

**Report of the
Comptroller and Auditor General
of India**

for the year ended March 2003

Union Government (Commercial)

Public Sector Undertakings

Comments on Accounts

No. 2 of 2004

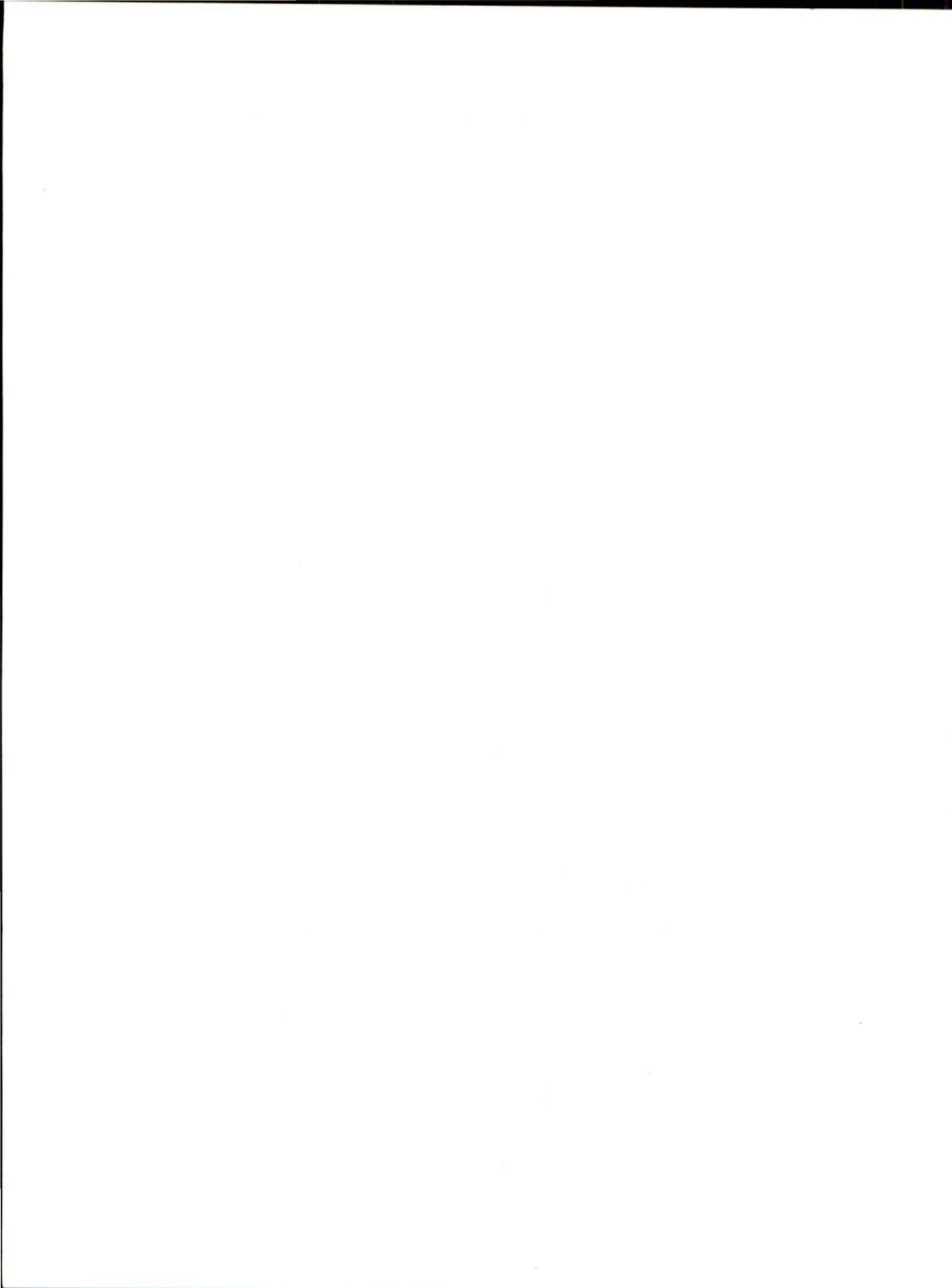
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PREFACE

The accounts of Government Companies set up under the provisions of the Companies Act, 1956 (including Government Insurance Companies and Companies Deemed to be Government Companies as per provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act, 1956. The accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the CAG under the Companies Act, 1956 (as per amendment made in December 2000) are subjected to supplementary or test audit by officers of CAG and CAG gives his comments or supplements the report of the Statutory Auditors. The Companies Act, 1956 empowers CAG to issue directions to the Statutory Auditors on the manner in which the Company's accounts shall be audited.

2. The statutes governing some Corporations and Authorities require their accounts to be audited by CAG and reports to be given by him. In respect of 4 such corporations, viz., Airports Authority of India, National Highways Authority of India, Inland Waterways Authority of India, and Damodar Valley Corporation, relevant statutes designate CAG as their sole auditor. The Food Corporation Act, 1964 was amended on 2 June 2000 whereby CAG was made the sole auditor for this Corporation also. In respect of Central Warehousing Corporation, CAG has the right to conduct a supplementary or test audit after audit has been conducted by the Chartered Accountants appointed under the statute governing the Corporation.

3. Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by CAG under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended in 1984.

4. Three annual reports on the accounts of the Central Government Companies and Corporations are issued by CAG to the Government. These are:

'Report No. 1 (Commercial) - Review of Accounts' gives an overall appreciation of the performance of the Companies and Corporations as revealed by their accounts and information obtained in audit.

'Report No.2 (Commercial)-Comments on Accounts' contains extracts from the important comments of CAG on the accounts of the Companies and Corporations and a resume of the reports submitted by the Statutory Auditors (Chartered Accountants) on the audit of the Companies in pursuance of the directions issued by CAG.

'Report No.3 (Commercial)- Transaction Audit Observations' contains the observations on individual topics of interest noticed in the course of audit of the Companies and Corporations and short reviews on aspects of their working.

5. Audit Boards are set up under the supervision and control of CAG to undertake comprehensive appraisals of the performance of the Companies and Corporations subject to audit by CAG. Each Audit Board consists of the Chairman (Deputy Comptroller and Auditor General), two or three whole-time members of the rank of Principal Director of Audit under CAG and two technical or other experts in the area of performance of the

Company or Corporation who are part-time members. The part-time members are appointed by the Government of India (in the respective Ministry or Department controlling the Company or Corporation) with the concurrence of CAG. CAG also reviews certain specific aspects of functioning of some PSUs outside the mechanism of the Audit Board. The reports of CAG based on such performance appraisals by the Audit Board and other reviews are issued to the Government as separate reports in addition to the annual reports mentioned in para 4.

6. Provisions exist in the Acts governing Reserve Bank of India, Export-Import Bank of India, Industrial Reconstruction Bank of India, National Bank for Agricultural and Rural Development and National Housing Bank for the Central Government to appoint CAG, at any time, to examine and report upon their accounts. No such appointment was made during 2002-2003.

7. Gist of important comments or supplementary audit observations of CAG made on the accounts of Central Government Companies and other Central Public Sector Undertakings for the year 2002-2003, or earlier years and significant findings reported by the Statutory Auditors while certifying the accounts of PSUs are given in this Report. A resume of the reports submitted to CAG by Statutory Auditors of these Companies/Corporations in compliance with the directions issued to them under Section 619(3) (a) of the Companies Act, 1956, covering the accounts for the year 2002-2003 (or earlier years as are finalised during the current year), is also given in this Report.

8. All references to 'Government Companies/Corporations or PSU's in this report may be constructed to refer to 'Central Government Companies/Corporations' unless the context thereof suggests otherwise.

OVERVIEW

I. Comments on Accounts of Public Sector Undertakings

The number of Central Government Companies including Deemed Government Companies and Corporations for which accounts for 2002-2003 were received for audit under the Statutes governing the concerned Corporation or for supplementary audit under Section 619 (4) of the Companies Act, 1956 and in respect of which comments were issued was as follows:-

	Government Companies	Deemed Government Companies	Corporations	Total
a) Total number of Central Government Companies/ Corporations	283	83	6	372
b) No. of Companies/ Corporations where accounts were received (upto 31 October 2003)	224	61	5	290
c) No. of Companies/ Corporations the accounts of which were selected or test checked.	194	54	5	253
d) No. of Companies/ Corporations the accounts of which were revised as a result of test check and consequently no comments were issued.	17	1	0	18
e) No. of Companies/ Corporations the accounts of which were partly revised and comments were issued.	2	0	0	2
f) No. of Companies/ Corporations on the accounts of which supplementary audit comments were issued.	59	3	2	64
g) No. of Companies/ Corporations on the accounts of which no supplementary comments were issued.	102	48	0	150
h) No. of Companies/ Corporations where audit of accounts was in progress (as of 31 October 2003)	14	2	3	19

II. Revision of Profit or Loss in Accounts:

As a result of the test audit of the accounts of Government Companies and Deemed Government Companies by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 and consequent revision of their accounts by some of

the Companies, the impact on profit/loss shown in the accounts for 2002-2003 was as follows:

	(Rupees in crore)	
	No. of Companies	Net Effect
i) Increase in Profit	2	1.90
ii) Decrease in Profit	9	200.04
iii) Increase in Loss	6	83.89
iv) Decrease in Loss	1	0.20

[Paragraph 1.1(A)]

III. Nature of Comments

The comments issued by the Comptroller and Auditor General of India on the accounts of the Public Sector Undertakings (PSUs) audited under Companies Act, 1956 were of the following nature.

(i) On Balance Sheet

Aggregate value of assets as on 31 March 2003 was overstated by Rs.812.77 crore in 22 PSUs and understated by Rs.42.95 crore in 5 PSUs. Similarly liabilities were understated by Rs.369.73 crore in 17 PSUs and overstated by Rs.1.14 crore in one PSU excluding Navratna PSUs.

[Paragraph 1.1-B (a)(i& ii)]

(ii) On Profit or Loss

(a) Had all the 30 PSUs whose accounts were test checked and were reflected in this report revised their accounts on the basis of comments made by CAG, aggregate profit for 2002-2003 would have decreased by Rs.470.78 crore in 17 PSUs and would have increased by Rs.1.14 crore in one PSU (excluding Navratna PSUs). Similarly, loss for 2002-2003 would have been increased by Rs.668.77 crore in 12 PSUs.

[Paragraph 1.1-B (a)(iii& iv)]

(b) The accounts of all the 9 'Navratna' PSUs were test checked. As a result of test check, aggregate value of assets as on 31 March 2003 was over-stated by Rs.546.70 crore in 5 PSUs. Similarly, liabilities were under-stated by Rs.152.95 crore in 4 PSUs. The comments of CAG on the PSUs brought out over-statement of profit by Rs.461.80 crore in 4 PSUs and under-statement of loss by Rs.237.85 crore in one PSU i.e. Steel Authority of India Limited (SAIL). The overall variance arising in the profit of 8 Navratna (SAIL excluded) as a result of CAG's comments was 1.24 per cent. In the case of SAIL percentage variation in loss as a result of CAG's comments was 78.82 per cent.

[Paragraph 1.1-B (b)(i) & (ii)]

(iii) Significant findings reported by Statutory Auditors as per Section 227 (3) (e) of the Companies Act, 1956 while certifying accounts of PSUs.

[Paragraph 1.4]

(iv) On Capital Erosion

In 6 PSUs, (Bharat Refractories Limited, Hindustan Photo Films Manufacturing Company Limited, Hindustan Steel Works Construction Limited, Hoogly Dock & Port Engineers Limited, Indian Iron and Steel Company Limited and Konkan Railway Corporation Limited), the accounts of which were also test checked, the paid-up-capital was fully eroded by the accumulated losses.

[Paragraphs 1.3.16, 1.3.25, 1.3.26, 1.3.27, 1.3.28 and 1.3.32]

(v) On decline in Net Worth

In 7 PSUs (Andrew Yule & Company Limited, Bharat Coking Coal Limited, Burn Standard Company Limited, Eastern Coalfields Limited, Hindustan Cables Limited, National Fertilizers Limited and National Textiles Corporation (SM) Limited) the net worth as on 31 March 2003 showed a declining trend as compared to the previous year.

[Paragraph 1.3.4, 1.3.6, 1.3.7, 1.3.13, 1.3.14, 1.3.15 and 1.3.35]

IV. Reports by Statutory Auditors

Some of the salient points raised by the Statutory Auditors in pursuance of the directions issued by the Comptroller and Auditor General of India under Section 619(3) (a) of the Companies Act, 1956 were of the following nature:-

- (i) Inadequacy or ineffectiveness in the system of financial control and accounts, non-reconciliation of books and deficiencies in the maintenance of asset registers were noticed.

[Paragraph 2.1 & 2.2]

- (ii) Debts were outstanding for 3 years or more and there was increase in Sundry debtors and doubtful debts.

[Paragraph 2.2]

- (iii) There were cases of non-payment of loan instalments, interest and penal interest by PSUs due on Government loans.

[Paragraph 2.3]

- iv) Excess inventory, surplus or obsolete stores and spares, non-fixation of maximum and minimum levels of stock holdings and non-fixation of economic order quantity were also noticed.

[Paragraph 2.4 & Annexure-III]

- v) Deficiencies in cost control system were also found.

[Paragraph 2.5]

- vi) Internal Audit system was not commensurate with the size and nature of business of PSUs.

[Paragraph 2.6]

- viii) Segment-wise profit and loss statements were not prepared.

