(i)	Andrew Yule & Company Limited.	5.00	Stores and spares.	3 years or more.
(ii)	Balmer Lawrie and Company Limited (Containers Division)—(subsidiary of Indo-Burma Petroleum Company Limited).	0.81	Stores and spares.	3 years or more.
(iii)	Bharat Petroleum Corporation Limited.	8.08	Stores	3 years.
(iv)	Bharat Pumps and Compressors Limited	11.00	Raw materials.	1 year.
		84.00	Finned tubes.	3 years.

1	2	3	4	5
(v) Burn Standard Company Limited (except Howrah works where value of such stores had not been ascertained).	56.79	Stores	3 years or more.	
(vi) Cochin Refineries Limited.	149.82*	Stores and spares.	2 years or more. *(Include emergency stores and spares—Rs. 90.86 lakhs).	
(vii) Hindustan Steel Works Construction Limited.	54.92	Stores	3 years or more.	
<i>(viii) Coal India Limited</i>				
(a) Western Coalfields Limited (Pathekhra Area).	14.00	Stores and spares	More than 3 years.	
(b) Central Coalfields Limited.	365.00	Stores and spares (excluding insurance spares).	3 years.	
(ix) Hindustan Cables Limited.	49.95	Stores and spares.	3 years or more.	
<i>(x) Heavy Engineering Corporation Limited</i>				
(a) Heavy Machine Tools Plant.	55.39	Stores and Components.	3 years and more.	
(b) Heavy Machine Building Plant.	926.54	Indigenous stores	More than one year but less than 3 years.	
	801.98	—do—	More than 2 years but less than 2 years.	
	708.78	—do—	More than 3 years.	
(c) Foundry Forge Plant	576.67	Stores and spares.	More than 3 years.	
	32.71	—do—	More than 2 years.	
(xi) Indian Petrochemicals Corporation Limited.	411.20	Stores.	3 years.	

1	2	3	4	5
(xii)	India Firebricks and Insulation Company Limited (subsidiary of Steel Authority of India Limited.)	3.26	Stores and spares.	3 years or more.
(xiii)	Indian Oil Corporation Limited, Barauni Refinery	111.55	Stores and spares.	More than 3 years.
	B. K. Pipelines	20.77	Stores and spares.	3 years and more.
(xiv)	Mining and Allied Machinery Corporation Limited.	135.91	Stores, spares and raw materials.	3 years or more.
(xv)	Nagaland Pulp and Paper Company Limited (subsidiary of Hindustan Paper Corporation Limited).	3.74	Stores & Spares.	3 years and more.
(xvi)	National Instruments Limited.	13.06	Stock.	More than 3 years.
(xvii)	Steel Authority of India Limited, *Bokaro Steel Plant.	1419.43	Stores.	3 years or more. (*Includes capital items worth Rs. 24.90 lakhs).
(xviii)	Triveni Structural Limited.	6.23	Stores and spares.	More than 3 years.

6.3.7 In Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited, the value of stores which had not moved for 3 years and more had not been ascertained.

6.3.8 In Bharat Coking Coal Limited.

(a) Headquarters, Area No. XII, Central *Jharia, D & C Division and D & F Ropeways*. The items of stores and spares, which had not moved for 3 years or more, had not been analysed.

(b) *Kusunda Area*

There was no system of recording slow-moving and non-moving items of stores.

6.3.9 In Bharat Heavy Plate and Vessels Limited, the percentage of non-moving items to the total value of inventory worked out to 19.06 as against 10.9 during last year.

6.3.10 In Ferro Scrap Nigam Limited, no statement giving yearwise break up of surplus or obsolete stores was made available to Auditors.

6.3.11 In Cement Corporation of India Limited (Mandhar Unit), non-moving items valued at Rs. 25.29 lakhs were lying in stock for more than 2 years.

6.3.12 In Garden Reach Shipbuilders and Engineers Limited, value (at original cost) of the slow-moving and non-moving items lying in stores for more than 3 years as on 31-3-1980 was Rs. 9.50 lakhs.

6.3.13 In Hindustan Copper Limited, the value of stores and spares which had not moved for 3 years and more was not been made available.

6.3.14 In India Tourism Development Corporation Limited (Ashok Hotel), the value of non-moving and slow-moving stores was Rs. 1.70 lakhs.

6.3.15 In Jessop and Company Limited, there was no system of disposal of unserviceable/surplus stores without delay.

6.3.16 In Pyrites, Phosphates and Chemicals Limited, there was no regular system of determining slow-moving stores but at Amjhore Mining Project value of slow-moving stores determined in 1976 was Rs. 1.92 lakhs, out of which stores worth Rs. 1.75 lakhs were lying with the Project.

6.3.17 In Rehabilitation Industries Corporation Limited, classification of stores which had not moved for 3 years and more was not made available.

6.3.18 In Steel Authority of India Limited (Durgapur Steel Plant), due to non-completion of identification of insurance spares, the value of stores and spares which did not move for 3 years and more had not been worked out.

6.3.19 In the following companies the surplus/obsolete stores of the values indicated thereagainst were awaiting disposal as on 31st March, 1980 :

Name of the Company	Value of surplus/obsolete stores (Rs. in lakhs)
1	2
(i) Engineering Projects (India) Limited.	16.27
(ii) The Fertilizer Corporation of India Limited (Sindri Unit)	327.00 (Items of the value Rs. 3 crores related to retired Plant)
(iii) Hindustan Prefab Limited	2.03
(iv) Hindustan Copper Limited	
(a) Indian Copper Complex	3.39
(b) Khetri Copper Complex	35.52
(v) Heavy Engineering Corporation Limited	
(a) Headquarters	400.52
(b) Heavy Machine Building Plant	14.81
(c) Foundry Forge Plant	170.94
(vi) Indian Petro-Chemicals Corporation Limited	152.82
(vii) Madras Refineries Limited	10.73
(viii) National Instruments Limited :	
Finished Products	2.02
Components	1.83
Raw Materials	1.61
Tools	0.17
(ix) Steel Authority of India Limited	
(a) Bhilai Steels Plant	76.91 (Stores)
	101.93 (discarded assets)
(b) Alloy Steels Plant	70.45
(c) Durgapur Steel Plant.	73.02
(x) State Forms Corporation of India Limited	
(as on 30-6-1980)	12.08
(ix) The National Small Industries Corporation Limited.	2.18

6.3.20 In Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited, no system for determination of unserviceable/surplus stores was in operation.

6.3.21 In Central Coalfields Limited :

- (i) The value of stores including plant and equipment declared surplus/obsolete during the last three years was Rs. 224.09 lakhs.
- (ii) Value of stores (including plant and equipment) awaiting disposal for the last 3 years amounted to Rs. 22.44 lakhs.

6.3.22 In Hindustan Petroleum Corporation Limited, the value of slow-moving items awaiting disposal for more than 2 years was estimated at Rs. 48 lakhs.

6.3.23 In the following companies, inventories as on 31st March, 1980 were considered to be on the higher side :

Sl. No.	Name of the Company	Description	Stock in terms of months' consumption
1	2	3	4
1.	Bharat Petroleum Corporation Limited	Stores and spares	14.7
2.	Cement Corporation of India Limited (Bokajan Project)	Stores and spares	10.30
3.	The Fertilizer Corporation of India Limited (Sindri Unit)	Stores and spares	129.07
4.	India Oil Corporation Limited :		
	Barauni Refinery	—do—	23.84
	B. K. Pipelines.	—do—	14
5.	The National Small Industries Corporation Limited (Howrah)	Store	36
6.	National Mineral Development Corporation Limited (Panna Diamond Mining Project)	Stores and spares	25
7.	Western Coalfields Limited (Sohagpur Area)		21

6.3.24 In Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited, closing stock of stores was 200 per cent of actual consumption.

6.3.25 In the following collieries of Central Coalfields Limited, the closing stock exceeded 6 months despatches :

Ara, Pindra, Kedla(N), Kedla(S), Kedla(S/C), Tapin (N), Tapin(S), Jharkhand, Liyo, Rajhara and Pure Dhori.

6.3.26 In Cochin Refineries Limited, the inventory of stores and spares in terms of number of months, production was 56.38.

#### 6.4 *Physical Verification*

6.4.1 In Bharat Coking Coal Limited (Headquarters, Area No. XII, Central Jharia, D & C Division and D & F Ropeways), partial physical verification had been conducted in respect of stores and spares.