[Paragraphs 2.1 and 2.7]

CHAPTER 1
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL
OF INDIA ON PSUs ACCOUNTS

Under Section 619 of the Companies Act, 1956 the Statutory Auditor of a Government Company, appointed by the Central Government on the advice of the Comptroller and Auditor General of India (CAG), conducts the audit of accounts of the Government Companies, which also include companies deemed to be Government Companies under Section 619-B of the Act. On the basis of supplementary audit, CAG issues comments upon or supplements the report of the Statutory Auditors. Statutes governing some Corporations also require their accounts to be audited by CAG and a report to be given to the Government.

The details of Government Companies/Deemed Government Companies and Corporations of the Union Government whose accounts for 2002-2003 were received and audited by CAG were as under:

	Government Companies	Deemed Government Companies	Corporations	Total
(i) No. of PSUs (List given in Appendix I, II and III)	283	83	6	372
(ii) No. of PSUs whose accounts for 2002-2003 were received for audit upto 31 October 2003.	224	61	5	290
(iii) No. of PSUs selected for supplementary audit	194	54	5	253
(iv) No. of PSUs whose accounts were under audit as of 31 October 2003 (see Annexure I)	14	2	3	19

Note Individual PSUs have been listed and marked in Appendix I, II & III by alphabet (R) for accounts received and alphabet (S) for accounts selected for test check.

As a result of supplementary audit of accounts, 19 Government Companies and one deemed Government Company revised their accounts for 2002-2003. Comments were issued on the accounts of 59 Government Companies and three Deemed Government Companies for 2002-2003. Audit Reports on the accounts of two Statutory Corporations (Central Warehousing Corporation and Inland Waterways Authority of India) were also sent to the Government/Corporation.

1.1 (A) Revision of Accounts:

As a result of supplementary audit and consequent corrections made in the accounts for the year ended 31 March 2003, the profit in respect of the following Companies increased (+) or decreased (-) as indicated below:

<i>Increase (+) or Decrease (-) of Profit</i>	
Name of the Company	Rupees in crore
1. Dredging Corporation of India Limited	(+1.50
2. Coal India Limited	(+0.40
Total Increase (+)	(+)1.90
1.Northern Coalfields Limited	(-)114.50
2.Mahanadhi Coalfields Limited	(-)32.54
3.Hindustan Aeronautics Limited	(-)32.25
4.Central Coalfields Limited	(-)9.72
5. Bharat Electronics Limited	(-)3.38
6. South Eastern Coalfields Limited	(-)2.45
7.Neyveli Lignite Corporation Limited	(-)2.44
8. Hindustan Shipyard Limited	(-)1.60
9. National Mineral Development Corporation Limited	(-)1.16
Total Decrease (-)	(-)200.04

In the following Companies, loss for the year increased (-) or decreased (+) as given below:

<i>Increase (-) or Decrease (+) of Loss</i>	
Name of the Company	Rupees in crore
1. Eastern Coalfields Limited	(-)55.70
2. Bharat Cooking Coal Limited	(-)19.06
3. MECON Limited	(-)7.92
4. Hindustan Steel Works Construction Limited	(-)0.82
5. National Textiles Corporation Limited (WBAB&O)	(-)0.27
6. I.T.I Limited	(-) 0.12
Total Increase (-)	(-)83.89
1. Mazagoan Dock Limited	(+0.20
Total Decrease (+)	(+)0.20

Note: The Accounts of Scooters India Limited and Vibank Housing Finance Limited were also revised but there was no financial impact.

1.1 (B) Impact of Comments on Balance Sheet and Profit & Loss Account:

(a) The comments issued by the Comptroller and Auditor General of India on the financial statements of various companies excluding the 'Navratna Companies' in respect of which the position has been brought out separately in para 1.1 (B) (b), indicated that in 22 PSUs assets as on 31 March 2003 were overstated by Rs.812.77 crore and in 5 PSUs these were understated by Rs.42.95 crore. Similarly liabilities were overstated by Rs.1.14 crore in one PSU and understated by Rs.369.73 crore in 17 PSUs. In 17 PSUs net profit for 2002-2003 was overstated by Rs.470.78 crore and in one PSU it was understated by Rs.1.14 crore. Similarly, in 12 PSUs net loss for 2002-2003 was understated by Rs.668.77 crore. The following tables give a Company-wise break up of the financial implication of comments of the Comptroller and Auditor General of India:

(i) Assets overstated (-)/understated (+):

Name of the Company	Rupees in crore
1. Rural Electrification Corporation of India	(-)274.91
2. Food Corporation of India (1999-2000) *	(-)213.71
3. Food Corporation of India (2000-2001)*	(-)147.03
4. Heavy Engineering Corporation Limited	(-)49.62
5. National Hydroelectric Power Corporation Limited	(-)46.42
6. Airport Authority of India Limited	(-)29.08
7. Power Grid Corporation of India Limited	(-)14.16
8. Cement Corporation of India Limited	(-)7.94
9. United India Insurance Company Limited	(-)6.83
10. National Projects Construction Corporation Limited	(-)5.07
11. Instrumentation Limited	(-)3.60
12. Hindustan Antibiotics Limited	(-)3.46
13. Indian Iron & Steel Company Limited	(-)3.21
14. ITI Limited	(-)2.18
15. Other 8 PSUs	(-)5.55
Total over-statement (-)**	(-)812.77
1. National Highways Authority of India	(+)30.47
2. Delhi Metro Rail Corporation Limited	(+)5.68
3. Narmada Hydroelectric Development Corporation Limited	(+)5.08
4. Other – 2 PSUs	(+)1.72
Total under-statement (+)**	(+)42.95

*Includes Rs.360.74 crore relating to the accounts for the years 1999-2000 and 2000-2001. The accounts for 2001-02 had not been finalised till 31 October 2003

**Total assets overstated include Rs.39.46 crore and total Assets understated includes Rs.30.47 crore relating to the accounts for the year 2001-02.

(ii) *Liabilities understated (+)/overstated (-) :*

Name of the Company	Rupees in crore
1. Food Corporation of India (1999-2000)**	(+)17.37
2. Heavy Engineering Corporation Limited	(+)200.84
3. National Hydroelectric Power Corporation Limited	(+)56.74
4. National Highways Authority of India	(+)31.23
5. National Building Construction Corporation Limited	(+)29.93
6. State Trading Corporation of India Limited	(+)6.55
7. Delhi Metro Rail Corporation Limited	(+)5.68
8. Narmada Hydroelectric Development Corporation	(+)5.08
9. Konkan Railway Corporation	(+)3.82
10. Container Corporation of India Limited	(+)3.29
11. Indian Iron & Steel Company Limited	(+)2.57
12. Airports Authority of India	(+)2.54
13. Others – 5 PSUs	(+)4.09
Total liabilities understated (+)*	(+)369.73
1. Pawan Hans Helicopters Limited	(-)1.14
Total liabilities overstated (-)*	(-)1.14

*Total liabilities understated includes Rs.33.77 crore and total liabilities overstated Rs.1.14 crore relating to the accounts for the year 2001-2002

**includes Rs.17.37 crore relating to the accounts for the year 1999-2000.

(iii) *Profit overstated (-)/understated (+):*

Name of the Company	(Rs. in crore)
1. Rural Electrical Corporation Limited	(-)274.91
2. National Hydroelectric Power Corporation Limited	(-)103.16
3. Airport Authority of India Limited	(-)31.62
4. National Building Construction Corporation Limited	(-)28.76
5. Powergrid Corporation of India Limited	(-)15.06
6. United India Insurance Company Limited	(-)6.83
7. Container Corporation of India Limited	(-)3.29
8. Others - 10 PSUs	(-)7.15
Total Profit over-stated (-)*	(-)470.78
1. Pawan Hans Helicopters Limited	(+)1.14
Total Profit under-stated (+)*	(+)1.14

Total profit overstated includes Rs.33.01 crore and Total profit understated includes Rs.1.14 crore relating to accounts for the year 2001-02.

(iv) *Loss understated (-)/overstated (+):*

Name of the Company	(Rs. in crore)
1. Food Corporation of India (1999-2000)*	(-)231.08
2. Food Corporation of India (2000-01)*	(-)147.03
3. Heavy Engineering Corporation Limited	(-)250.46
4. Cement Corporation of Indian Limited	(-)7.94

5. The State Trading Corporation of India Limited	(-)7.13
6. Indian Iron & Steel Company Limited	(-)5.78
7. National Projects Construction Corporation Limited	(-)5.07
8. Konkan Railway Corporation Limited	(-)3.82
9. Instrumentation Limited	(-)3.60
10. Hindustan Antibiotics Limited (2001-02)	(-)3.46
11. ITI Limited	(-)2.18
12. Airlines Allied Services Limited	(-)1.22
Total loss understated (-)**	(-)668.77

*Total loss understated includes Rs.378.11 crore relating to the accounts for the years 1999-2000 and 2000-2001.

**Total loss understated includes Rs.9.75 crore relating to accounts for the years 2001-02.

(b) Navratna Companies:

(b) (i) Impact of comments issued by the Comptroller & Auditor General of India on the financial statements on 'Navratna' Public Sector Undertakings for the year 2002-2003 indicated that Assets were over-stated by Rs.546.70 crore in 5 PSUs. Similarly liabilities were understated by Rs.152.95 crore in 4 PSUs. The following tables give a Company-wise break-up of the financial implication of comments of the Comptroller & Auditor General of India.

Assets over-stated (-)/under-stated (+)

Name of the Company	Rs. in crore
1. Indian Oil Corporation Limited	(-)363.18
2. Steel Authority of India Limited	(-)135.51
3. Oil and Natural Gas Corporation Limited	(-)40.38
4. Mahanagar Telephone Nigam Limited	(-)5.76
5. Gas Authority of India Limited	(-)1.87
Total assets over-stated (-)	(-)546.70

Liability under-stated (-)/over-stated (+)

1. Steel Authority of India Limited	(-)102.34
2. Gas Authority of India Limited	(-)30.78
3. Mahanagar Telephone Nigam Limited	(-)16.70
4. Indian Oil Corporation Limited	(-)3.13
Total liability under-stated (-)	(-)152.95

(ii) In addition to the above, the impact of CAG comments on the profit and loss of the 'Navratna' Public Sector Undertakings for the year 2002-2003 is given as under:

(Rs. in crore)

Name of the Company	Net Profit (before tax)/ Loss (-) and prior period adjustments	Over-statement (+)/Under-statement (-) of Profit or Loss as commented	Impact of comments as a percentage of profit/loss shown in the accounts (3 to 2)
1.	2.	3.	4.
1. Bharat Heavy Electrical Limited	812.24	Nil	Nil
2. Bharat Petroleum Corporation Limited	1986.52	Nil	Nil
3. Gas Authority of India Limited	2510.03	(+)32.65	1.30
4. Hindustan Petroleum Corporation Limited	2412.80	Nil	Nil
5. Indian Oil Corporation Limited	8397.43	(+)366.31	4.36
6. Mahanagar Telephone Nigam Limited	1259.76	(+)22.46	1.78
7. National Thermal Power Corporation Limited	3834.30	-Nil-	-Nil-
8. Oil and Natural Gas Corporation Limited	16083.19	(+)40.38	0.25
Total	37296.27	(+)461.80	1.24
9. Steel Authority of India Limited	(-)301.78	(-)237.85	(-)78.82
Total	(-)301.78	(-)237.85	(-)78.82

1.2 Salient Comments on Balance Sheet/Profit & Loss Statement

MINISTRY OF CHEMICALS & FERTILIZERS

Department of Chemicals and Petrochemicals

1.2.1 Hindustan Antibiotics Limited

A reference is invited to comment No. A of the Comptroller & Auditor General of India for the year ended 31 March 2001 wherein it was mentioned that additional gratuity liability of Rs.6.92 crore assessed during the year 1997-98, which related to service already rendered by the employees, should have been debited to Profit & Loss Account instead of treating the same as deferred revenue expenditure (DRE) to be written off over a period of 10 years.

The Company has so far amortised Rs.3.46 crore from DRE during the years 1997-98 to 2001-02 and the balance amount of Rs.3.46 crore remained in DRE. This has resulted in

understatement of loss and overstatement of Miscellaneous Expenditure (to the extent not written off) by Rs.3.46 crore.

Management stated that there was no understatement of loss for the year 2001-02 as provision of Rs.6.92 crore was made in the accounts of 1997-98. The reply is factually incorrect as the amount debited to DRE in the year 1997-98 is being written off over period of ten years.

1.2.2 Uttar Pradesh Drugs And Pharmaceuticals Company Ltd.

Profit was overstated and Current liabilities were understated by Rs.36.95 lakh due to non-provision of interest payable to Employees State Insurance Corporation on dues payable to them as per the approved rehabilitation scheme.

Management stated that as the exact date of liquidation of principal amount on which interest was to be calculated was not certain, thus, the actual liability on account of interest could not be calculated.

The reply of the Management is not acceptable since BIFR revival package was very clear about payment of interest at the rate of 12 per cent. Therefore, the Company should have made provision for interest liability up to March 2003.

MINISTRY OF CIVIL AVIATION

1.2.3 Airline Allied Services Limited

Loss was understated and Current assets were overstated by Rs.1.22 crore due to inclusion of bills raised by the Company on Indian Airlines Limited towards utilisation of B-737 aircraft for training, which were not accepted by the latter.

1.2.4 Airports Authority of India

1. The Surplus carried forward to Balance Sheet was overstated and the Current liabilities were understated by Rs.2.54 crore (net) due to:

- (i) Creation of excess liability towards interest of Rs.1.46 crore payable on foreign loan and
- (ii) Non-provision of liabilities towards salary, arms and ammunition charges etc. of Rs.4 crore payable to Central Industrial Security Force (CISF).

2. Fixed assets were overstated and Current assets were understated by Rs.5.04 crore due to inclusion of freehold land, which was not in possession of the Authority in Delhi and Calicut, under 'Fixed assets' instead of under 'Loans & Advances'.

3. Surplus as well as Fixed assets were understated by Rs.4.56 crore, due to incorrect adjustment of an enhanced compensation payable for freehold land as charge to the Profit and Loss Account instead of capitalising such expenditure.
4. Runways, Taxiways, Aprons, Roads, Bridges and Culverts was overstated by Rs.2.98 crore (net) due to:
 - (i) Capitalisation of Rs.8.64 crore relating to 'Runway Extension Project' in Bhubaneswar, which was not ready for its intended use and
 - (ii) Non-capitalisation of the cost of 'Aprons and New taxiways' of Rs.5.66 crore completed and put to use in May 2000.
5. Surplus as well as Sundry debtors were overstated by Rs.33.64 crore on account of non-provision of doubtful debts in respect of dues from various Government Departments, as no valid agreements were finalised with them.
6. Accounting Policy No.7 of the Authority was deficient in as much as it allows the charging of the full value of purchases of stores and spares made during the year irrespective of actual consumption. Stores valuing Rs.18.13 crore already charged to the Profit and Loss Account, were lying unconsumed as on 31 March 2002.
7. The financial impact of Rs.14.51 crore due to change in Accounting Policy No.13 has not been disclosed in the accounts as required under AS-1.

Reply to the Audit Report on the accounts for the year 2001-02 was not made available by the Authority to Audit, as the report had not been placed before the Board.

1.2.5 Pawan Hans Helicopters Limited

1. Inventories were overstated and fixed assets were understated by Rs.1.50 crore due to non-capitalisation of insurance spares in respect of Dauphin helicopters, which should have been amortised over a period not exceeding the useful life of the principal asset.

Management stated that Inventory items were termed as "Insurance Spares" by the Material Department as they continued to be maintenance supplies stores and spares having regular utilisation. Necessary action had been taken to technically review the nature of insurance spares and reclassify them as airframe spares, wherever required.

The above contention of the Management that it would reclassify inventories, as "Airframe Spares" is not acceptable as the usage of spares continues to be irregular and intermittent, which required it to be classified as "Insurance Spares" as per AS-2.

2. Profit was understated and Current liabilities were overstated by Rs.1.14 crore as additional provision for leave encashment on account of pay revision with retrospective effect was not written back even though the Company had made separate provision for the leave encashment calculated on actuarial valuation based on the revised pay scales.

Management admitted that adjustment, if any, relating to adhoc provision for wage revision (including additional provision for leave encashment) would be carried out in due course.

MINISTRY OF COAL

1.2.6 Western Coalfields Limited

Profit for the year after tax amounting to Rs.279.78 crore was overstated by Rs.84.74 lakh (net) due to the following: (i) The incorrect adjustment of lease rent of Rs.52.86 lakh pertaining to the year 2002-03, as charge during the year 2001-02; (ii) lease rent of Rs.8.07 lakh pertaining to the year 2003-04, was taken as charge during the year instead of accounting the same under pre-paid expenses under the head current assets and (iii) short provision of depreciation amounting to Rs.39.95 lakh on development expenditure incurred on projects in operation.

Management had noted the comment for future compliance.

MINISTRY OF COMMERCE & INDUSTRY

1.2.7 MMTC Limited

Stock in trade was overstated by Rs.99.38 lakh due to inclusion of the element of interest in valuation of closing stock of 10479.257 MT of rice, as the interest has already been adjusted from the amount payable to the Associate.

Management stated that the stock of rice had been valued at cost or realisable value whichever was lower in terms of accounting policy for valuation of inventory. The realisation against sale of rice to be made during fiscal year 2003-04 would fetch amount not less than the valuation of stocks.

The above contention of the Management is not tenable as the interest which has already been adjusted from the amount payable to the associates remained unrealised and was not to be included in the valuation of stock as per the Accounting Policy.

1.2.8 The State Trading Corporation of India Limited

1. Loans and advances were overstated by Rs.58.36 lakh due to non-adjustment of deductions made by FCI towards expenses incurred by them in disposal of unlifted rice. Consequently loss for the year was understated by an equivalent amount.

The contention of the Management that amount deducted by FCI is not payable and efforts are being made to recover the same is not acceptable as FCI disposed off the stock after issuing the Company notice with regard to the expenses in its disposal.

2. Loss as well as other liabilities were understated by Rs.6.55 crore due to following:

- (i) non-provision for an amount of Rs.2.94 crore payable towards Customs duty and interest for material imported and lying in a Warehouse.

Management has agreed to make necessary provisions in the accounts for the year 2003-04 after review.

- (ii) non- provision for Rs.3.61 crore on account of liability towards Half Pay Leave encashment.

Management has accepted the comment.

MINISTRY OF COMMUNICATIONS

1.2.9 ITI Limited

1. Sales included Rs.4.51 crore being the value of part supplies made to Ministry of Defence. As all the equipment were not handed over as on March 2003 as per the terms of the contract, recognition of part supplies as sales was not correct resulting in overstatement of sales and sundry debtors by Rs.4.51 crore, understatement of stock-in-trade by Rs.4.22 crore and loss by Rs.29 lakh.

Management stated (Sept.2003) that sales have been accounted as per the Accounting Policy of the Company based on despatches made and hence accountal of sales was in order.

The reply is not tenable as Accounting Policy read with AS-9 allows setting up of sales only when significant risk and reward of ownership is transferred. In this case such transfer takes place only when all equipment are handed over.

2. The Company accounted for sales in earlier years @ Rs.2.58 lakh (appx.) per Non-Synchronisation Equipment supplied to Department of Telecommunications (now Bharat Sanchar Nigam Limited) against which BSNL regularised the supply at unit rate of Rs.1.91 lakh. This resulted in overstatement of sales and understatement of loss by Rs.1.89 crore.

Management stated (Sept.2003) that the matter was taken up with BSNL.

1.2.10 Mahanagar Telephone Nigam Limited

1. The Gross block of fixed assets did not include Rs.99.19 crore being the value of Duct works, cables and lines & wires, which were completed and commissioned during the year or in earlier years in Delhi and Mumbai units. This has resulted in understatement of Gross block and overstatement of Capital work-in-progress by Rs.99.19 crore. Consequently, the depreciation was understated by Rs.5.47 crore (including prior period depreciation of Rs.37 lakh) and profit for the year and Reserve & surplus were overstated by Rs.5.10 crore and Rs.5.47 crore, respectively.

Management stated that necessary adjustment would be made in the year 2003-04.

2. The Apparatus and Plant, Internet pay phones kiosk, Subscribers Installations valued at Rs.43.49 crore, which were commissioned during the year or in earlier years by Delhi and Mobile service units at Delhi and Mumbai, were not capitalised. This has resulted in understatement of the Gross block of fixed assets by Rs.43.49 crore (including overheads of Rs.41 lakh) and overstatement of Capital works-in-Progress by Rs.38.83 crore. Consequently, net block of fixed assets was understated by Rs.41.11 crore, accumulated depreciation was understated by Rs.2.39 crore (including current year's depreciation of Rs.1.59 crore), Current Liability was understated by Rs.4.25 crore, Employees Remuneration & Benefits overstated by Rs.41 lakh and profit for the year and Reserves & Surplus were overstated by Rs.1.18 crore and Rs.1.98 crore respectively.

Management stated that necessary adjustment would be made in the year 2003-04.

3. The expenditure amounting to Rs.3.32 crore on maintenance work carried out by Delhi unit during the year or in earlier years was wrongly booked under Capital work-in-progress. This has resulted in overstatement of Capital work in progress by Rs.3.32 crore, and understatement of Administrative Operating and other Expenses by Rs.1.79 crore as well as Employees Remuneration and Benefits and prior period expenses by Rs.19 lakh and Rs.1.34 crore respectively. Consequently, Profit for the year as well as Reserves & surplus were overstated by Rs.1.98 crore and Rs.3.32 crore respectively.

Management stated that necessary adjustment would be made in the year 2003-04.

4. Profit as well as Sundry debtors were overstated by Rs.3.62 crore due to non-provision for outstandings pertaining to Delhi Unit of Mobile Service of the MTNL, for more than six months as on 31 March 2003, as per MTNL's Accounting policy No.1 (ii) (b), which provided for making provision for doubtful debts in respect of debtors aging more than 120 days.

The observation was noted for compliance by the Management.

5. Current liability included Rs.25.17 crore being the amount of unlinked receipts from subscribers pertaining to the period from 1994-1998 for which the corresponding debits were not traceable. As liability for unlinked receipts was more than four years old, the same should have been written back. The non-writing back of the above liability has resulted in understatement of other income and profit and overstatement of Current liabilities to the extent of Rs.25.17 crore.

Management stated that necessary adjustment would be made in the year 2003-04.

6. Income from services included Rs.2.79 crore collected by Mumbai unit of the MTNL from private VSAT Network Operators on behalf of DoT. As MTNL was only a billing and collecting agency and has to pay the above amount to DoT, its inclusion in Income from Services was incorrect. This has resulted in understatement of Current liabilities and overstatement of income as well as profit by Rs.2.79 crore.

Management stated that this would be reviewed during 2003-04.

7. A reference is invited to comment No. 9 (ii) of the C&AG of India on the accounts of the MTNL for the period ended 31 March 2002 wherein it was pointed out that Delhi unit of MTNL did not pass on the benefit of automatic rent rebate amounting to Rs.7.58 crore to 9,38,354 telephone subscribers whose telephones remained faulty for 7 days or more during 1997-98 to 2000-01. During the current year, MTNL has not taken any action to pass on the benefit of automatic rent rebate to the affected subscribers.

Management stated that automatic rent rebate relating to the earlier years was allowed to subscribers on case to case basis. The reply was not acceptable because as per Departmental rules the benefit of automatic rebate to telephone subscribers, whose telephones remained faulty for seven or more days is required to be given.

8. The area space charges recoverable from Basic Service providers had been charged on provisional basis subject to revision in April every year. However, since 2001 no revision took place and the Corporate office of MTNL revised the area space charges in February 2003. However, no demand Note for the recovery of revised space area charges since 2001 was issued and accounted for by the MTNL during the year. This has resulted in understatement of 'Other income' as well as 'Profit' by Rs.4.37 crore.

Management stated that this would be reviewed during the year 2003-04.

9. The deduction of Public Switch Telephone Network (PSTN) charges amounting to Rs.31.86 crore relating to Mobile Services Unit twice from the total revenue for arriving at Adjusted Gross Revenue (AGR) has resulted in understatement of Licence fee, claims payable to DoT and overstatement of profit for the year by Rs.3.82 crore.

Management stated that necessary adjustment was made in the first quarter of 2003-04 and also paid to.

10. License fee @ 12 per cent of the Adjusted Gross Revenue (AGR) is payable to DoT. While computing the AGR the access charges for carriage of calls paid to other telecom service provider were to be deducted from Gross Revenue. The adjustment of commission of Rs.254.99 crore, paid to Public Call Offices (PCOs) franchise who were not coming under the purview of telecom service provider, treating it as access charges from Gross revenue for arriving at the AGR was not correct. This has resulted in understatement of license fee payable to DoT and overstatement of profit by Rs.30.60 crore.

Management stated that necessary adjustment was made in the first quarter of 2003-04 and also paid to Department of Telecommunications (DoT).

MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

1.2.11 Food Corporation of India

(A) Accounts of Food Corporation of India (FCI) for the year 1999-2000 were audited by C&AG, as sole auditor under Section 34 (2) Food Corporations Act, 1964 as amended in June 2000. The Audit Report thereon was issued to the Government of India on 26 December 2002.

Some of the important observations made in the Report were as under:-

1. (i) Sundry creditors for goods and services were understated by Rs.23.07 crore due to short provision of liabilities on accounts of Productivity Link Incentive for the year 1998-99 and 1999-2000.

Management has accepted the observation.

(ii) Sundry creditors for goods and services were overstated by Rs.5.70 crore due to the following:

- (a) Inclusion of unclaimed amount (since 1991-92) payable to Department of Woman & Child Welfare, Ministry of Human Resources Development-Rs.3.59 crore.
- (b) Non-clearance of amount lying unadjusted against advance taken from Ministry of Rural Development-Rs.2.11 crore.

Management has accepted the comment (a) above. In regard to comment (b) the Management stated that cases would be reviewed and the adjustment to that extent would be carried out.

2. Claims receivable were overstated by Rs.3.67 crore due to inclusion of the following:

- (a) Claims on railways for excess payment of freight aggregating to Rs.1.43crore.
- (b) Claims for transit shortages recoverable from Handling and Transport Contractors remained unrealised for more than 3 years- Rs.2.24 crore.

Management in respect of comment (a) above stated that claims to the tune of Rs.1.25 crore have been written off in subsequent years after due approval of the Competent Authority. In regard to (b) the Management stated that the matter is under persuasion for settlement.

3. Consumer subsidy on foodgrains reimbursable by the Government. of India was overstated by Rs.40 crore due to inclusion of loss in value of foodgrains due to deterioration in the quality in toto without regard to any norms which have to be prescribed by the

Corporation. This resulted in claiming of excess subsidy from the Government to that extent.

Management has stated that fixation of norm was not practicable. The reply of the Management is not tenable, as the Government of India in April 1980 had desired that such norms should be fixed.

4. Non-provision towards debts, deposits, advance and claims considered doubtful of recovery from Central/State Government and other parties-Rs.34.94 crore.

Management replied that any provision for bad and doubtful debts was not allowed as an item of expenditure under Income Tax Act, 1961 until and unless it was written off as irrecoverable. Management further stated that as per the instructions of the Ministry, only those bad and doubtful debts which had been written off as irrecoverable by the competent authority were to be included in the subsidy claim.

The above contention of the management is not tenable since accounts are to be prepared as per accepted accounting principles the provision for doubtful debts, deposit advances etc is required to be made.