6.4.2 In Bharat Pumps and Compressors Limited, physical verification of the following items had not been conducted during the year :

Materials under inspection, with fabricators and contractors, steel stores, gas stores, oil stores, rejected material stores and imported items like finned tubes and semifinished goods.

6.4.3 In Burn Standard Company Limited, while physical verification of stock of stores was not completed in all the units during the year, in Howrah and Burnpur Works physical verification of stock of steel and works-in-progress was not completed.

In the absence of proper and adequate physical verification of a major portion of stores, there was no regular system of determining non-serviceable and surplus stores.

6.4.4 In Central Coalfields Limited, there was a perpetual inventory system in respect of stores, spares and raw materials, but only a small portion of the inventories had been verified during the year. No evidence of physical check of these items was available in certain areas.

6.4.5 In Central Inland Water Transport Corporation Limited (Rajabagan Dockyard), no physical verification was conducted in respect of stores, raw materials and other stores items (which account for the major portion of stock of stores of the Company), as a result of which shortage/excess, if any, could not be accounted for.

6.4.6 In Eastern Coalfields Limited (Pandaveswar Area and Rajmahal Project), physical verification of stock of stores and spare parts had not been carried out.

6.4.7 In Engineering Projects (India) Limited, in the case of jobs in-progress there was no system of physical verification.

6.4.8 In Heavy Engineering Corporation Limited :

(a) *Heavy Machine Tools Plant.*—All items of raw materials, stores and spares were not covered by physical verification. Physical verification of some of the finished products was done to the extent of 10 to 20 per cent.

(b) *Heavy Machine Building Plant.*—Physical verification of raw materials, stores and spare parts with reference to bin cards had been carried out except in relation to inventories of Rs. 1013.44 lakhs. Bin cards balances had not been fully reconciled with those of stores priced ledgers. The latter balances were adopted for inventory valuation.



(c) *Foundry Forge Plant.*—(i) Physical verification of raw materials, components, stores and spare parts, loose tools etc. could be completed upto 81 per cent of the total value of the stock.

(ii) In the absence of shop records, inventory/physical verification un-classified spares to the extent of Rs. 36.23 lakhs could not be verified.

6.4.9 In Hindustan Paper Corporation Limited, the closing stock of imported materials had not been physically verified.

6.4.10 In Jessop and Company Limited :

(i) No physical verification had been carried out in respect of work-in-progress.

(ii) Out of about 5653 items of stores, about 4995 items had been verified during the year.

6.4.11 In Lagan Jute Machinery Company Limited, there was no system of inviting public tenders for the purchase of any class of goods.

6.4.12 In Mining and Allied Machinery Corporation Limited the physical verification reports in respect of stock lying at different sites/customers places were not available.

6.4.13 In the National Small Industries Corporation Limited.

*Howial:*

There was no written manual for inventory control and cost control.

*Proto-type Development-cum-Training Centre, Madras*

The discrepancies noticed in verification between the physical stock and book stock were pending investigation.

6.4.15 In National Textile Corporation (South Maharashtra) Limited (Apollo Textile Mills), physical stock was not reconciled with book stock.

6.4.16 In State Chemicals and Pharmaceuticals Limited (Bombay Branch), the quantities of physical stock as per physical verification were not properly ascertainable due to non-availability of relevant data in the physical verification reports and hence discrepancies between physically verified stock and the book records could not be ascertained properly.

6.4.17 In State Farms Corporation of India Limited, (Kokilabari Farm), physical verification of stock was not done during the year.

6.4.18 In Steel Authority of India Limited, the following shortages/excesses were noticed in physical verification of finished and semi-finished goods, stores and spares etc.

1	Shortage	Excesses
2	3	
(Rs. in lakhs)		
<b>(i) Bhilai Steel Plant</b>		
<b>(1) Stock of finished and semi-finished products :</b>		
(a) At plant (excluding Coke)	207.47	31.45
(b) At stock yards	424.35	434.21
(c) At Export yards	4.95	3.11
<b>(2) Stock of by-products.</b>	<b>2.40</b>	<b>7.97</b>
<b>(3) Stores and spares :</b>		
(a) Operation	18.64	28.74
(b) Expansion	2.17	3.44
<b>(4) Raw Materials :</b>		
(a) At plant	1145.89	40.69
(b) At mines	67.18	6.24
<b>(ii) Durgapur Steel Plant :</b>		
<b>(1) In Plant Stock :</b>		
(a) Coal and Coke	484.09	137.87
(b) By-products	15.91	13.03
(c) Pig Iron	60.99	..
(d) Steel products	53.32	203.43
	<b>614.31</b>	<b>354.33</b>

1	2	3
<b>(2) Stock at Stockyards and export yards :</b>		
		(In tonnes)
<b>(a) Export yards :</b>		
Steel products. . . . .	16	183
<b>(b) Branch stock yards :</b>		
(i) Pig iron . . . . .	1151	284
(ii) Steel products . . . . .	8,704	6,853
(iii) Scrap . . . . .	244	289
(iv) Ingot . . . . .	25	44
	10,124	7,470

(c) Stock lying in a yard (Jerican Bombay) was not physically verified.

(d) There was no system of physical verification of work-in-progress including capital equipment awaiting erection, installation commissioning etc.

(iii) *Rourkela Steel Plant*

	(Rs. in lakhs)	
(a) Finished and semi-finished products. . . . .	755.92	444.66
(b) Raw materials . . . . .	551.96	84.91
(c) Stores and spares. . . . .	1.45	18.19

**6.4.19 In Steel Authority of India Limited (Central Marketing Organisation—Home Sales), stock verification reports in respect of 250.70 tonnes of imported steel stock and 186.72 tonnes of old export surplus stock were not produced to Auditors.**

**6.4.20 In Western Coalfields Limited :**

(i) There was a difference between the physical stock and book stock. The physical stock was in excess of 10 per cent of the year end closing book stocks of coal (Pathakhera Area).

- (ii) In respect of stock of stores, physical verification was not conducted by the management (Sohagpur Area).
- (iii) The difference between the book records and physical stock taking was found to be abnormal in the case of Domnara Colliery (Bilaspur Area).

## 7. Credit Control

7.1 In the following companies, the system of obtaining confirmation of balances from sundry debtors was not in vogue and/or confirmation of balances had not been obtained from all parties :

- (1) Bharat Ophthalmic Glass Limited.
- (2) Bharat Aluminium Company Limited.
- (3) Biecco Lawrie Limited.
- (4) Burn Standard Company Limited.
- (5) The following subsidiaries of Coal India Limited :
  - (a) Bharat Coking Coal Limited (Kusunda Area, Headquarters, Area No. XII, Central Jharia, D & C Division and D & F Ropeways).
  - (b) Central Coal-fields Limited.
  - (c) Eastern Coalfields Limited (Pandaveswar Area and Rajmahal Project).
- (6) Central Inland Water Transport Corporation Limited.
- (7) Export Credit and Guarantee Corporation Limited.
- (8) Engineering Project (India) Limited (Calcutta Branch).

- (9) Heavy Engineering Corporation Limited. (Headquarters, Township, Heavy Machine Building Plant).
- (10) Hindustan Copper Limited.
- (11) Hindustan Machine Tools Limited. (Hyderabad Unit).
- (12) Hindustan Prefab Limited.
- (13) Hindustan Fertilizers Corporation Limited.
- (14) India Tourism Development Corporation Limited. (Regional office Bombay and units of Western Region).
- (15) Indian Drugs and Pharmaceuticals Limited (Antibiotics Plant).
- (16) Metal Scrap Trade Corporation Limited (subsidiary of Steel Authority of India Limited).
- (17) Modern Bakeries (India) Limited. (Chandigarh Unit).
- (18) Madras Refineries Limited.
- (19) National Textile Corporation (South Maharashtra) Limited—(Nanded Textile Mills).
- (20) Pyrites, Phosphates and Chemicals Limited.
- (21) Rajgarh Tea Company Limited. (subsidiary of Clive Row Investment Holding Company Limited).
- (22) State Chemicals and Pharmaceuticals Corporation of India Limited (subsidiary of the State Trading Corporation of India Limited).
- (23) Steel Authority of India Limited (Central Coal Washeries Organisation).

7.4.2 In the following companies debts for the amounts shown against each were outstanding for three years and above :

Sl. No.	Name of the Company	Amount outstanding (Rs. in lakhs)	Due from
1	2	3	4
(i)	Burn Standard Company Limited	224.84	Government Departments/undertakings
		156.91	From others
(ii)	Balmer Lawrie and Company Limited (other than Bombay Branch)	10.26	Government Departments/Companies.
		7.55	From Others.
(iii)	Bisco Lawrie Limited	15.18	Government Departments.
		4.91	From others.
(iv)	Central Inland Water Transport Corporation Limited	254.00	Government departments.
		350.47	From others.
(v)	Central Coalfields Limited	207.20	Other than Govt. parties.
(vi)	Engineers India Limited	10.81	Private parties.
(vii)	Engineering Projects (India) Limited.	43.79	Parties other than Government.
(viii)	Film Finance Corporation Limited	72.55	Parties other than Governments.
(ix)	Heavy Engineering Corporation Limited.		
	(a) Heavy Machine Building Plant	600.64	Government undertakings.
		8.12	From others.
	(b) Foundry Forge Plant	64.22	Government Undertakings.
		2.96	Government Departments.
		4.92	Private parties.
	(c) Township	4.55	From Government Department/undertakings
		5.61	Others.
(x)	Indian Oil Corporation Limited (Barauni Refinery)	4.16	Other than Govt. Departments.

1	2	3	4
(xi) Jessop and Company Limited		226.40	Government Departments.
		125.09	From others.
(xii) Mazagaon Dock Limited		113.27	Other than Government Departments.
(xiii) The National Small Industries Corporation Limited			
Bombay Unit . . . .		141.11	From others
Calcutta Unit . . . .		137.22	Parties other than Governments.
		700.17	Hirers and others.
(xiv) National Research Development Corporation of India		25.56	Parties other than Government Department.
(xv) Pyrites, Phosphates and Chemicals Limited		110.97	Government Departments.
(xvi) Richardson and Cruddas (1972) Limited . . . .		0.61	From others.
		11.28	Parties other than Government Departments.
(xvii) Rehabilitation Industries Corporation Limited . . . .		3.61	Government Departments.
		14.28	Others.
(xviii) State Chemicals and Pharmaceuticals Corporation of India Limited			
(a) Bombay Branch . . . .		18.67	Parties other than Government Departments.
(b) Kandla Branch . . . .		17.75	-do-
(xix) State Farms Corporation of India Limited . . . .		24.93	-do-
(xx) The Shipping Corporation of India Limited . . . .		106.95	-do-
(xxi) The Minerals and Metals Trading Corporation of India Limited . . . .		221.69	Private Parties.
(xxii) The Projects and Equipment Corporation of India Limited . . . .		72.45	Parties Other than Government Departments.
(xxiii) The State Trading Corporation of India Limited . . . .		136.36	Other than Government Departments.

7.4.3 In Bharat Coking Coal Limited (Headquarters, Area No. XII, Central Jharia, D&C Division and D&F Ropeways) vigorous efforts were not being made for realisation of debts resulting in increase in doubtful debts.

7.4.4 In Central Inland Water Transport Corporation Limited, there was no uniform system for allowing credits.

7.4.5 In Engineering Projects (India) Limited, debts outstanding for 3 years and above in respect of departments other than Government were Rs. 43.79 lakhs.

7.4.6 In Heavy Engineering Corporation Limited :

(a) *Heavy Machine Building Plant.*—The Plant did not follow any system of credit policy.

(b) *Foundry Forge Plant.*—Sundry creditors included Rs. 80 lakhs in respect of unbilled despatches.

7.4.7 In Mining and Allied Machinery Corporation Limited, sundry debtors included a sum of Rs. 212.62 lakhs which was more than 3 years old and included many petty amounts for rent, electricity, water charges, etc. due from several parties for a long time.

The letters for confirmation of balances were sent to all major parties but no such confirmation was received.

7.4.8 In Modern Bakeries (India) Limited (Chandigarh unit) the system of allowing credit was not reasonable.

7.4.9 In National Buildings Construction Corporation Limited, in none of the cases confirmation of outstanding debts was produced to Auditors for verification.



7.4.10 In National Instruments Limited, during the year bad debts amounting to Rs. 10.19 lakhs were written off without showing substantial evidence to Auditors.

7.4.11 In National Research Development Corporation of India, there was no procedure for getting confirmation from the licencees for outstanding royalties.

7.4.12 In Rehabilitation Industries Corporation Limited :

- (i) Confirmation of outstanding debts was not possible due to inordinate delay in bringing debtors ledgers upto date.

7.4.13 In Western Coalfields Limited (Calcutta Sales Office) :

- (i) The system for obtaining confirmation of outstanding debts was inadequate.
- (ii) A provision for doubtful debts had been made for Rs. 15.42 crores after netting off unlinked deposits of Rs. 1.44 crores and collections made upto 31-12-1980 of Rs. 8.23 crores. Debtors had also been netted off against the unlinked credit balances under debtors, the total for which could not be ascertained.

## 8. General

8.1 In respect of the following companies, the proforma accounts for service units were not maintained :

- (1) Bharat Coking Coal Limited (Headquarters, Area No. XII, Central Jharia, D&C Division and D&F Ropeways) and Central Coalfields Limited—(subsidiaries of Coal India Limited).

- (2) Bharat Refractories Limited.
- (3) Bharat Heavy Electricals Limited (Jhansi Division).
- (4) Burn Standard Company Limited (except Gulfarbari Unit).
- (5) Central Inland Water Transport Corporation Limited.
- (6) Computer Maintenance Corporation Limited.
- (7) Garden Reach Shipbuilders and Engineers Limited.
- (8) Heavy Engineering Corporation Limited, (Heavy Machine Tools Plant, Calcutta office and Foundry Forge Plant).
- (9) Hindustan Machine Tools Limited (Kalamassery unit).
- (10) Hindustan Shipyard Limited.
- (11) Hindustan Cables Limited.
- (12) India Tourism Development Corporation Limited. (Lodhi Hotel, Regional Office Bombay and Units of Western Region).
- (13) Indian Petro-chemicals Corporation Limited.
- (14) Indian Rare Earths Limited.
- (15) Indian Drugs and Pharmaceuticals Limited (Synthetic Drugs Plant, Hyderabad).

- (16) Madras Refineries Limited.
- (17) The National Newsprint and Paper Mills Limited.
- (18) National Projects Construction Corporation Limited.
- (19) The National Small Industries Corporation Limited, (Head office, Regional office Delhi, Prototype Development-cum-Training Centre, Okhla, Industrial Estate, Naini and Pottery Depot, Khurja).
- (20) National Textile Corporation (Maharashtra North) Limited—(India United Mills I) and National Textile Corporation (South Maharashtra) Limited (Head office, Jupiter Textile Mills—Canteen)—(subsidiaries of National Textile Corporation Limited).
- (21) State Farms Corporation of India Limited.
- (22) Steel Authority of India Limited (Central Marketing Organisation—Home Sales).

8.1.1 In Bharat Coking Coal Limited, (Headquarters, Area No. XII, Central Jharia D&C Division and D&F Ropeways), no procedure for write off, discounts and refunds etc., had been laid down.

8.1.2 In Mining and Allied Machinery Corporation Limited, the expenditure (excluding depreciation) incurred on maintenance of township was higher than the income by Rs. 50 lakhs.

8.1.3 In Tannery and Footwear Corporation of India Limited, the proforma accounts for service units, e.g. transport, canteen etc. were not maintained for the last three years.

8.1.4 In Western Coalfields Limited (Sohagpur Area), proper accounts were not maintained in respect of services units.

8.2 In respect of the following companies, demurrage was paid adjusted as per details below :

Name of the Company	Amount paid/adjusted	Remarks
	(Rs. in lakhs)	
(i) Bharat Coking Coal Limited (Headquarters, Area No. XII, Central Jharia, D&C Division and D&F Ropeways).	37.13	
(ii) Bharat Aluminium Company Limited	13.88	
(iii) Bharat Petroleum Corporation Limited	15.21	
(iv) Cochin Refineries Limited	8.57	In respect of 3 cases.
(v) Indian Rare Earths Limited	1.56	Paid on exports.
(vi) Indian Oil Corporation Limited	2.50	Paid to Railways.
(vii) Richardson and Crudas (1972) Limited	1.65	
(viii) Steel Authority of India Limited :		
(a) Bhilai Steel Plant	117.54	Paid for detention of Railway wagons beyond permissible free time.
(b) Durgapur Steel plant	249.79	
(c) Rourkela Steel Plant	132.96	
(d) Bokaro Steel Plant	80.55	
(e) Central Transport and Shipping Organisation	15.03	
(ix) The National Small Industries Corporation Limited	3.04	Paid on import of brass.
(x) The Minerals and Metals Trading Corporation of India Limited (Madras and Vishakhapatnam)	162.81	
(xi) The state Trading Corporation of India Limited	452.00	Rs. 421 lakhs on import of edible oils and Rs. 31 lakhs on export of sugar.
(xii) State Chemicals and Pharmaceuticals Corporation of India Limited (Bombay Branch)	8.81	(approx.)
(xiii) Western Coalfields Limited (Kanha and Wardha Valley Area)	4.27	
Sohagpur area	17.47	

8.2.1 In Garden Reach Shipbuilders and Engineers Limited, the amount of demurrage (where the amount involved was more than Rs. 5000 in each case) incurred during the year was Rs. 1.78 lakhs and that of wharfage on imported materials was Rs. 6.47 lakhs.