5. Interest receivable on fixed deposits amounting to Rs.1.01 crore for the period up to 31 March 2000 was not accounted for during the year. This resulted in understatement of income as well as Current assets by Rs.1.01 crore.

Management stated that interest receivable from bank is accounted for on cash basis. The reply of the Management is not tenable, as the accrual basis of accounting has to be followed for the preparation of accounts.

6. Inventories were overstated by Rs.4.34 crore due to inclusion of stock lying with millers/agents, which did not exist.

Management stated that claims against parties for misappropriation of stocks have since been accounted for in accounts for 2000-01.

7. Sundry debtors were overstated by Rs.131.77 crore due to non-reversal of excess account of sales in 1997-98.

Management has accepted the comment and stated that necessary adjustment have since been carried out in accounts of 2000-01.

B. Weaknesses in system of Internal Control and Book Keeping :-

1. Fixed Asset Register were not properly maintained at Zonal Office(North) and Zonal Office (North East), Regions – Delhi, Rajasthan, Punjab, Haryana, J&K, Himachal Pradesh, West Bengal, Bihar, Orissa, Assam and NEF and Port Office, Kolkata, showing full particulars including quantitative details and situation of the Fixed Assets.

2. The net shortages in storage and transit were pending regularisation since 1980-81. There was no identification of shortages in respect of which investigation was concluded. Management in its reply stated that some of the shortages were regularised during the year and the balance were under process of regularisation.

3. The bank reconciliation statement included discrepancies viz., missing debits, excess debits, missing credits and excess credits, which related to period as back as 1976-77. Management stated that the delay in settlement of the said discrepancies was mainly due to delayed response/reaction from the bank.

The reply of the Management is not tenable as proper follow-up action and timely clearance of these items was necessary by the Management.

(B) Accounts of Food Corporation of India (F.C.I.) for the year 2000-01 were audited by CAG, as sole auditor under Section 34 (2) Food Corporation Act, 1964 as amended in June 2000.

The Audit Report thereon was issued to the Government of India on 23 October, 2003.

Some of the important observations made in the Report were as under: -

1(i) Sundry creditors were understated by Rs.1.49 Crore due to non/short-provision of liabilities towards: -

a) Godown rent (Railways. Goods Shed) at Kumarghat Rs.27 lakh

b) Demurrage re-railment charges etc payable to other authorities. Rs.1.22 crore

In respect of (a) above, the Management have stated that the claims were disclosed in contingent liability owing to dispute with Railway authorities. The reply is not tenable as the Corporation was using the railway siding and the quantum of godown rent payable was known, and therefore should have made provision for the same.

In respect of (b) above, the Management stated that the matter regarding the enhancement of free time for determining the railway demurrage is still under examination by Railways. The reply is not tenable as the Management had not shown any record regarding waiver of demurrage after the matter was disputed.

(ii) Sundry creditors were overstated by Rs.1.49 crore due to provision for expenditure in excess of sanctioned amount payable to different agencies.

Management stated that necessary adjustment would be carried out after receiving necessary documents/details from the parties.

2 Capital work-in-progress includes Rs.1.39 crore representing the value of godown at Lunglei completed in April 1994.

Management stated that the matter is under consideration either to put the godown to alternative use or dispose it off. The above contention of the Management is not tenable as per accepted accounting principles the godown was to be capitalised once it was ready for use.

3.(i) Claims receivable were overstated by Rs.20.37 crore due to inclusion of the following: -

(a) Claims on railways for excess payment of freight aggregating to Rs.18.09 crore.

(b) Claims for transit shortages recoverable from Handling and Transport contractors remained unrealised for more than 3 years-Rs.2.28 crore.

Management stated in respect of comment (a) above that claims were written off/reduced from the claims on railways for excess payment of freight in subsequent years. In regard to comment (b) the matter is under persuasion for settlement.

(ii) Claims receivable were understated by Rs.95 lakh due to non-accountal of amount recoverable from Punjab State Warehousing Corporation on account of rice stocks damaged during storage.

Management has accepted the comment.

4. Consumer subsidy on foodgrains reimbursable by Government of India was overstated by Rs.104.92 crore due to inclusion of loss in value of foodgrains due to deterioration in the quality in the absence of any norms prescribed by the Corporation in this regard. This has resulted in claiming of excess subsidy from the Government to that extent.

Management has stated that fixation of norms was not practicable. The reply of the management is not tenable, as the Government of India in April 1980 has desired that such norms should be fixed.

5. No-provision towards debt, deposits, advances and claims considered doubtful of recovery from Central/State government and other parties, was made in the accounts-Rs.22.69 crore.

Management replied that any provision for bad and doubtful debts was not allowed as an item of expenditure under Income Tax Act, 1961 until and unless it was written off as irrecoverable. Management further stated that as per the instructions of the Ministry, only those bad and doubtful debts which had been written off as irrecoverable by the competent authority were to be included in the subsidy claims.

The reply of the management is not tenable as provision for doubtful debts, deposits, advances etc is required to be made as per accepted accounting principles.

B. Weaknesses in system of Internal Control and Book keeping: -

1. Fixed Asset registers were not properly maintained in the District/Regional office under East Zone, North East Zone, Regional offices of Punjab, Haryana, Himachal Pradesh and Jammu and Kashmir to exhibit complete details showing quantitative details and situation/location of the Fixed Assets.
2. Proper records/registers for provision for liabilities were not being maintained.
3. The net shortages in storage and transit were pending regularisation since 1980-81. There is need to prescribe a definite time frame for regularisation of the shortages.
4. The bank reconciliation statement included discrepant items namely missing debits, excess debits, missing credits and excess credits relating to the period 1987-88. The Management stated that the delay in settlement of discrepant items was mainly due to delayed response/reaction from the bank. The reply of the Management is not tenable as proper follow up action and timely clearance of these items was necessary by the Management

MINISTRY OF DEFENCE

Department of Defence Production and Supplies

1.2.12 Bharat Earth Movers Limited

1.(a) The Company has not fixed any shelf-life for inventory (work in progress). Work in progress included items valuing Rs.3.25 crore not moved for more than 5 years, as these could not be converted into finished goods. As realisability of these items was doubtful, necessary provision should have been made. Non-provision has resulted in overstatement of Inventories and Profit by Rs.3.25 crore.

Management stated (September 2003) that it was considering adoption of provisioning norms in these cases, which were outstanding for more than 5 years, and whose realisability is likely to be doubtful.

(b) Work in progress/stock in trade included Rs.96.62 lakh being the material costs of repair charges of reconditioned/float engines. As these materials have been used for repair of the engines under warranty/maintenance contract, the cost of the same should have been charged of to revenue. Non-charging to revenue resulted in overstatement of Inventories and Profit by Rs.96.62 lakh.

Management stated (September 2003) that valuing such inventories at cost being lower than its realisable value was within the ambit of AS-2.

The reply is not relevant as repair cost of the float engines is an expenditure and should have been charged to revenue.

2. (i) Sales included Rs.27.44 crore being the value of two Ropeshovels, supplied in CKD/SKD condition, which were despatched but not erected, commissioned and tested as of 31 March 2003 as per terms of the contract.

The Management stated (September 2003) that the term of delivery being ex-works and the Company's responsibility was solely to provide the supervision of erection and commissioning free of cost, the account of sales is well within the terms of contract.

The reply is not acceptable, as the supply of equipment would be completed only on final acceptance by the customer, which would be after erection and commissioning at customer's site.

(ii) Sales included Rs.5.79 crore being the sale value of certain equipment, which did not reach destination by 31 March 2003 in respect of FOR Destination contracts.

The Management stated (September 2003) that the Company did not retain significant risks and rewards of ownership in the goods since these were handed over to carriers.

The reply is not acceptable as the delivery terms were FOR destination and the risks and rewards are transferred only on goods reaching the destination.

MINISTRY OF FINANCE

Department of Banking

1.2.13 BOB Asset Management Company Limited

The Company's accounting policy No. 1.5 (modified during the year) to the effect that no provision for decline in investments in units of UTI-64 has been made in the accounts, was not in line with RBI's clarification of 9 January 2002. Therefore, the provision for Rs.51.88 lakh towards decrease in value of US-64 should have been made in the accounts. Non-provision of the same resulted in overstatement of 'Investment' as well as profit for the year to the extent of Rs.51.88 lakh.

Management stated that units were expected to yield better results and the shortfall in the realisation vis a vis the purchase price would be accounted for on conversion on 31 March 2003.

The above contention of the Management is not tenable as the valuation of investments was not as per RBI clarification.

Insurance Division

1.2.14 National Insurance Company Limited

Profit for the year has been overstated by Rs.62.04 lakh due to non-recognition of an expense arising out of impairment of investment of equity shares in one of the listed companies in violation of Company's own accounting policy.

Management noted the comment and assured that necessary accounting adjustment would be made in the next year account.

1.2.15 United India Assurance Company Limited

Profit and Current assets were overstated by Rs.6.83 crore due to non-acceptance of additional premium by the insured as demanded by the Company on account of refund of discounts allowed to insured during the initial period of the policy.

The Company stated that it was confident of recovering the additional premium from various outstanding claims, due to the Insured.

The above contention of the Company is not tenable, as it did not have any contractual or legal right to recover such dues from the claims of the insured, especially when the insured had not expressly agreed for the refund of the discount allowed to them.

MINISTRY OF HEAVY INDUSTRY & PUBLIC ENTERPRISES

1.2.16 Cement Corporation of India Ltd.

(i) Loss was understated and Loans and advances were overstated by Rs.22.65 lakh due to non-provision of amount recoverable from private parties whose whereabouts were not traceable.

Management replied that the cases are still sub-judice and would be reviewed for appropriate action during the year 2003-04.

The reply of the Management is not tenable, as the Company could not execute the decree since the whereabouts of the parties were not known.

(ii) Loss was understated and Current assets and loans and advances were overstated by Rs.7.71 crore due to provision for Rs.1.31 crore only as against doubtful debts of Rs.9.03 crore.

Management stated that the Company had been able to recover substantial amount from the old debtors and efforts were being made to realise the remaining debtors.

The reply of the Management is not tenable in view of the Company's accounting policy that provision for doubtful debts or loans and advances was to be made when the same was considered doubtful of recovery.

1.2.17 Heavy Engineering Corporation Limited

1. Issued and Subscribed Share Capital is overstated by Rs.16.39 crore due to allotment of Shares for which no consideration was received. The Claims Receivable also stands overstated by a like amount.

Management stated that the excess issued shares is being corrected by adjustment against further release of funds.

2. The loss for the year amounting to Rs.173.82 crore was under stated by Rs.250.46 crore due to the following:

(a) Non-provision against inadmissible claims/doubtful debtors/liquidated damages by Rs.30.53 crore.

Management stated that the claim was as per arbitration award given in favour of HEC and subsequently reconfirmed by the appellate authority. There was no uncertainty of its realisation.

The above contention of the Management is not acceptable in view of the following :

(i) Customer M/s. NCL did not accept the award of arbitrator and the appellate authority and has filed a suit at Delhi High Court in which it claimed damages for Rs.66.64 crore plus interest @ 18 per cent.

(ii) The case is pending in Delhi High Court.

(iii) Since the counter claim of NCL is more than the claim accounted for by the Company and the case is sub-judice, the realisation of the claim referred to as above is uncertain.

(iv) The claim pertains to the period before 1998 and final bill has not yet been raised.

(b) Accountal of non-accrued income against assembly/erection/ commissioning charges/inadmissible claims by Rs.11.49 crore.

Management had stated those bills were raised for supply of electricity in Township based on rates fixed for outside parties and revenue had been recognised on despatch of goods. Management further stated that there was no uncertainty of realisation of retained amount to

be receivable on commissioning as erection and commissioning was not within the scope of our contract.

Management's contention is not acceptable as the agreement between HEC and Public Health Engineering Department (PHED) of State Government did not stipulate for levy of Delayed Payment Surcharge (DPS) on unpaid amount. During reconciliation of power charges up to September 1999 vide minutes of meeting held on 14.November.1999, PHED did not admit any amount on account of DPS, which was agreed to by HEC Ltd. Hence, the entire claim on account of DPS is inadmissible.

The order for the supply of equipments included erection/commissioning and demonstration of performance guarantee, which involved considerable work and expenditure. Without incurring such expenditure, the account of entire income related to the work after supply equipments is contradictory to AS-9.

(c) Over-valuation of inventories by Rs.7.60 crore of finished goods due to valuation at sales price instead of realisable scrap rate of Rs.6000/- per MT.

Management has stated that this is a good inventory and value is realisable from the probable alternative customers who have been identified for sales.

Management's contention is not acceptable as sales accounted for during 2000-01 were reversed during 2001-02, the equipments have been lying for more than 3 years, equipments manufactured by the Company is tailor made which is generally not acceptable by other customers and as such required to be valued at scrap rate.

(d) Non-provision of interest of Rs.1.99 crore payable on the deductions made (in 1999) from the salaries of the employees and not remitted to the Co-operative Society.

Management has stated that it is not statutory on the part of the Company to provide interest for delayed remittance.

Management's reply is not tenable because Company is also not authorised to retain the recoveries made from the salaries of the employees since 1999 and the commercial prudence demand payment of interest.

(e) Non-provision of liability of Rs.198.85 crore on account of DPS/Sales Tax/Excise Duty.

Management has stated that despite agreeing to charge consumption of power in Township at domestic rate, billing is done by Board at industrial rate. As such, DPS is disputed liability. Moreover, waiver of DPS is under consideration in the proposed Revival Plan.

It has further stated that the demands of sales tax are disputed and pending before various appellate authorities.