8.2.2 In Hindustan Antibiotics Limited, there was no procedure for examining cases involving payment of demurrage charges and taking suitable remedial measures.

8.2.3 In Jessop and Company Limited, besides Rs. 4.80 lakhs incurred on demurrage, a further sum of Rs. 32.90 lakhs (approx) had been paid to Calcutta Port Trust and booked as wharfage, considerable part of which was in the nature of demurrage which could not be segregated for want of details.

8.2.4 In Mining and Allied Machinery Corporation Limited, the charges for wharfage and demurrage for the year amounted to Rs. 2.30 lakhs.

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**SECTION II**

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*COMMENTS UNDER SECTION 619(4) OF THE  
COMPANIES ACT, 1956, ON THE ACCOUNTS OF  
GOVERNMENT COMPANIES*

Under Section 619(4) of the Companies Act, 1956 :

- (a) The Auditor of a Government Company, appointed under sub-section 2 of the said section, is required to submit a copy of his report on the accounts of a Government Company to the Comptroller and Auditor General of India and
- (b) The Comptroller and Auditor General has the right to comment upon or supplement the said audit report in such manner as he may think fit.

The provisions of the above Section are also applicable in the case of Companies coming within the purview of Section 619-B of the Companies Act, 1956.

As mentioned in Section II of the Report of the Comptroller and Auditor General of India—Union Government (Commercial) 1978—Part V, the accounts of all the Central Government Companies were (till 1979-80) not reviewed under Section 619(4) of the Act every year; such review was conducted annually in respect of Government Companies with a paid-up capital of Rs. 5 crores and above as well as companies in the process of construction; in the case of other Companies this was done once in three years.

For the accounts of the Central Government Companies for the year 1979-80 onwards the above criteria were revised as follows :—

- Government Companies having paid-up capital or turnover of Rs. 10 crores or above as well as Companies which have been incurring losses for 3 years

or where the less exceeds 50 per cent of the paid-up capital would be subjected annually to review.

— All other Government Companies would be subjected to review once in three years.

Out of 197 Government Companies (including 59 subsidiaries) of the Union Government as on 31st March 1980 vide details given in Appendix I, accounts of 188 Government Companies (including 58 subsidiaries) for 1979-80 were received up to November 1981. In addition, there were 52 Companies (details given in Appendix II as on 31st March 1980 falling within the purview of Section 619-B of Companies Act in which the Central Government and/or Central Government Companies and Corporations owned or controlled by the Central Government, had dominant shares; out of these, accounts of 40 Companies for 1979-80 were received up to November 1981.

Out of 228 Companies (188 Government Companies including subsidiaries and 40 Section 619-B Companies) referred to above, the accounts of 201 Companies (164 Government Companies and their Subsidiaries and 37 Section 619-B Companies) had been selected for purposes of comments upon or supplement to the Auditors' Reports. On the basis of the observations on the accounts made by Government Audit, the accounts of 66 Companies were revised by the Managements.

A brief resume of the mistakes/omissions noticed in the course of audit of accounts of Government Companies and Section 619-B Companies selected for the purposes of review under Section 619(4) of the Act is indicated below :

### 1. Sales included

- (i) Value of goods sent to branch on stock transfer basis.
- (ii) Value of materials which had also been accounted for under 'Stock-in-transit'.



- (iii) Value of goods sold in subsequent year.
- (iv) Value of goods in respect of which sales had not been completed inasmuch as documents drawn on the customers had either been dishonoured or returned.
- (v) Price support subsidy claimed and received from Government under a scheme which the Company had not joined.
- (vi) Exchange rate variations in respect of goods supplied in the previous years.

2. Sales were overstated due to :

- (i) Taking credit for price increase relating to goods despatched and invoiced in the previous year.
- (ii) Taking credit for proportionate realisable value instead of cost of certain incomplete direct delivery items.
- (iii) Sales returns pertaining to the year being accounted for in the following year.
- (iv) Taking credit for full amount of design engineering fee received from a client in respect of a turn key contract although only 50 per cent of the cost of the design documentation had been charged to Profit and Loss Account and the balance had been treated as deferred revenue expenditure.
- (v) Excess credit for excise duty.

3. Sales were understated due to adjustment of credit notes for sales returns and excess billing relating to previous year.

## 4. Income included :

- (i) Cash assistance due on actual export but taken credit for in respect of equipment not fully despatched.
- (ii) Claims for reimbursement of import losses disallowed by the Cement Controller.

5. Credit for interest subsidy had been taken in respect of these loans also on which relief was not sanctioned by Government.

6. Due to incorrect opening balance of Pooled Commodities Account, which in fact represented the amount already transferred to a specific Reserve Fund during the previous year, income for the year and balance carried forward to the Balance Sheet, were inflated.

## 7 Purchases included :

- (i) Exchange rate variations in respect of goods purchased in the previous year.
- (ii) Double accountal of cost of imported material.

## 8. Short provision was noticed in respect of :

- (i) Interest accrued and due on the over due instalments of interest payable.
- (ii) Depreciation on plant and machinery.
- (iii) Bonus.
- (iv) Depreciation by way of extra shift allowance.
- (v) Gratuity to Managing Director employees.
- (vi) Exchange rate variation.
- (vii) Liability for contract payments.

(viii) Rent, rates and taxes.

(ix) Rehandling charges.

(x) Liability for Coal Mines Provident Fund.

9. Liability for expenses created in earlier years had been written back even though the claim had not been withdrawn by the party.

10. Expenditure incurred on the discharge of the contractual obligation during the warranty period was much less than the provision made for the purpose.

11. No provision was made for :

(i) Certain items of expenditure pertaining to current year as well as to prior period.

(ii) Cash discount on supplies effected in the month of March.

(iii) Redundancy of items of raw materials and spares remaining unused on completion of orders.

(iv) Liability for raw material purchased on spot delivery basis already weighed before close of the year.

(v) Customs duty.

(vi) Liability for work done by an outside party.

(vii) Depreciation on temporary structures.

(viii) Liability in respect of charges for analysis of samples.

(ix) Bonus.

(x) Anticipated deficit in the Revenue Account of the Provident Fund Trust.

- (xi) Liability on account of penal interest on over due instalments of loans.
- (xii) Fees payable to Architect/Consultant.
- (xiii) Liability for repairs, maintenance of building and plant, salary and wages, demurrage and maintenance of railway siding.

12. Deferred revenue expenditure comprising pre-operational expenses and expenditure on research, development and consultancy incurred after commercial production had not been written off.

13. Interest on deferred payment credit was capitalised instead of charging it to the Profit and Loss Account.

14. Profit was overstated due to :

- (i) Short provision for outstanding cargo claims owing to non-application of the correct percentage advised by the General Average Adjusters for general average claims.
- (ii) Under provision for replacement.
- (iii) Valuation of stock in trade at cost which was higher than the selling price.
- (iv) Arithmetical inaccuracies such as wrong totalling and duplicate adjustments.
- (v) Non-adjustment for stock found short during physical verification.
- (vi) Capitalisation of expenditure of revenue nature.
- (vii) Non-provision for claims of Employees State Insurance Corporation.

- (viii) Taking proportionate realisable value of incomplete direct delivery items for the purpose of determining the percentage of completion.
- (ix) Inclusion of element of sales tax in the valuation of finished goods.
- (x) Double accountal of income.
- (xi) Non-provision of liability for underground allowance, power and fuel.
- (xii) Taking credit for export incentive which had been treated as accrued income in the earlier year also.
- (xiii) Valuation of closing stock on incorrect basis.
- (xiv) Non-provision of depreciation on plant and machinery commissioned but not capitalised.
- (xv) Treatment of an item of expenditure as 'Advance to Contractors'.
- (xvi) Under-provision for doubtful debts and advances.
- (xvii) Taking credit in respect of job which was yet to be taken up.
- (xviii) Taking credit for works done for the Company itself, which included element of profit.
- (xix) Under-provision for deterioration of stock.