Management's reply is not acceptable due to the following facts:

The DPS in question relates to the total supply of power for consumption in the plant and Township. Jharkhand State Electricity Board (JSEB) never agreed for charging, at domestic rate for consumption of power in Township. Further, the proposal for waiver of DPS by the Company has not been approved.

The demand of sales tax/excise duty disputed by the Company are being adjusted by the Sales Tax Department against deposits/refunds.

1.2.18 Instrumentation Limited, Kota

(i) Other Current Assets included Rs.3.60 crore being interest subsidy on bonds issued by the Company for implementation of Voluntary Retirement Scheme and to meet its working capital requirement. As there was no firm commitment by the Government to reimburse the interest paid by the Company, the account of the same as receivable was not in order. As a result Current assets were overstated by Rs.3.60 crore with corresponding understatement of loss.

Management stated that though no such confirmation of interest subsidy was available, the claim was being processed by Government of India and hence accounting was done accordingly.

The above contention of the Management is not tenable as accounting of a claim as recoverable without specific approval from the Government was not a prudent commercial accounting practice.

(ii) The Company had not provided for liability towards leave encashment benefits on actuarial valuation basis.

Management stated that due to uncertainty provision for leave encashment was done as per prevailing practice followed in previous years.

The above contention of the Management is not tenable as provision of liability towards leave encashment benefit on actuarial valuation is mandatory requirement as per AS-15.

1.2.19 Scooter India Limited

The decision for releasing the payment of Rs.60 lakh towards Leave Travel Assistance (LTA) for the year 2000-01 was taken in June 2003. Thus, the same, as per requirement of AS-5 should have been accounted for as current year's transaction instead of under the prior period adjustment.

Management stated that provision for LTA was to be made while finalising the account for 2001-02 . The omission was due to oversight, which had been corrected while finalising the account for the year 2002-03.

The reply of the Management is not tenable, as the decision for releasing payment of LTA was taken by the Management in June 2003.

MINISTRY OF HOME (UNION TERRITORY ADMINISTRATION)

1.2.20 Omnibus Industrial Development Corporation of Daman and Diu & Dadra Nagar Haveli Limited

The accounting policy adopted for accountal of the Government grant, including the method of presentation in the financial statement, has not been disclosed in the accounts as per requirement of AS-12 in respect of 'grant' received under the scheme of Assistance to State for Developing Export Effort Infrastructure and Allied Activities for involvement of States in Exports.

Management accepted the error.

MINISTRY OF INFORMATION & BROADCASTING

1.2.21 National Film Development Corporation of India Limited

1. Loans and Advances includes Rs.1.70 crore being the Company's share in six foreign co-produced films for which censorship certificates were issued during 20 August 1996 and 25 September 2000 and the same were released/ready for release for a long time. However, these films were not able to generate revenue to recoup the amount shown under 'Loans and Advances'. As chances of realisation of revenues from the exhibition of these films were remote, the Company should have made provision for these advances in line with generally accepted accounting principles.

Management accepted the comment.

MINISTRY OF PETROLEUM AND NATURAL GAS

1.2.22 Balmer Lawrie & Co. Limited

Profit was overstated and Current liabilities were understated by Rs.1.65 crore due to considering Deferred Tax Assets while making the provision of Rs.1.52 crore and Rs.3.03

crore towards the diminution of the value of Unit Scheme-64 of the Unit Trust of India during the years 2001-02 and 2002-03 respectively.

Management stated that the Company's investment in Unit-64 scheme of Unit Trust of India had been redeemed in the financial year 2003-04 and provision made for in the accounts for diminution in value of investments in Unit-64 scheme of UTI is reversible (by write off) in the financial year 2003-04. Considering certainty of reversal of provision, deferred tax asset in relation to the amount of such provision had been recognised in the accounts for the year 2002-03. Tax implications arising out of loss on redemption of units would be dealt with the year of redemption i.e., 2003-04.

The reply is not acceptable since any income arising on transfer of Unit-64 of UTI on or after 1 April-2002 is exempted from tax as per Income Tax Act. Thus, any loss on Unit-64 would not be allowed to set off against any other income. Hence consideration of diminution in value of Unit-64 for computation of Deferred Tax Assets was not in order.

1.2.23 Chennai Petroleum Corporation Limited

Insurance spares amounting to Rs.3.72 crore included in 'Inventories' should have been capitalised and amortised over a period not exceeding the useful life of the principal equipment in accordance with AS-2 read with AS-10.

Management noted the Comment.

1.2.24 Gas Authority of India Limited

1. The fixed assets included Rs.1.87 crore being the value of incomplete abandoned construction work of despatch terminal and pipeline work of M/s. Essar Oil Ltd. at Jamnagar, which should have been written-off instead of capitalising it. This has resulted in overstatement of fixed assets (Gross Block) by Rs.1.87 crore as well as profit by Rs.1.06 crore (excluding depreciation of Rs.81 lakh already provided up to 31 March 2003).

Management stated that 7 km part of connectivity of Essar Oil Ltd. was commissioned in 2000-01 and made ready for use whereas temporary Civil works was capitalised in 2001-2002 and fully depreciated. Further, Management has assured to review the observation in current year.

The reply of the Management is not tenable as 7 km pipeline was part of 28 km pipeline that could not be put to any use. Hence it should have been written-off instead of capitalising.

2. Profit was overstated and Current liabilities were understated by Rs.30.78 crore due to non provision of interest liability on Rs.94.63 crore retained by the Company from the Gas Pool Account towards settlement of its claim for the higher price of gas paid to Joint ventures.

The contention of Management is that the Government vide its letter dated 4 July 1997 stated that GAIL would not be put to any loss for compensation towards higher price of gas paid to joint ventures is not tenable as after the letter dated 4 July 1997 the Government of India issued Gas pricing order dated 18 September 97 detailing all aspects relating to maintenance of Gas Pool Money. However, no approval for adjustment of the above amount was given till date.

1.2.25 Indian Oil Corporation Limited

Profit as well as Inventories were overstated by Rs.12.94 crore due to incorrect allocation of overhead and adoption of higher net realisable value and inclusion of Bihar State Entry Tax in the closing stock of Raw Material in pipeline.

Management noted the comment for compliance in future.

2 (a) Profit as well as Loans and advances were overstated by Rs.339.79 crore due to account of claims on account of refund of customs duty on self-assessment basis since 1997-98, which were disputed by the Customs Department.

Management accepted that the claims had been accounted for and booked on self-assessment basis. They further stated that specific disclosure regarding booking of customs claims on provisional basis has been made in the accounts.

The contention of the Management is not tenable as the Bills of entry of Rs.290.11 crore submitted since 1998-99 to 2001-02 had neither been assessed/finalised as yet nor any refund been received as they were disputed by the Customs Department.

2 (b) Loans & Advances included a claim of Rs.7.96 crore recoverable from Petroleum India International (PII) consortium on account of withdrawal of membership by the Company, which was subjected to with-holding of Rs.3.13 crore towards tax liabilities. As such necessary provision should have been made in the accounts. Non-provision for the same resulted in understatement of provisions and overstatement of profit by Rs.3.13 crore.

Management stated that no provision was required as the amount was booked as advance based on the Balance Sheet of PII consortium for the year 2000-01 wherein same amount has been shown as payable to the Company.

Management contention is not tenable as PII consortium had with held Rs.3.13 crore to cover such tax liabilities for which PII had filed an appeal in Income-tax Appellet Tribunal. Hence claim was uncertain of realisation.

3. Capital work-in-progress and Loans and advances were overstated by Rs.117.82 crore and Rs.4.91 crore respectively and Miscellaneous expenditure was understated by Rs.122.73 crore due to adjustment of the expenditure incurred on licence / Technical know-

how fee relating to production facilities and processes for PX-PTA Project Panipat, RDS Project Gujarat and Paradeep Refinery Project under Capital Work in Progress (Rs.117.82 crore) and under Loans & advances (Rs.4.91 crore) instead of under Miscellaneous expenditure (Rs.122.73 crore).

Management stated that technical know-how fees of Rs.4.91 crore was of the nature of advance payment, hence accounted for as prepaid expenditure under Loans & advances and should be charged to Profit & Loss account in the year of capitalisation. As regards an amount of Rs.117.82 crore shown under capital work-in-progress, the same will be transferred to pre-paid expenditure in the year 2003-2004.

The reply of the Management is not tenable as such expenditure were not in the nature of advance but were of the nature of revenue expenditure to be amortised to Profit & Loss account as soon as possible after commencement of commercial production, hence expenditure should have been shown as Deferred Revenue Expenditure.

4. Profit as well as Fixed assets were overstated by Rs.10.45 crore due to capitalisation of interest on borrowing after commissioning of the Barauni project instead of treating it as charge to the profit and loss account.

Management has noted the comment for necessary compliance in future.

1.2.26 Oil and Natural Gas Corporation Limited

Producing properties were overstated by Rs.40.38 crore due to the following:

(i) Non-exclusion of assets (wells and available facilities) amounting to Rs.10.96 crore for Palej, (block CB-ON-7) which were handed over to private operator in October 2002, and the same should have been charged off to revenue. The non-adjustment had resulted in overstatement of 'Fixed assets' as well as 'Profit' by Rs.10.96 crore.

Management stated that the producing property in respect of Palej Field was retained in their books of accounts as per the production-sharing contract. ONGC had a right to exercise the option of participating interest up to 30 per cent in a development area. Secondly, as per the accounting policies, properties of the fields were only written off when the production from the field stops for consecutive 3 years excluding current financial year.

The above contention of the Management is not tenable as on the date of Balance Sheet the producing property was not with ONGC, as it had already been handed over to private operator and the Mining Licence had also been surrendered to the Government of Gujarat. As regards production sharing contract, ONGC has not contributed 30 per cent towards development expenses to have the right in future share of production as at the close of account.

(ii) Overstated by Rs.29.42 crore due to allocation of abnormal idle cost of 13 Offshore Vessel (OSVs), which were lying idle throughout the year. The above expenditure should have been charged to the revenue during the year as per "Generally Accepted Accounting Principles". Consequently the profit also stands over stated to that extent.

Management stated that Logistics Service is in the nature of one of the support services to the main activity of exploration, drilling and production. The expenditure incurred on the same was an indirect expenditure to the main activities of ONGC. Logistic expenditure was allocated to the installations/rigs based on the utilisation profile. It has been a consistently followed practice to allocate downtime (idle time) cost of the OSVs in the ratio of available OSV days profile. Also, most of OSVs are more than 15 years old and require regular overhauling. The cost considered is mainly the cost of repairs and associated costs during the repairs. The costs of repairs and associated costs during such duration cannot be considered as abnormal idle costs. The benefits of such overhauling are to be borne by the main operations of the region, namely Drilling & Production.

The reply is not tenable, as the creation of Producing Property out of elements of abnormal idling cost, which included expenditure on POL, Repairs & Maintenance, O&M charges; Depreciation & Insurance was against accounting principles. The abnormal idling cost needed to be expensed during the year, where as ONGC was creating a property, which was prolonged till the entire recoverable reserve was exploited from that field. Therefore the Management should frame a policy to recognise these abnormal idling cost as was done in case of rigs.

1.2.27 ONGIO International private limited

The Company accounted for expenditure of Rs.23.18 lakh incurred on foreign travel in connection with business promotion, as loan advance instead of charging it as expenditure. This resulted in understatement of loss to the same extent.

Management stated that as per the policy all the direct expenditure relating to projects were adjusted in the year in which income is earned from the specific project. Hence, the same was classified under the head "Loans and Advances".

The reply of the Management is not tenable as the expenditure was not incurred against any particular work order / project but was of the nature of the business promotion. Further, during 2002-03, none of the proposals / projects materialised.

MINISTRY OF POWER

1.2.28 Narmada Hydroelectric Development Corporation Limited

Current liabilities and Capital work-in-progress (rehabilitation expenses) were understated by Rs.5.08 crore due to non-inclusion of compensation payable by the Company to the land oustees as on 31 March 2003.

Management noted the comment.

1.2.29 National Hydroelectric Power Corporation Limited

1. Current liabilities and Capital work-in-progress were understated by Rs.2.88 crore due to non-accountal of balance amount of material received for Dhauliganga project.

Management had noted the comment.

2. Profit and Sundry debtors were overstated by Rs.49.30 crore due to accountal of tax on the income from interest on the bonds and surcharges as recoverable from the beneficiaries, to which the Company is not entitled to, as it did not form part of its core activity.

Management stated that the treatment given was correct and the beneficiaries were paying income tax as per CERC tariff order/notification.

The reply is not tenable, as the income tax on income from core activity only was recoverable as per the CERC tariff orders/ notification.

3. Profit was overstated and Current liabilities were understated by Rs.53.86 crore due to recognition of the interest income as well as liability (for payment of incentives) on the bonds of Rs.845.31 crore yet to be issued by the beneficiaries (SEBs) in favour of the Company under one time settlement of outstanding dues.

Management stated that treatment given in accounts and explained in the Notes to accounts was correct.

The reply was not acceptable, as the accounting treatment was not in line with the requirement of AS 9. Further the Company had also not disclosed the impact of the treatment given in accounts in the Notes to Accounts.

4. Tariff on increase in the project cost due to Exchange Rate Variation (ERV) on repayment of loan during the year 2002-03 had been worked out by notionally dividing such ERV in to equity and loan in the ratio of 50:50 as per the CERC's norms. However, the tariff of Rs.51.39 crore, billed on actual basis on repayment of loan during the year 2001-02, had not been adjusted in accordance with the above method.

Management stated that the adjustment would be carried out on disposal of the writ petition filed with CERC and no negative impact on profitability was expected.

The reply is not tenable considering adoption of different accounting treatment given by the Company for similar transaction in two years.

1.2.30 National Thermal Power Corporation Limited

The fact that 'Freehold land' included deposits of Rs.15.63 crore placed with the court in connection with the cases filed by the land oustees for payment of enhanced compensation has not been disclosed.

Management stated that the Company had been consistently treating the deposits relating to land in possession as cost of the land as per its relevant accounting policy in accordance with the Guidance Note of the ICAI on "Treatment of Expenditure During Construction Period".

The above contention of the Management is not tenable because the specific amount of such deposits included in the cost of the land had not been disclosed.

1.2.31 Power Grid Corporation of India Limited

1. A reference is invited to the comment No. A of the Comptroller and Auditor General of India on the accounts of the Company for the year ended 31st March 2002 on non-capitalisation of Ranganadi-Balipara Transmission System (RBTS).

Though the line was test charged/commissioned in August 1998, the Company capitalised the RBTS in May 2002 at a cost of Rs.141.63 crore, by including interest of Rs.15.59 crore and incidental expenses of Rs.1.21 crore pertaining to the intervening period from September 1998 to May 2002, which should not have been capitalised in accordance with the Company's accounting policy No.4.1 (vi) and (vii). This had resulted in overstatement of fixed assets by Rs.16.80 crore and profit by Rs.15.83 crore and understatement of miscellaneous expenditure by Rs.97 lakh.

Management stated that on test charging the line in August 1998 certain discrepancies were noticed. Steps to rectify the discrepancies and pending works were completed in May 2002 and the line was commissioned in May 2002.

The above contention of the Management is not tenable, as the project was ready for commercial operation from August 1998.

2. Profit and Inventories were overstated by Rs.2.26 crore due to valuation of high tensile steel by applying different rates and not at cost on weighted average basis in conformity with the Company's accounting policy No 6.1

Management noted the comment.

3. Profit was overstated and Current liabilities were understated by Rs.89.88 lakh due to non-provision of liability in respect of a bill raised by a State Electricity Board towards auxiliary power consumed by sub-stations of the Company during the period from September 2001 to January 2003.

Management stated that bills raised by the SEB on the basis of connected load were refuted as the same were not in line with the decision taken in NEREB meeting and as such there was no liability.

The reply is not tenable in view of the fact that the energy had been consumed and therefore liability on estimated basis should have been provided for.

4. Profit as well as Sundry debtors were overstated by Rs.58.50 lakh due to accounting of the surcharge income relating to Jammu & Kashmir State Electricity Board for the period after 30 September 2001 at the rate of 18 per cent as against the rate of 15 per cent stipulated in the Government of India's securitisation of dues scheme.

Management stated that surcharge had been accounted for at the rate of 18 per cent as per the norms notified by the CERC.

The reply is not tenable in view of the provisions contained in the Scheme for Settlement of SEBs' dues; the Company was entitled only for 15 per cent interest on outstanding dues w.e.f. 1 October 2001.

1.2.32 Rural Electrification Corporation Limited

1. Profit as well as Loans and Advances were overstated by Rs 274.91 crore due to account of accrued interest on the loans of Uttar Pradesh Power Corporation Limited (UPPCL) rescheduled in March 2003, although rescheduled asset remained as sub-standard asset until the expiry of one year as per guidelines of RBI and income on such assets was not to be recognised.

Management replied that the Company had received more than two years installment in advance from UPPCL. Hence there was no uncertainty of satisfactory performance for one year. As such the condition of RBI prudential guidelines was complied with.

The reply of Management is not tenable, as the loans were upgraded into performing assets based on receipts from Central Plan allocation during the year. These receipts were only for adjustment of outstanding dues up to December 1996 as per Government order of October 1996.

2. As per accounting policy 10, grants received from Government of India were deposited in the normal bank account of the Company. The interest earned from the date of receipt of the grant from the Government to the date of its actual disbursement was to be treated as its income. The above policy was not in consonance with the terms of the grant, which required that, a separate account to be maintained.

Management assured that it would formulate an appropriate policy.

1.2.33 Tehri Hydro Development Corporation

Capital work-in-progress included Rs.358.12 crore provided as an advance by the Company to the Director (Rehabilitation) Government of Uttaranchal on account of works executed by them upto 31st March 2003. In the absence of complete details, the expenditure was not identifiable to individual works and also its correctness; reasonableness could not be verified in audit.

Management stated that the expenditure was booked on the basis of the details given by Uttaranchal Irrigation Department.

The reply of the Management is not acceptable in view of the fact that complete details of expenditure were not available with the Company.

MINISTRY OF RAILWAYS

1.2.34 Container Corporation of India Limited

(i) Profit was overstated and Current liabilities were understated by Rs.3.29 crore due to short provision of maintenance charges for acquiring similar wagons.

Management stated that the Company was paying wagon maintenance charges @ 5 per cent of the capital cost. This was as billed by the Indian Railways. As such, there was no need to make any additional provision.

The reply is not tenable because the Railway Board in its special meeting held in January 1998 had decided that the maintenance charges be updated every three years so as to correspond to the current cost of acquiring similar wagons.

(ii) The Company had neither made provision towards productivity-linked incentives nor disclosed the fact of its non-provision in explanatory notes.

Management stated that the amount payable to employees was yet to be decided, as the Memorandum of Understanding rating for the year 2002-03 was not intimated by the DPE.

The reply is not tenable as the scheme was introduced based on memorandum of settlement arrived at with staff union and therefore, a provision should have been made in the accounts for the year.

1.2.35 Indian Railway Catering and Tourism Corporation Limited

Income from Internet ticketing included a sum of Rs.20.89 crore being the cost of rail tickets booked by the Company on behalf of Indian Railways. As the Company had an agency relationship with the Railways for Internet ticketing, the accounting of rail tickets booked amount as income by corresponding debit to expenditure had resulted in overstatement of Income as well as Expenditure by Rs.20.89 crore.

Management stated that they maintain accounts in such manner as to show the complete record and details of the transactions effected through Internet ticketing.

The above contention of the Management is not tenable as agent principal relationship exists between the Company and Railways, the income from internet ticketing on behalf of Railways should not have been accounted for in the accounts.

1.2.36 IRCON International Limited

1. Profit as well as Current assets were overstated by Rs.31.80 lakh due to charging off of depreciation on a machine from the date of 'put to use' instead of date of 'commissioning' of the machine.

Management had noted the comment.

1.2.37 Konkan Railway Corporation Limited

Finance charges were understated by Rs.3.82.Crore due to following:

(i) Non-provision of interest amounting to Rs.2.77 crore payable on the long-term loan of Rs.68 crore as per stipulation contained in loan sanction letter.

Management replied that the Ministry of Railways (MOR) had sanctioned loan of Rs.396 crore out of which, Rs.283 crore was for interest free long-term loans and remaining Rs.113 crore was to be treated as for short term loans. Subsequently MOR had converted short-term loan of Rs.113 crore and indicated Rs.68 crore as long-term and Rs.45 crore as short-term. Therefore, the Corporation has provided interest only for the short-term loan of Rs.45 crore.

The above contention of the Management is not acceptable, as during the year 2002-03, MOR has converted the short-term loan sanctioned during the previous year into interest bearing long-term loans. Thus, interest on long-term loan of Rs.68 crore should have been provided as clearly stated in para 2 of the loan sanction letter that the loan would carry an interest rate of 7 per cent power annum.

(ii) Non-provision of Rs.1.05 crore towards Guarantee fee payable for the period October 2002 to March 2003 on Rs.253 crore guaranteed by the Government of India.

Management replied that they had written to the MOR stating that the issue of sovereign guarantee would result in the cost of borrowings going up by 1 per cent and that as the funds for debt servicing were received from the MOR, this would put an additional burden on them.

The reply is not acceptable because the provision of 1 per cent guarantee fee was one of the pre conditions based on which guarantee was provided. ii) MOR has also communicated to the Company (26 September 2002) that the guarantee would carry a fee @ 1 per cent. This clearly indicates that the MOR did not accept the request of the Company.

MINISTRY OF ROAD AND NATIONAL HIGHWAYS

1.2.38 National Highways Authority of India

1. Capital work-in-progress and Current liabilities were understated by Rs.10.24 crore due to short provision of interest on Government of India loans.

Authority stated that the terms and conditions of the loan were finalised and communicated only on 16 August 2002 based on which adequate provision for payment of normal interest was made and hence there was no short provision of interest.

The contention of the Management is not tenable as the Government had already intimated (March 2002) about the payment of penal interest in case of delay in payment. The communication received in August 2002 was merely reiterating the existing terms and conditions for the grant of loan. As Authority had delayed the payment of interest, thus, penal interest had to be provided.

2. Capital Work-in-progress and Current liabilities were understated by Rs.20.23 crore due to non-inclusion of liability towards works done before March 2002.

Authority has noted the comment.

3. Cash and bank balances were understated by Rs.112.94 crore due to non-inclusion of a cheque received on 31 March 2002 from the Government but incorrectly shown as recoverable under "Current assets and loans and advances- Recoverable from Government of India".

Authority has noted the comment.

4. Other Income was overstated by Rs.76 lakh due to incorrect accounting of the withheld amount from contractors as income. This has also resulted in understatement of "Deposits held on account of others-Contractors-Current Liabilities" by the same amount.

Authority has noted the comment.

5. Profit was overstated and Current liabilities were understated by Rs.52 lakh due to non-provision of liability towards revenue expenses incurred before 31 March 2002.

Authority has noted the comment.

MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT

1.2.39 Artificial Limbs Manufacturing Corporation of India Limited

Current liabilities as well as Loans and advances were understated by Rs.55.16 lakh due to non provision of liability on account of amount payable to transport and clearing & forwarding agents in respect of jobs done under "Bilateral Activities" upto 31 March 2003

as well as not accounting the same as recoverable from the Government on whose behalf work was executed.

Management has assured that they would review the policy and make suitable provisions from the next financial year.

1.2.40 National Scheduled Tribes Finance and Development Corporation Limited

Share application money included Rs.49.87 crore on account of transfer of 1/3rd share of Reserves and Surplus of the erstwhile National Scheduled Castes and Scheduled Tribes Finance and Development Corporation on its bifurcation which should have been accounted for as Reserves & Surplus.

Management stated that the matter was referred to the Department of Company Affairs to seek the advice in the matter.

MINISTRY OF SHIPPING

1.2.41 Cochin Shipyard Limited

Current liabilities included deferred tax liability of Rs.7.11 crore which should have been disclosed under a separate heading as per requirement of AS-22.

Management accepted the Comment.

1.2.42 Inland Waterways Authority of India

1. Advance to Contractors/suppliers was overstated by Rs.35.80 lakh due to non-adjustment of expenditure incurred against the advances paid to various agencies. This had also resulted in understatement of expenses by the same amount.

Authority admitted that Administration/Technical Wing had been advised to obtain certified bills for adjustment in the accounts.

2. Stores spares and tools were overstated by Rs.27.19 lakh, being the value of obsolete stores, against which no provision had been made in the account.

Authority stated that the Technical Wing had been advised to get the approval for declaring the stores obsolete and to take action to dispose the same.

MINISTRY OF STEEL

1.2.43 Kudremukh Iron Ore Company Limited

Investment and Loans and Advances included Rs.50.00 crore and Rs.227.50 crore respectively being investments made by the Company in Kudremukh Iron and Steel Company Ltd (KISCO), a JVC of the Company towards allotment of equity shares and loans and advances, respectively. Due to accumulated loss, KISCO's net worth had become negative necessitating its reference to BIFR in January 2003, as sick industrial Company. KISCO had become a defunct Company under Sections 3(5) and 560 of the Companies Act, 1956, as it failed to enhance its paid up capital. Movable and immovable properties hypothecated by KISCO to the Company as a security towards allotment of equity shares and Loans and Advances were not sufficient to safeguard Company's interest.

Thus, investment made by the Company in KISCO towards equity shares and loans and advances cannot be considered good. As such Notes to Accounts (Note No.11) explaining that investment made by the Company in KISCO towards equity and loans and advances were considered good was not factually correct.

Thus, a suitable provision should have been made for the reduction in value of Investments and Loans & Advances.

Management stated (September 2003) that KISCO was referred to BIFR, as the share application money pending allotment was not taken into account for arriving at the net worth. The proposal of merger of KISCO with KIOCL was under consideration of Government of India and hence it was too premature to conclude on the adequacy of the assets hypothecated to safeguard the Company's interest and as such no provision was required.

The reply of the Management is not acceptable as:

(i) Loans and advances to KISCO, secured by first and second charge on all the movable and immovable property (except booked debts), would be insufficient as these properties were subjected to the charge created in favour of trustees for debenture holders to the extent of Rs.57.40 crore.

(ii) As per assessment made by the Company's Board in September 2000, KISCO's Low Sulphur Low Phosphorous Pig Iron Project (LSLP) on a stand-alone basis would not be viable during its entire operational period as it would result in cash losses over the entire life of KISCO project and the loss on account of disposal of KISCO on "as is where is basis" will be very huge. KISCO was not expected to generate sufficient cash to discharge its liabilities and obligations till the Ductile Iron Spun Pipe (DISP) project was commissioned.

(iii) As per Techno-Economic Study (September 1999), KISCO was likely to generate net profit from the year 2008, if DISP plant was commissioned in 2002; and

(iv) The Company itself assessed that even if the merger took place, KISCO would incur huge loss upto 2004-05.

1.2.44 Indian Iron and Steel Company Limited

Loss of Rs.182.23 crore for the year was understated by Rs.5.78 crore in view of the following.

(i) Over valuation of castings manufactured without confirmed orders and lying unsold. Rs.3.21 crore.

Management stated that castings had been regular item of production and get marketed in line with the market requirements. Valuation had been done on the basis of market price or cost of production whichever is less as per normal accounting practice followed on consistent basis.