15. Profit was understated due to :

- (i) Provision of Investment Allowance Reserve on conversion of old machinery which did not qualify for relief from Income-tax under Section 32A(2) of Income Tax Act, 1961.
- (ii) Excess provision of interest accrued and due on loans.

- (iii) Provision for irrecoverable debts pertaining to the pre-take over period which should have been charged off to Capital Reserve.
- (iv) Non-accountal of accrued revenue/interest on deposits.
- (v) Excess provision for depreciation.
- (vi) Treatment of expenditure of capital nature as revenue expenditure.
- (vii) Non-accountal of income.
- (viii) Excess provision for salaries and allowances.
- (ix) Excess provision for cost of warranty replacements.
- (x) Wrong debit to wages, salaries and bonus while provisions existed under 'Liabilities'.
- (xi) Non-adjustment of provisions not required.
- (xii) Non-accountal of claim for services rendered.
- (xiii) Provision of development rebate reserve which was not admissible.
- (xiv) Charging of value of goods in stock to consumption.

16. Bank charges, demurrage and wharfage paid due to delay in retiring documents were loaded to inventories, plant and machinery and consumption instead of treating them as part of administrative expenses.

17. Expenses pertaining to subsequent year were treated as expenses of current year.

18. Income/expenditure pertaining to previous years was treated as income/expenditure of current year and *vice versa*.

19. Loss was understated due to :

- (i) Overvaluation of stock in trade.
- (ii) Valuation of sales at rates higher than those agreed to by the buyer.
- (iii) Effect of change in the method of accounting from 'accrual' to 'Cash' basis.
- (iv) Overstatement of work-in-progress.
- (v) Non-provision of liquidated damages.
- (vi) Treatment of running repair charges of an asset as deferred revenue expenditure.
- (vii) Overvaluation of finished products due to adoption of excess weight.
- (viii) Non-provision of liabilities for excise duty, transportation charges and inspection charges. Non-provision for advances of doubtful recovery.
- (ix) Valuation of work-in-progress without taking into account the process loss.
- (x) Taking credit for interest on outstanding amounts which were doubtful of recovery.
- (xi) Under-provision for bad and doubtful debts advances and claims.
- (xii) Non-provision for salaries, wages, pension and gratuity.
- (xiii) Under-provision of electricity duty, power and fuel, depreciation, general expenses, interest and maintenance expenses of railway sidings.
- (xiv) Excess credit for accrued revenue.

- (xv) Under-provision for miscellaneous losses.
- (xvi) Understatement of consumption of stores and spares.
- (xvii) Treatment of subsidy received to meet capital expenditure as revenue receipt.
- (xviii) Under-provision for interest accrued but not due and interest on Government loans.
- (xix) Non-provision for debit notes representing interest charges, carrying charges and miscellaneous expenses.
- (xx) Under-provision of liability for sales tax.
- (xxi) Accountal of stock of a project which was yet to be taken over.
- (xxii) Non-provision of liability for Stores received and consumed during the year.

20. Loss was overstated due to :

- (i) Excess provision for leave encashment of employees.
- (ii) Adjusting the profit on conversion of payments to foreign financiers during the post commercial production period to 'Incidental expenditure during construction Account' instead of crediting the same to the Profit and Loss Account.
- (iii) Non-accountal of accrued income.
- (iv) Erroneous treatment of an item of revenue receipt as a liability.
- (v) Non-accountal of stock.



21. Cumulative loss was overstated due to provision of penal interest on principal and overdue interest even though period of repayment of loan had already been extended.

22. Consequent upon discontinuance of self insurance scheme, the provision remaining unutilised and no longer required had not been written back.

23. Excess provision for depreciation made in earlier years had not been reassessed and written back.

24. There was overvaluation of :

- (i) Closing stock due to inclusion of certain in-admissible elements of cost.
- (ii) Finished stock due to valuing it at higher of cost or sale/realisable price.
- (iii) Works-in-progress due to inclusion of the cost overrun in respect of goods intended for sale.
- (iv) Buildings due to capitalisation of repairs and renewals.
- (v) Stock-in-trade due to valuing of a certain item having nil cost.
- (vi) Stock-in-trade due to valuing it at higher price.
- (vii) Work-in-progress due to valuing it at cost which exceeded the estimated realisable value.
- (viii) Stock transferred to show rooms due to its valuation at selling price which was higher than cost.
- (ix) Stock in trade due to mistakes in computation and totalling.

25. Materials-in-transit had not been accounted for.

26. Stock was under valued due to valuation of work-in-progress at market value in deviation from the declared accounting policy of valuing it at factory cost or realisable value, market value being substantially lower than factory cost or realisable value.

27. Stock-in-trade included stock valued at cost pertaining to earlier years, at which no buyer could be found and the Company had approved sale of the stock at prices below cost.

28. Raw materials included value of materials declared as scrap.

29. Finished products transferred from one division to another, remaining un-utilised and lying in closing stock of raw materials of the latter division at the end of the year, were valued at selling price resulting in credit being taken for unrealised profit.

30. Stock-in-trade was undervalued due to adoption of incorrect rates/incorrect quantity.

31. Sundry creditors included payments received on account of export incentives for earlier years.

32. Cheque of the year was not brought to account.

33. Lease-hold land included free-hold land.

34. Capital work-in-progress included :—

(i) Value of certain plant and machinery which had already been commissioned.

(ii) Value of dismantled/to be dismantled portion of quarters due to bad workmanship and other reasons.

35. Capital work-in-progress did not include :—

(i) Value of work done.

(ii) Fee paid to the architect which was wrongly debited to loans and advances.

36. Cash and bank balances were overstated by inclusion of amount receivable which should have been shown under Sundry Debtors.

37. Bank balance had been arrived at without writing back cheques which had become time barred for non-presentation.

38. Cash and bank balance excluded cheques and bank drafts received before close of the year.

39. Cheques received from another Government Company by way of refund of a loan advanced without complying with the provisions of the Memorandum of Association had not been accounted for, nor had the fact that these did not form part of cash balance been disclosed.

40. Discounting/interest charges payable alongwith the cost of an asset in the following years was capitalised instead of treating it as deferred revenue expenditure.

41. Current assets did not include value of work-in-progress which was not assessed.

42. Capital equipment purchased out of interest free loans and grants-in-aid had been charged off to the Profit and Loss Account.

43. No records were maintained for the finished stock received, issued and held in stock and adoption of physical balances available as stock balances had resulted in adjustment of shortages/excesses without verifying the correctness thereof.

44. Shortages and excesses in stock-in-trade noticed on physical verification at the close of the accounting period were neither adjusted nor disclosed in accounts.

45. Difference between depreciation calculated on revalued cost of fixed assets and that on original cost was charged to 'Capital Reserve' instead of the 'Profit and Loss Account'.

46. Sundry Debtors—considered good included :

- (i) Debts disputed by the concerned parties.
- (ii) Amount deducted by a customer for non-supply of spares.
- (iii) Penalty for late delivery adjusted by a customer on the ground that a counter-claim was pending.
- (iv) Escalation claims disputed by sister undertakings.
- (v) Debts doubtful of recovery.

47. Claims recoverable—considered good included :

- (i) Claims for reimbursement of freight and insurance charges from Government without having paid the amount or having created a liability for the same.
- (ii) Claim which had not been withdrawn/rejected or were of doubtful recovery.

48. Advances to suppliers and Sundry Creditors had been understated due to erroneous netting of balances under these heads.

49. Advance against supply of capital equipment had been retained under advance notwithstanding the fact that the machinery in question had been received and taken into account.

50. Sundry debtors and sales had been overstated by including value of disallowed claims in excess of the maximum amount receivable as per agreements.

51. Classification of buildings into factory and non-factory categorisation of buildings into first, second and third class had not been done, and depreciation on all buildings had been charged at a uniform rate.

52. Gross block did not include the cost of assets which was met by outside agencies by way of grant or subsidy.

53. Surplus plant and machinery intended to be disposed of was included at book-value even though realisable value was much lower.

54. A part of the customs duty paid on the import of a machine had not been capitalised on the ground that the duty paid was under dispute though no claim for its refund had been lodged.

55. Major improvement of a fixed asset effected at the cost of an outside agency was not brought to account in the books of the Company.

56. Goods under inspection and in-transit excluded raw materials, components and spares.

57. Profit and loss account also covered pre-incorporation period though profit relating to pre-incorporation period was transferred to 'Capital Reserve'.

58. Deferred revenue expenditure stood over stated as the subsidy received during the year had not been adjusted against it.

59. Deferred revenue expenditure was treated as work-in-progress.

60. Written down value less scrap value of assets discarded during earlier years had not been written off as required under provisio to Section 350 of the Companies Act, 1956.

61. Profit on sale of fixed assets had been treated as miscellaneous income instead of transferring it to 'Capital Reserved'.

62. Inventories were overstated/understated due to :—
- (i) Non-accountal of imported goods discharged at the port before the close of the year.
  - (ii) Non-accountal of stock lying at site.
  - (iii) Non-deduction of refundable countervailing duty.
  - (iv) Non-accountal of stores and spares.
  - (v) Materials lying with the sub-contractors which had not been accounted for.
  - (vi) Valuation of closing inventory at 'net realisable price' which exceeded the cost.
63. Customs duty payable on goods lying in bonded warehouses had neither been taken into account for valuing the closing inventories nor quantified in the notes forming part of accounts.
64. Information furnished in the schedules to the accounts was incorrect.
65. The estimated amount of contracts remaining to be executed on capital account and not provided for had not been shown correctly.
66. Contingent liability excluded claims from Central Excise and Commercial Tax authorities, contested by the Company.
67. Contingent liability in respect of bills discounted with bankers remaining outstanding had not been disclosed.
68. Claims not acknowledged as debt were understated.
69. Counterguarantee given by the Company to the Bank had not been disclosed as contingent liability.

70. Contingent liability was overstated by inclusion of forward contract entered into after the close of the year.

71. Liability for gratuity had been shown as contingent liability.

72. The following types of errors of classification were noticed :—

- (i) 'Advances recoverable in cash or kind or for value received' had been shown under 'Balances with Customs, Port Trust and Government bodies'.
- (ii) Value of material purchased on behalf of another Company had been shown under 'inventories' instead of 'claims receivable'.
- (iii) Security deposit made by the Company had been shown under sundry debtors instead of 'Loans and Advances'.
- (iv) 'Cash-in-hand' at branch office had been shown under 'Other Advances'.
- (v) Gratuity paid had been shown under insurance.
- (vi) Donations were included under office expenses.
- (vii) Repairs and maintenance had been shown under 'Capital work-in-progress'.
- (viii) Imprest cash with various units was shown under 'Loans and Advances'.

- (ix) Finished goods had been included under work-in-progress.
- (x) 'Interest accrued but not due' had been included under 'interest accrued and due'.
- (xi) 'Office rent' and 'bad debts written off' had been shown under 'Miscellaneous expenses'.

73. Non-disclosure of information in respect of the following :

- (i) Fee paid to Auditors for audit of Provident Fund Account.
- (ii) Certain perquisites to the Executives.
- (iii) Expenditure on power and fuel.
- (iv) Advances to Directors, Officers of the Company together with maximum amounts due at any time during the year.
- (v) Quantum of increase, decrease in the liability arising out of exchange rate fluctuations for deferred payments for supplies, services imported from a foreign country.
- (vi) The period for which dividends were in arrears on the cumulative preference shares.
- (vii) Revision of accounts already approved by the Board of Directors and certified by the Statutory Auditors.
- (viii) Nature of Sundry Debtors as to whether secured or unsecured.



(ix) Installed capacity.

(x) Product-wise details of turnover of items for which the Company was holding separate industrial licenses.

(xi) Change in the period of accounting.

(xii) Nature of loans and advances as to whether secured or unsecured.

74. The fact that the Company had provided Cars to the Chairman/Managing Director/Director not wholly and exclusively for the performance of official duties and the value of the perquisites for the private use of such cars had not been disclosed.

75. The fact that no depreciation had been provided on assets of a Mill during the period it remained under Court management, had not been disclosed.

76. Capital expenditure on township and other amenities together with depreciation thereon and the revenue expenditure on social amenities had not been disclosed.

77. The fact that the sales had been valued at rates higher than those agreed to by the buyer although the higher rates were dependent upon Government decision on the quantum of subsidy to be paid to the buyer, had not been disclosed.

78. The fact that certain items of income and expenditure had been accounted for on cash basis, had not been disclosed.

79. Interest on Government loans obtained to meet expenditure on expansion schemes was not provided on consistent basis in different years nor the fact of change disclosed.

80. Cheques issued to another Government Company by way of refund of a loan obtained without complying with the provisions of the Articles of Association had not been accounted for nor the fact of issue of the cheques been disclosed.

81. The incidence of shortages in excess of the limit prescribed in Project Report had not been disclosed.

82. There was incorrect computation of remuneration payable to Chairman-cum-Managing Director.

83. The effect of the change in the method of accounting or basis of valuation on the profit and loss account had not been disclosed.

84. The fact that physical verification of only a part of inventory was carried out had not been disclosed.

85. Disclosure of the number of employees drawing more than Rs. 36,000 per year or Rs. 3,000 per month was not made/ was found to be incorrect.

86. The fact that depreciation on plant and machinery provided on triple shift for full year instead of for number of days actually worked had not been disclosed.

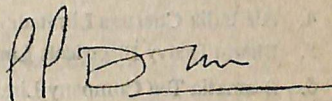
87. Non-provision of pension contribution in respect of Central Industrial Security Force personnel had not been disclosed.

88. Number of equity shares held by the holding Company was not disclosed.

89. The fact that sales and stock of finished goods were valued on provisional price basis was not disclosed.

90. Corresponding figures for the previous year were not comparable. Previous year's figures were incorrect.

91. Information given in some of the notes forming part of the accounts was incorrect or not adequate.

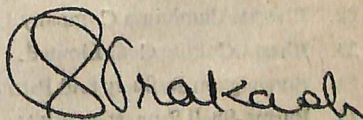


(P. P. DHIR)

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

New Delhi  
The 22-5-1982

Countersigned



(GIAN PRAKASH)

*Comptroller and Auditor General of India.*

New Delhi  
The 22-5-1982

## APPENDIX I

### List of Government Companies

1. Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.
2. Andrew Yule and Company Limited.
3. Artificial Limbs Manufacturing Corporation of India Limited.
4. Air India Charters Limited.
5. Bharat Heavy Electricals Limited.
6. Basmatia Tea Company Limited.
7. Bharat Earth Movers Limited.
8. Bharat Electronics Limited.
9. Bharat Heavy Plate and Vessels Limited.
10. Bharat Dynamics Limited.
11. Bharat Ophthalmic Glass Limited.
12. Bharat Brakes and Valves Limited.
13. Bharat Wagon and Engineering Company Limited.
14. Balmer Lawrie and Company Limited.
15. Biecco Lawrie Limited.
16. Bridge and Roof Company (India) Limited.
17. Bharat Pumps and Compressors Limited.
18. Bharat Gold Mines Limited.
19. Bharat Refractories Limited.
20. Banana and Fruit Development Corporation Limited.
21. Bharat Leather Corporation Limited.
22. Bharat Aluminium Company Limited.
23. Bharat Coking Coal Limited.
24. Bongaigaon Refinery and Petrochemicals Limited.
25. Burma-Shell Properties Private Limited.
26. Braithwaite and Company Limited.
27. Burn Standard Company Limited.
28. Bharat Petroleum Corporation Limited.

29. Central Electronics Limited.
30. Cement Corporation of India Limited.
31. Central Coalfields Limited.
32. Central Inland Water Transport Corporation Limited.
33. Cochin Refineries Limited.
34. Computer Maintenance Corporation Limited.
35. Central Cottage Industries Corporation of India Limited.
36. Chandigarh Scheduled Castes Financial & Development Corporation Limited.
37. Chitpore Golabari Company Limited.
38. Clive Row Investment Holding Company Limited.
39. Cochin Shipyard Limited.
40. Central Road Transport Corporation Limited.
41. Coburn Properties Limited.
42. Coal India Limited.
43. Central Fisheries Corporation Limited.
44. Central Mine Planning and Design Institute Limited.
45. Chandigarh Small Industries Development Corporation Limited.
46. Dredging Corporation of India Limited.
47. Delhi State Industries Development Corporation Limited.
48. Delhi Tourism Development Corporation Limited.
49. Electronics Trade and Technology Development Corporation Limited.
50. Electronics Corporation of India Limited.
51. Engineers India Limited.
52. Engineering Projects (India) Limited.
53. Export Credit and Guarantee Corporation Limited.
54. Eastern Coalfields Limited.
55. Ferro Scrap Nigam Limited.
56. Film Finance Corporation Limited.
57. Garden Reach Shipbuilders and Engineers Limited.
58. Goa Shipyard Limited.
59. General Insurance Corporation of India .
60. Gujarat Drugs and Pharmaceuticals Limited.
61. Hindustan Machine Tools Limited.
62. Hindustan Cables Limited.
63. Heavy Engineering Corporation Limited.