Management's reply is not acceptable in view of the fact that the castings were produced without any confirmed order and could not be sold for a considerable period. Further, the operation of Kulti works, the production unit, was suspended and there was no possibility of re-opening of the unit.

(ii) Non-provision against surplus stores and spares of Kulti unit, which had been closed Rs.2.57 crore.

Management stated that the stores and spares items had been carried at book value. Operation at Kulti Works had been stopped from 1 April 2003. Loss/gain would be provided on actual disposal or utilisation elsewhere in the system.

Management's reply is not acceptable as with the cessation of operation of Kulti works, the stock & spares procured for use and Kulti became redundant. Further, there was no certainty to use these items in other units of the Company.

1.2.45 J&K Mineral Development Corporation Limited

1. The Capital work-in-progress included Rs.34.33 lakh being cost of civil works (Rs.14.92 lakh) and electrical equipment (Rs.19.41 lakh) on abandoned sub station and not put to use so far. Since this had not been used anticipated reduction in its realisable value should have been provided for in the accounts.

Management stated that the technical committee constituted for examination of electrical equipment and civil works on abandoned sub-station had assessed the present book value of these items more than the book value and hence these items were continued to be shown at book value.

The contention of the Management is not tenable, as technical committee has assessed the realisable value of the assets based on cost of purchasing/constructing the new assets, while the assets were purchased/constructed in 1993.94.

2. The Company is no more a 'Going Concern' as Board of Directors of the Company decided (May 2002) to wind up besides curtailing materially the scale of operations. As such, the accounts did not reflect true and fair view of the state of the affairs of the Company

Management had not furnished the reply

1.2.46 Steel Authority of India Limited

1. Net loss of the Company for the year amounting to Rs.304.31 crore was understated by Rs.178.55 crore in view of the following:

(i) Non- provision of liability towards guarantee fee payable to Government of India on foreign loan -Rs.50.96 crore.

Management stated that at the time of grant of guarantee for foreign loans prior to 1992, there was no provision for payment of guarantee fee. Subsequently, such guarantee fee was unilaterally levied on retrospective basis. The matter was being pursued with the Government of India for not levying the guarantee fee on such loans retrospectively.

Management's reply is not acceptable as Government of India's OM dated 4 June 93 clearly states that all Government guarantees in respect of external borrowings would be subjected to a guarantee fee of 1.2 per cent per annum. Since the Government has not yet sanctioned waiver of guarantee fee, the liability of the Company existed as on the date of Balance sheet.

(ii) Non-provision for doubtful debts outstanding from the parties-Rs.7.60 crore.

Management stated that legal action had been initiated against the party (Rs.1.53 crores), whose cheque got dishonoured. The other debt (Rs.6.07 crores) pertained to Small Scale Industries Corporation(SSIC), a unit of Uttar Pradesh State Government and the dues were being pursued for recovery.

The above contention of the Management is not tenable as dishonour of cheque given by the party substantiate that it is doubtful of recovery. Thus, provision should have been made. As regards debts recoverable from SSIC, a unit of Uttar Pradesh State Government, as the above Company had neither paid the dues outstanding for more than three years nor have any transaction with the Company (SAIL) since then, the provision for the same should have also been made in the accounts.

(iii) Understatement of interest and finance charges due to accountal of excess subsidy claimed from Government of India- Rs.51.38 crore.

Management stated that the Financial & Business Restructuring proposal of SAIL approved by the Government of India in February 2000, inter-alia provided for Government guarantees of Rs.1500 crores, with 50 per cent interest subsidy on the funds, to be raised from the market by SAIL for reduction in manpower through Voluntary Retirement Schemes. In line with the decision of the Government, the funds were raised during 2000-01 to 2002-03 from the market and subsidy @ 50 per cent of the interest paid to the Bond holders from the date of allotment of Bonds was claimed and received from the Government.

Management further stated that as per Company's rules, employees were released after they settled their dues; vacate Company's accommodation etc. Thus, the employees were relieved over a period of time and the VRS funds parked in the escrow account were withdrawn and utilised in phases. Interest subsidy had been correctly claimed in line with fund raised and interest paid thereon.

Management's reply is not acceptable in view of the fact that the Company had drawn the loan and kept the amount in fixed deposit for certain period on which it had earned interest. Management should have asked for interest subsidy from the Government after adjusting the interest earned from the bank. Hence the contention of the Management was not correct.

The interest earned in the escrow account was required to be adjusted against the interest payable on the funds raised and only 50% of the net interest (interest payable minus interest earned) was required to be accounted for as subsidy from the Government. The Company cannot take interest benefit on Government loan from bank and also obtain subsidy on it simultaneously.

(iv) Understatement of depreciation due to incorrect application of depreciation rates and non-capitalisation of machinery spares -Rs.16.15 crore.

Management stated that the process control assets forming part of the main equipments had been depreciated at the rates applicable to plant and machinery, in line with consistent accounting treatment followed over the years. Accordingly, there was no under provision of depreciation of Rs.12.17 crore on the assets. Further, the depreciation on some of the assets/spares procured in earlier years, now commented upon (Rs.3.98 crore) would be reviewed in the current year.

Management's reply is not tenable, as the Company had applied different rates of depreciation for similar nature of assets, which should have been provided for at uniform rate.

Further, since spares were procured along with original equipments and will be used as and when required, it is clear that these spares come within the ambit of machinery spares required to be capitalised and depreciated according to AS-10.

(v) Income of the Company was overstated by Rs.52.46 crore due to account of Rs.254.41 crore, as sales although the Company had not endorsed the railway receipts in favour of the customer or material were not delivered by 31 March 2003.

Management stated that sales were accounted for consistently based on the delivery of goods to the carriers wherein significant risks and rewards of ownership had been passed on to the customers. In the cases referred, the dispatches had been made to the customers and accordingly included in the sales. However, the documents were held in the custody of the Company for securing the payments.

Management's reply is not tenable in view of the opinion of the expert Advisory Committee of ICAI, which states that significant risks and rewards of ownership in goods may be considered to have been transferred to the buyer, where the RRs are in the name of "Company-Account Party" as soon as the RRs are endorsed in the name of buyers even though these are kept in the custody of the Company with the only purpose to ensure payments unless other terms and conditions of the contract indicates that significant risks and rewards of the ownership in the goods have not been transferred. As such sales should be treated only from the date of endorsement of RRs to the customers. In the cases pointed out RRs were endorsed only after 31.3.2003.

2. Inventories were overstated and loss was understated by Rs.59.30 crore due to:

(a) Valuation of residual and accumulated old dump of mixed coke embedded with soil at Bokaro Steel Plant -Rs.56.25 crore.

Management stated that mixed coke lying at Bokaro Steel Plant was usable within the plant and had also a good market outside. Mixed Coke lying in the yard was being continuously drawn and used in the sinter plant. M/s. MECON, an independent agency, also surveyed the stock and confirmed the availability, usability and valuation of the same.

Management's reply is not acceptable as old stock of mixed coke was neither used for sintering unit in the plant nor sold in the market.

(b) Adoption of higher in valuation of Cold Rolled Mills (CRM) arising at Bokaro Steel Plant-Rs.3.05 crore.

The Management stated that the arising of CRM were not scrap and were distinctly marketed. These were valued at lower of cost or net sales realisation of defective steel products. This accounting treatment was being consistently followed.

Management's reply is not acceptable as the Company instead of valuing the CRM arising based on the rate of Rs.5472 per tonne as per valuation statement of stock as on 31 March 2003 had, valued at Rs.12518 per tonne. Further, in earlier year also, CRM arisings were valued at steel scrap only.

MINISTRY OF TEXTILES

1.2.47 National Textile Corporation. (Delhi, Punjab & Rajasthan) Limited

The fact that reduction in loss for the year by Rs.6.10 crore was due to change in accounting policy had not been disclosed.

Management had accepted the comment

MINISTRY OF URBAN DEVELOPMENT AND POVERTY ALLEVIATION

1.2.48 National Buildings Construction Corporation Limited

1. Profit was overstated by Rs.8.80 crore due to accountal of the excess funds received from the Government of India as income instead crediting to 'Current liabilities'.

Management stated that this had been included in the financial restructuring proposal for conversion into equity.

The above contention of the Management is not tenable, as the Government's approval for converting the liability into equity had not been received.

2. Current liabilities and provisions were understated by Rs.1.17 crore due to non-provision of stamp duty payable on execution of lease/title deeds for land owned by the Corporation. This had also resulted in understatement of Fixed Assets and Work in Progress by Rs.21.47 lakh and Rs.95.81 lakh respectively.

Management stated that the lease deed of the land owned by the Company was yet to be finalised by the Government and provision would be made as and when title was cleared by the Government.

The above contention of the Management is not tenable as provision for all known liabilities were required to be made in the accounts.

3. Other Expenses were understated by Rs.19.96 crore (including Rs.1.27 crore for the current year) due to non-inclusion of guarantee fee and penal levy thereon for internal and external borrowings of Rs.57.32 crore. This had also resulted in overstatement of profit for the year by Rs.1.27 crore and understatement of Prior Period Expenses as well as Accumulated Loss by Rs.18.69 crore and Rs.19.96 crore respectively.

Management stated that they had requested the Government to convert the guarantee fee into equity in the financial restructuring proposal.

The above contention of the Management is not tenable, as specific approval of the Government had not been received.

MINISTRY OF WATER RESOURCES

1.2.49 National Projects Construction Corporation Limited

1. Loss was understated and Current Assets were overstated by Rs.2.07 crore due to inclusion of claims for extra items and escalation not admitted by clients.

Management stated that the value of work done was taken into the accounts as per Accounting Policy of the Corporation.

The reply is not tenable, as the Company should not have taken into the accounts the claims not admitted by the clients.

2. The Provisions/Liabilities written back were overstated by Rs.3.57 crore due to incorrect write back of interest liability of Rs.3.57 crore on the loans amounting to Rs.1.50 crore taken from the Government. This has resulted in understatement of 'Accumulated Loss' and 'Unsecured Loans' by Rs.3.57 crore and Rs.5.07 crore respectively and overstatement of 'Other Liabilities' by Rs.1.50 crore.

Management stated that the final figure of the Government loan Account stands duly reconciled.

The reply is not tenable, as the Company did not get any confirmation from the Government before carrying out the adjustment in the accounts.

1.3 Review of Accounts:

Name of the Ministry/Company	Brief comments
Department of Atomic Energy	
1.3.1 Indian Rare Earths Limited	(i) The percentage of the profit before tax to Capital Employed and Sales, which was 29.60 and 35.16 in the year 2001-02, has come down to 11.01 and 12.91 respectively in 2002-03. Consequently, Earning Per Share (EPS) during the year decreased to Rs.191.73 as compared to EPS of Rs.445.83 in 2001-02. (ii) The percentage of Sundry debtors to Sales, which was 3.51 during 2000-01, increased to 13.88 in the year 2002-03.
1.3.2 Nuclear Power Corporation of India Limited	(i) The percentage of the Profit before-tax to Net worth and Profit after tax to Equity which was 17.34 and 24.28 respectively during 2001-02 decreased to 12.97 and 18.79 in the year 2002-03. (ii) The percentage of Sundry debtors to sales has increased to 76.64 in 2002-03 from 62.95 in 2001-02.

MINISTRY OF CHEMICALS & FERTILIZERS

Department of Chemicals and Petro-Chemicals

1.3.3 Hindustan Organic Chemicals Limited	The Sundry Debtors outstanding for more than three years as on 31 March 2003 amounted to Rs.20.01 crore, which was 32.65 percent of total outstandings. Further, as against total outstandings of Rs.61.27 crore an amount of Rs.53.65 crore was recoverable from private parties. This indicates poor realisation of dues.
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Department of Fertilizers

- 1.3.4 **National Fertilizers Limited** The net worth of the Company which was Rs.1405.14 crore in 2000-2001 declined sharply to Rs.1078.89 crore in 2001-2002 and to Rs.988.54 crore in 2002-2003.

MINISTRY OF COAL

- 1.3.5 **Coal India Limited** Profitability ratio had declined due to marked decrease in profit after tax to Rs.245.59 crore in 2002-03 as compared to Rs.516.80 crore in the year 2001-02.
- 1.3.6 **Bharat Coking Coal Limited** The net worth of the Company declined sharply from (-) Rs.1962.88 crore in 2000-01 to (-) Rs.3223.17 crore in 2002-2003.
- 1.3.7 **Eastern Limited Coalfields** (i) Net worth of the Company had declined further from (-) Rs.1,937.55 crore as on 31 March 2002 to (-) Rs.2,267.82 crore as on 31 March 2003.
(ii) EPS of the Company had decreased to (-) Rs.152.71 in 2002-03 from (-) Rs.125.15 in 2001-02
- 1.3.8 **Northern Limited Coalfields** EPS of the Company as on 31 March 2003 had decreased to Rs.3,989.02 as against Rs.4,840.60 as on 31 March 2002.

MINISTRY OF DEFENCE

Department of Defence Production & Supplies

- 1.3.9 **Bharat Limited Dynamics** The profit for the year (before-tax) amounted to Rs.102.05 crore after taking into account Rs.105.15 crore being the interest income in respect of Short term Deposits / Loans / Sundry Advances / Other Deposits etc.
- 1.3.10 **Garden Shipbuilders & Engineers Limited Reach** Profit after tax for 2002-03 amounted to Rs.21.33 crore after taking into account interest income of Rs.31.81 crore.

- 1.3.11 **Mishra Dhatu Nigam Limited** Income for the year included Rs.3.02 crore by way of interest on surplus funds invested in term deposits (Inter-Corporate / Banks / Others) and income of Rs.2.36 crore from transfer of surplus power. If the non-operational income were not considered, the operating loss of Rs.2.26 crore would have increased to Rs.7.64 crore.