64. Hindustan Fertilizers Corporation Limited.
65. Hindustan Aeronautics Limited.
66. Hindustan Antibiotics Limited.
67. Hindustan Insecticides Limited.
68. Hindustan Photo Films Manufacturing Company Limited.
69. Hindustan Organic Chemicals Limited.
70. Hindustan Zinc Limited.
71. Hindustan Copper Limited.
72. Hindustan Shipyard Limited.
73. Hindustan Petroleum Corporation Limited.
74. Hindustan Prefab Limited.
75. Hindustan Steelworks Construction Limited.
76. Hindustan Latex Limited.
77. H.M.T. (International) Limited.
78. Housing and Urban Development Corporation Limited.
79. Hindustan Paper Corporation Limited.
80. Hindustan Teleprinters Limited.
81. Hindustan Salts Limited.
82. Hooghly Printing Company Limited.
83. Hotel Corporation of India Limited.
84. Indian Drugs and Pharmaceuticals Limited.
85. Indian Telephone Industries Limited.
86. Indian Petrochemicals Corporation Limited.
87. Indian Medicines Pharmaceuticals Corporation Limited.
88. Indian Rare Earths Limited.
89. Indian Oil Corporation Limited.
90. Indo-Burma Petroleum Company Limited.
91. Indian Railway Construction Company Limited.
92. Indian Road Construction Corporation Limited.
93. India Firebricks and Insulation Company Limited.
94. Indian Dairy Corporation.
95. Indian Tourism Development Corporation Limited.
96. Indian Iron and Steel Company Limited.
97. Instrumentation Limited.
98. Indian Oil Blending Limited.
99. Industrial Credit Company Limited.

100. IISCO Stanton Pipe and Foundry Company Limited.
101. Jessop and Company Limited.
102. Jute Corporation of India Limited.
103. Kudremukh Iron Ore Company Limited.
104. Karnataka Cashew Developmmt Corporation Limited.
105. Lagan Jute Machinery Company Limited.
106. Lubrizol India Limited.
107. Mining and Allied Machinery Corporation Limited.
108. Madras Fertilizers Limited.
109. Maharashtra Antibiotics and Pharmaceuticals Limited.
110. Mineral Exploration Corporation Limited.
111. Manganese Ore (India) Limited.
112. Mazagon Dock Limited.
113. Madras Refineries Limited.
114. Modern Bakeries (India) Limited.
115. Metal Scrap Trade Corporation Limited.
116. Metallurgical and Engineering Consultants (India) Limited.
117. Mishra Dhatu Nigam Limited.
118. Mysore Porcelains Limited.
119. National Instruments Limited.
120. Neyveli Lignite Corporation Limited.
121. National Mineral Development Corporation Limited.
122. National Projects Construction Corporation Limited.
123. National Research Development Corporation of India.
124. Nagaland Pulp and Paper Company Limited.
125. National Fertilizers Limited.
126. National Thermal Power Corporation Limited.
127. National Hydro-Electric Power Corporation Limited.
128. North Eastern Electric Power Corporation Limited.
129. North Eastern Handicrafts and Handlooms Development Corporation Limited.
130. National Textile Corporation Limited.
131. National Seeds Corporation Limited.
132. National Film Development Corporation Limited.
133. National Textile Corporation (Tamilnadu and Pondicherry) Limited.
134. National Textile Corporation (U.P.) Limited.
135. National Textile Corporation (Delhi, Punjab and Rajasthan) Limited.

136. National Textile Corporation (Madhya Pradesh) Limited.
137. National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited.
138. National Textile Corporation (Gujarat) Limited.
139. National Textile Corporation (South Maharashtra) Limited.
140. National Textile Corporation (Maharashtra North) Limited.
141. National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited
142. National Buildings Construction Corporation Limited.
143. National Insurance Company Limited.
144. New India Assurance Company Limited.
145. Oriental Fire and General Insurance Company Limited.
146. Orissa Drugs and Pharmaceuticals Limited.
147. Praga Tools Limited.
148. Punjab Maize Products Limited
149. Pyrites, Phosphates and Chemicals Limited.
150. Rajgarh Tea Company Limited.
151. Rajasthan Drugs and Pharmaceuticals Limited.
152. Richardson and Cruddas (1972) Limited.
153. Radio and Electrical Manufacturing Company Limited.
154. Rashtriya Chemicals and Fertilizers Limited.
155. Rail India Technical and Economic Services Limited.
156. Rural Electrification Corporation Limited.
157. Rehabilitation Industries Corporation Limited.
158. Semiconductor Complex Limited.
159. Scooters India Limited.
160. Smith Stanistreet Pharmaceuticals Limited.
161. Sponge Iron India Limited.
162. Steel Authority of India Limited.
163. State Chemicals and Pharmaceuticals Corporation of India Limited.
164. State Farms Corporation of India Limited.
165. Steam and Mining (Switchgear) Limited.



166. Sambhar Salts Limited.
167. Telecommunications Consultants India Limited.
168. Tungabhadra Steel Products Limited.
169. Triveni Structurals Limited.
170. Trade Fair Authority of India.
171. The Fertilizer Corporation of India Limited.
172. The Fertilizer and Chemicals Travancore Limited.
173. The Fertilizer (Planning and Development) India Limited.
174. The Mandya National Paper Mills Limited.
175. The National Newsprint and Paper Mills Limited.
176. The Mogul Line Limited.
177. The Shipping Corporation of India Limited.
178. Tannery and Footwear Corporation of India Limited.
179. The State Trading Corporation of India Limited.
180. The Minerals and Metals Trading Corporation of India Limited.
181. The Cotton Corporation of India Limited.
182. The Mica Trading Corporation of India Limited.
183. Tea Trading Corporation of India Limited.
184. The Cashew Corporation of India Limited.
185. The Projects and Equipment Corporation of India Limited.
186. The National Small Industries Corporation Limited.
187. The National Industrial Development Corporation Limited.
188. The Handicrafts and Handlooms Exports Corporation of India Limited.
189. The Indian Motion Pictures Export Corporation Limited.
190. The Murphulani (Assam) Tea Company Limited.
191. The Southern Pesticides Corporation Limited.
192. U.P. Drugs and Pharmaceuticals Company Limited.

193. Uranium Corporation of India Limited.
194. United India Insurance Company Limited.
195. Water and Power Development Consultancy Services (India) Limited.
196. Western Coalfields Limited.
197. Zenith Assurance Company Limited.

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NOTE : 1. In respect of Serial Nos. 3, 7, 13, 16, 18, 24, 25, 29, 38, 45, 49, 50, 60, 67, 70, 76, 82, 87, 91, 92, 96, 100, 104, 109, 118, 129, 148, 158, 159, 166, 174 and 183 Supplementary Reports were not received from Statutory Auditors.

2. In respect of Serial Nos. 4, 59, 83, 99, 143, 144, 145, 194 and 197 directions to Statutory Auditors were not issued.
3. In respect of Serial Nos. 12, 26, 35, 40, 41, 43, 47, 48 and 102 accounts were in arrears, hence Supplementary Reports were not received.
4. In respect of Serial Nos. 5, 23, 42, 54, 61, 65, 84, 95, 130, 133, 135, 136, 137, 138, 139, 140, 141, 155, 163, 179 and 196 Supplementary Reports in respect of units/branches mentioned in Annexure were not received from Statutory Auditors.
5. In respect of Serial Nos. 1, 6, 34, 45, 77, 87, 91, 98, 100, 101, 104, 115, 123, 128, 129, 148, 149, 150, 151, 158, 160, 165, 167 and 192 accounts were not selected for purpose of review under Section 619(4) of the Companies Act, 1956.
6. In respect of Serial Nos. 5, 7, 8, 10, 11, 14, 15, 18, 22, 23, 27, 29, 31, 42, 44, 46, 51, 54, 61, 62, 63, 68, 70, 72, 75, 80, 83, 85, 88, 90, 94, 96, 103, 105, 112, 117, 120, 121, 125, 127, 130, 134, 135, 141, 152, 153, 161, 162, 163, 168, 173, 175, 176, 178, 179, 180, 181, 188 and 196 the accounts of the Companies were revised in the light of Comments raised under Section 619(4) of the Companies Act, 1956.

## APPENDIX II

List of Companies coming within the purview of section 619-B of the Company Act

1. Ashok Paper Mills Limited.
2. Andhra Pradesh Industrial and Technical Consultancy Organisation Limited.
3. Agricultural Finance Corporation Limited.
4. Allied International Products Limited.
5. Accumeasures Punjab Limited.
6. Associated Glass Industries Limited.
7. Bihar Industrial and Technical Consultancy Organisation Limited.
8. Brindavan Alloys Limited.
9. Bengal Assam Steamship Company Limited.
10. Banarhat Tea Company Limited.
11. Coromandal Agro Products and Oils Limited.
12. Delta Paper Mills Limited.
13. Derco Cooling Coils Limited.
14. Excellisior Plants Corporation Limited (In liquidation).
15. Gogte Steels Limited.
16. Gangawati Sugars Limited.
17. Gayday Iron and Steel Company Limited.
18. Hindustan Heavy Chemicals Limited.
19. Hoolungooree Tea Company Limited.
20. Hydrocarbons India Limited (Subsidiary to Oil and Natural Gas Commission).
21. Indian Fine Blank Limited.
22. Industrial Reconstruction Corporation of India Limited.
23. Industrial and Technical Consultancy Organisation of Tamil Nadu Limited.
24. J & K Industrial and Technical Consultancy Organisation Limited.
25. Kerala Industrial and Technical Consultancy Organisation Limited.
26. Kohinoor Mills Company Limited.
27. Madan Industries Limited.

28. Mandovi Pellets Limited.
29. Nagarjuna Steels Limited.
30. Neiveli Ceramics and Refractories Limited.
31. North Eastern Industrial and Technical Consultancy Organisation Limited.
32. Nalanda Ceramics and Industries Limited.
33. Orissa Fertilizers and Chemicals Limited.
34. Orissa Industrial and Technical Consultancy Organisation Limited.
35. Punjab Tractors Limited.
36. Pandayan Hotels Limited.
37. Protein Products of India Limited.
38. Shyam Properties Limited.
39. Shriram Pistons and Rings Limited.
40. Siporex India Limited.
41. The Braithwaite Burn and Jessop Construction Company Limited.
42. Textile Processing Corporation of India Limited.
43. The Industrial Credit and Investment Corporation of India Limited.
44. The Mim Tea Company Limited.
45. Universal Conveyor Beltings Limited.
46. U.P. Industrial Consultants Limited.
47. Vikrant Tyres Limited.
48. Vidyut Steel Limited.
49. Wagon India Limited.
50. Webel Electro Ceramics Limited.
51. West Bengal Consultancy Organisation Limited.
52. West India Chemicals Limited.

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- NOTE : 1. In respect of Serial Nos. 1, 19 and 31 the accounts were not selected for the purpose of review under Section 619(4) of the Companies Act, 1956.
2. In respect of Serial Nos. 4, 5, 6, 14, 15, 16, 17, 32, 33, 36, 38, 52 the accounts of the Companies were not received.
  3. In respect of Serial Nos. 7, 8, 11, 29, 42, 43 and 48 accounts of the Companies were revised in the light of Comments raised under Section 619(4) of the Companies Act.

## ANNEXURE

*Supplementary Reports in respect of units/branches not received.*

Sl. No.	Name of the Company	Particulars of the units/branches
1	2	3
1.	Bharat Coking Coal Limited.	Areas No. I, II, III, IV, V, VII, VIII, IX, X and XI.
2.	Bharat Heavy Electricals Limited.	BHEL Regional Operations, Project Engineering Division, Transport Division, Overseas Projects Division, Expert Division, Corporate Office, Marketing and Sales Division New Delhi, Computer Services Division, Power Projects Division-Northern, Eastern and Western Regions, Muzaffarnagar Research and Development unit and Marketing Development Institute, Heavy Power Equipment Plant.
3.	CoalIndia Limited.	Head Office, North-Eastern coalfields Assam Area and sub-office thereunder.
4.	Eastern Coalfields Limited.	Neamatpur Workshop. Kenda and Bankola Area.
5.	Hindustan Aeronautics Limited.	Head Office including Liaison office at London, New Delhi. Nasik Division, Koraput, Hyderabad units, M D MIG Complex Bangalore including Moscow cell, MD Accessories, Bangalore and Kanpur Division.
6.	Hindustan Machine Tools Limited	Head Office Bangalore, Export Division and Watch Factory I & II Watch Directorate including watch marketing, Bangalore and ancillary units watch Factory, Srinagar.

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7. Indian Drugs and Pharmaceuticals Limited.

Regional Office/Depots at New Delhi, Karnal, Chandigarh, Lucknow and Jaipur, Ahmedabad, Bombay, Indore Cochin and Bangalore units.

8. India Tourism Development Corporation Limited.

Hotel Janpath, Ranjeet Hotel. Transport Division including Transport unit in Northern Region, Transport units at Indore and Jabalpur, Jammu Motel, Khajuraho Hotel and Transport Unit Khajuraho, Hotel Kanishk Delhi, Varanasi Hotel, including Transport unit at Varanasi and Airport Resturant at Varanasi.

— Hotel Patliputra, Patna Airport Resturant, Transport unit at Patna.

— Kovalam Complex including Kovalam Palace Hotel (Halcyon Castle), Beach Centre, Project Office, Kovalam Beach Resort Hotel, Detached unit and Transport unit Kovalam.

— Ashok Hotel, Bangalore including Lalit Mahal Palace Hotel, Hassan Motel and Transport unit at Bangalore, Airport Restaurant Bangalore.

— Madurai Hotel.

— Kalinga Hotel, Bhubaneswar.

9. National Textile Corporation Limited

Headquarter including Marketing Division, Zonal office, North-New Delhi, Chandigarh, Marketing Division Bombay. Indore-Marketing Division, Zonal office Madras, Madras Division, Trichy Division, Marketing Divisions Calcutta, Bhubaneswar Varansi Marketing Division Bangalore.

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10. National Textile Corporation (Dehli, Punjab and Rajasthan) Limited. Dayal Bagh Spinning and Weaving Mills, Regional sales Depot Be war, Sri Bajaj Cotton Mills, Ludhiana, Panipat and Bombay Depot.
11. National Textile Corporation (Madhya Pradesh) Limited. Kalyanmal Mills Indore, and Indore Malwa United Mills.
12. National Textile Corporation (South Maharashtra) Limited. [Aurangabad Textile Mills.
13. National Textile Corporation (Gujarat) Limited. Jahangir Textile Mills, Ahmedabad New Textile Mills. Petlad Textile Mills, Vira-mgam Textile Mills, New Manek Chowk Textile Mills Rajnagar Textile Mills, Rajkot Textile Mills, Mahalakshmi Textile Mills, Ahmedabad, Jupitar Textile Mills, Himadri Textile Mills and Central Laboratory.
14. National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited. Rampulia Cotton Mills, Associated Industries, Central Cotton Mills, Sodepur Cotton Mills, Shri Mahalakshmi Cotton Mills, Gaya Cotton & Jute Mills, Arti Cotton Mills.
15. National Textile Corporation (Maharashtra North) Limited. RBB Mills, Sanvatram Ram Prasad Mills, India United Mills No. 6.
16. National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited. Cannanore Spinning and Weaving Mills, Cannanore and Mahe, Netha Spinning Mills, Vijyamehini Mills Trivandrum, Algappa Textiles (Cechin) Mill Alagappanagar.
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1	2	3
17. National Textile Corporation (Tamil Nadu and Pondicherry) Limited.	.	Coimbatore Spinning and Weaving Mills, Balaramverma Textiles, Omprakash Mills, Coimbatore Mills
18. Rail India, Technical and Economic Services Limited.	. . . . .	Head Office.
19. State Chemicals and pharmaceuticals Corporation Limited.	. . . . .	Calcutta Branch.
20. The State Trading Corporation of India Limited.	. . . . .	Guntur Branch, Kandla Branch, Madras Branch and Bombay Unit.
21. Western Coalfields Limited.	. . . . .	Headquarters, Nagpur sales Accounts, Pench Area, Chirmiri Area, I.B. Valley Area.



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