MINISTRY OF FINANCE

INSURANCE DIVISION

- 1.3.12 **National Insurance Company Limited** (i) The Net loss in foreign-operations increased from Rs.6.69 crore in 2001-02 to Rs.102.88 crore in 2002-03.
- (ii) The ratio of Management's expenses and Commission to net premium increased from 27.18 per cent in 2000-01 to 29.88 per cent in 2001-02 and to 32.94 per cent in 2002-03.

MINISTRY OF HEAVY INDUSTRY AND PUBLIC ENTERPRISES

- 1.3.13 **Andrew Yule & Company Limited** The net worth of the Company declined sharply from Rs.16.39 crore in 2000-01 to (-)Rs.92.72 crore in 2002-2003.
- 1.3.14 **Burn Standard Company Limited** The net worth of the Company declined from (-) Rs.234.62 crore in 2000-01 to (-)Rs.458.79 crore in 2002-2003.
- 1.3.15 **Hindustan Cables Limited** The net worth of the Company declined sharply from (-) Rs.199.36 crore in 2000-01 to (-) Rs.686.92 crore in 2002-2003.
- 1.3.16 **Hindustan Photo Films Manufacturing Company Limited** The paid-up capital of Rs.197.87 crore has been fully eroded by the accumulated loss of Rs.2214.02 crore.

MINISTRY OF INFORMATION AND BROADCASTING

- 1.3.17 **National Development Corporation of India Limited** **Film** The percentage of Sundry Debtors to Sales/income increased from 57.19 in 1999-2000 to 63.03 in 2000-01 and to 82.02 in 2001-02, which shows the Company's poor credit policy.

MINISTRY OF MINES & MINERALS

- 1.3.18 **National Aluminium Company Limited** Percentage of doubtful debts to total debts increased from 14 per cent in 2001-02 to 30 per cent in 2002-03.

MINISTRY OF PETROLEUM AND NATURAL GAS

- 1.3.19 **Balmer Lawrie & Co. Limited** Profit for the year ended 31 March 2003 amounting to Rs.16.49 crore included the non-operational income of Rs.11.07 crore.
- 1.3.20 **Bharat Petroleum Corporation Limited** As against the weighted average cost of borrowing of 9.93 per cent (6.28 per cent post tax), the weighted average yield on investments during the year was 5.18 per cent (3.27 per cent post tax).
- 1.3.21 **Bongaigaon Refinery & Petrochemicals Limited** Profit for the year amounting to Rs.178.45 crore be viewed in the light of 50 per cent excise duty exemption amounting to Rs.193.47 crore available for products cleared from North Eastern Refineries.
- 1.3.22 **Oil India Limited** Cost of production per MT of crude oil increased from Rs.1,972.21 in 2000-01 to Rs.2,004.74 in 2001-02 and further to Rs.2,625.97 in 2002-03.
- 1.3.23 **Oil and Natural Gas Corporation Limited** Producing Properties valuing Rs.90.32 crore (net) as on 31 March 2003 did not produce any oil/gas during the year due to various technical/administrative reasons

MINISTRY OF POWER

- 1.3.24 **North Eastern Electric Power Corporation Limited** Despite decline in sales from Rs.614.08 crore in 2001-02 to Rs.493.46 crore in 2002-03, percentage of sundry debtors to sales had increased from 214 in 2001-02 to 261 in 2002-03.

MINISTRY OF RAILWAYS

- 1.3.25 **Konkan Railway Corporation Limited** The paid-up capital of Rs.784.44 crore has been fully eroded by the accumulated loss of Rs.1995.25 crore.

MINISTRY OF STEEL

- 1.3.26 **Bharat Refractories** The paid-up capital of Rs.201.79 crore has been fully

- Limited** eroded by the accumulated loss of Rs.360.26 crore
- 1.3.27 **Hindustan Steel Works Construction Limited** (i) The paid-up capital of Rs.117.10 crore has been fully eroded by the accumulated loss of Rs.982.54 crore.
- (ii) The negative Net worth of Rs.(-)1035.20 crore and working capital of Rs.(-)15.98 crore as on 31 March 2003 indicate precarious financial condition of the Company.
- (iii) Debt equity ratio of 6.65:1 as on 31 March 2002 had increased to 8.80:1 as on 31 March 2003 due to increase in borrowings for separating employees under Voluntary Retirement Scheme.
- 1.3.28 **Indian Iron & Steel Company Limited** (i) The paid-up capital of Rs.387.66 crore has been fully eroded by the accumulated loss of Rs.979.37 crore
- (ii) Due to waiver of loan by Steel Development Fund Managing Committee net loss was decreased by Rs.44.68 crore.
- 1.3.29 **National Mineral Development Corporation Limited** The profit for the year Rs.420.18 crore included Rs.52.36.crore being non-operational income of interest on deposits with Banks and loans to PSUs and other financial institutions.
- 1.3.30 **Steel Authority of India Limited** Though the percentage of Sundry-Debtors to sales had decreased, the percentage of doubtful-debt to sundry-debtors increased from 6.99 in 2000-01 to 10.43 in 2001-02 and marginally declined to 10.02 in 2002-03.

MINISTRY OF SHIPPING

- 1.3.31 **Dredging Corporation of India Limited** The profits for the year Rs.188.93 crore included non-operational income of Rs.14.01 crore on account of interest on fixed deposits and discounts allowed on certificate of Deposit with Banks
- 1.3.32 **Hoogly Dock & Port Engineers Limited** The paid-up capital of Rs.25.01 crore has been fully eroded by the accumulated loss of Rs.243.59 crore.
- 1.3.33 **Shipping Corporation of India Limited** Operating earnings of the Company which were Rs.2994.76 crore in 2000-01, reduced to Rs.2784.67 crore in 2001-02 and further reduced to Rs.2376.51 crore in 2002-03.

MINISTRY OF TEXTILES

- 1.3.34 Cotton Corporation of India Limited** (i) EPS of the Company decreased substantially from Rs.45.16 in 2001-02 to Rs.12.37 in 2002-03.
(ii) Against total outstanding of Rs.129.39 crore as on 31 March 2003, an amount of Rs.47.86 crore was recoverable from private parties and others representing 36.99 per cent .
- 1.3.35 National Textile Corporation (SM) Limited** (i) The erosion in Net Worth increased to Rs.(-)1423.49 crore in 2002-03 from Rs.(-)1269.96 crore in 2001-02..
(ii) Finished goods represented 2.77 months ' net sales in 2002-03 as against 1.37 months' net sales in 2001-02.
(iii) As on 31 March 2003 the debtors more than 3 years represented 65.82 per cent of total outstanding.
- 1.3.36 National Textile Corporation (WB&ABO) Limited** Loss incurred by the Company as on 31 March 2003 had increased to Rs.121.86 crore as against Rs.60.57 crore as on 31 March 2002.

1.4 Significant findings reported by Statutory Auditors:

As per Section 227 (3) (e) of the Companies Act, 1956 [as amended by Companies (amendment) Act, 2000], the auditor's report shall also state in thick type or in italics the observations or comments of the auditors, which have any adverse effect on the functioning of the Company. While certifying the accounts of the PSUs for the year 2002-2003, the Statutory Auditors made the following major qualifications highlighting the impact on Balance Sheet and Profit and Loss Account:

MINISTRY OF CIVIL AVIATION

1.4.1 Indian Airlines Limited

- (i) Non-provision for Sales tax on the sale of scrap, used oils and canteen sales amounting to Rs.10.49 crore

- (ii) Inadequate provision of interest amounting to Rs.3.90 crore on the amount payable to Air India

Had the above provisions for sales tax and interest been made in the accounts, the loss for the year would have been Rs.261.14 crore as against the reported figure of Rs.246.75 crore.

MINISTRY OF COAL AND MINES

Department of Coal

1.4.2 Neyveli Lignite Corporation Limited

The Company on expiry of existing Bulk Power Supply agreement for the supply of power from its Thermal Power Stations and subject to determination of tariff by Central Electricity Regulatory Commission (CERC), had made the contingency provision of Rs.91 crore in the accounts, which resulted in reduction in profit to that extent.

1.4.3 South Eastern Coalfields Limited

- (i) Discrepancies found on physical verification in respect of coal to the extent of ± 5 per cent compared to book stocks had been ignored by the Company as per its accounting policy. As a result, the book stock was higher by 58000 M.T. valuing Rs.3.84 crore over the measured stock.

- (ii) The total book value of unserviceable/damaged/slow-moving/non-moving stores & spares for more than 5 years amounted to Rs.32.68 crore (including obsolete spares of Rs.6.09 crore) against which the Company made a provision of Rs.19.47 crore.

MINISTRY OF COMMERCE & INDUSTRY

1.4.4 India Trade Promotion Organisation

1. Non-provision of liabilities on account of statutory levy of service tax etc-Rs.16.29 crore.
2. Non-provision towards entertainment tax including interest thereon amounted to Rs.4.48 crore
3. The Company had made a provision of Rs.3.18 crore under the head "Provision for contingencies" and for unknown expense/liability though Schedule VI of the Companies Act, 1956, provided for provision of any known liability only.

1.4.5 MMTC Limited

The profit for the year would have been Rs.11.72 crore as against the reported figure of Rs.25.04 crore due to the following:

- (i) Non-provision for diminution in the value of units of Unit Trust of India under US-64 scheme to the extent of Rs.6.27 crore;
- (ii) Non-provision for old outstanding balance amounting to Rs.3.33 crore;
- (iii) Short provision amounting to Rs.1.66 crore in respect of claims recoverable which were more than three years old and
- (iv) Shortfall in the provision amounting to Rs.2.06 crore despite the fact that the Court has decided the matter against the Company.

1.4.6 The State Trading Corporation of India Limited

- (i) Loss was overstated by Rs.15.95 crore due to writing off un-amortised amount of VRS compensation as on 31 March 2002 during the year,
- (ii) Understatement of loss due to non-provision towards diminish in value of closing stock (Rs.6.73 lakh) and for doubtful loans and advances (Rs.11.16 lakh).

Had the observations made by the Statutory Auditors' in their report been considered the loss for the year would have been Rs.68.20 crore as against the reported figure of Rs.83.97 crore

MINISTRY OF COMMUNICATIONS

1.4.7 ITI Ltd.

1. The Company has not provided for:

- (i) Sundry Debtors outstanding for more than 3 years-Rs.38.69 crore
 - (ii) Claims pending for more than 3 years-Rs.17.94 crore
 - (iii) Work in progress, manufactured for customers but not sold or transferred-Rs.5.73 crore

 - (iv) Dormant stock ageing 2 years or more-Rs.73.12 crore
 - (v) Stock in trade imported/purchased for customers but not sold or transferred-Rs.4.58 crore
 - (vi) Liability in respect of advance paid to non-officers staff in connection with pay revision amounting to Rs.6.97 crore.
2. Claims on BSNL in earlier years for waiver of liquidated damages on reserve quota up to 31 March 2002 for Rs.46.50 crore were yet to be realised and no provision had been made there against in the accounts.
3. Claims on MTNL in earlier years for waiver of Liquidated Damages for Rs.7.39 crore were yet to be realised and no provision had been made in the accounts.
4. Claim for grant-in-aid for VRS payments on the Government of India, for Rs.76.95 crore in lodged 2001-02 was yet to be realised.
5. Liability on account of foreign exchange fluctuations amounting to Rs.14 crore had not been accounted for.

MINISTRY OF DEFENCE

Department of Defence Production and Supplies

1.4.8 Bharat Earth Movers Ltd

Sales included Rs.25.83 crore towards part consignments handed over to a customer for user acceptance trials. In view of existence of significant uncertainty, recognition of the same as sales was not in conformity with AS-9. This has resulted in overstatement of sales by Rs.25.83 crore, overstatement of profit by Rs.2.68 crore and understatement of inventory by Rs.23.15 crore with consequential impact on Sundry Debtors and Advances and Deposits.

1.4.9 Hindustan Aeronautics Ltd.

1. Accounting policy 4 on Research and Development was not in line with AS-8. Expenditure on Research and Development amounting to Rs.34.50 crore had been charged to Research and Development Reserves which was an appropriation of profit instead of charging to Profit and Loss account. Thus, the Profit to this extent was overstated.

2 The Company had not provided for property tax amounting to Rs.2.38 crore up to March 2003.

MINISTRY OF HEAVY INDUSTRY AND PUBLIC ENTERPRISES

1.4.10 Andrew Yule & Company Limited

- (i) Non-charging of Rs.6.66 crore for gratuity and leave encashment paid to employees retired under Voluntary Retirement Scheme.
- (ii) Non-provision of Rs.2.40 crore for tax liability.

1.4.11 Burn Standard Company Limited

- (i) Non-provision of Rs.20.21 crore for diminution in value of investment in subsidiaries.
- (ii) Non-provision of Rs.2.04 crore, adjusted by the United Bank of India, against Fixed Deposits.
- (iii) Non-provision of Rs.23.00 crore for estimated liability of arrear pay on implementation of pay revision of officers.

Had the above observations been considered, the loss for the year would have been by Rs.118.99 crore as against the reported figure of Rs.73.74 crore.

1.4.12 HMT (I) Limited

- (i) Non-provision for amount receivable from M/s Engineering Industry Commission (EIC), Ethiopia - Rs.68.92 lakh
- (ii) Non-provision for doubtful advances recoverable from Nucor Wires-Rs.46.13 lakh, Nawab Cashew Packers-Rs.35.40 lakh and Koluthara Export Ltd-Rs.120.44 lakh

Had the provisions for long overdue recoverable amounts been made in accounts, the profit of Rs.38 lakh for the year would have turned into loss of Rs.2.33 crore. In the light of the qualifications, Auditors have reported that the accounts do not reflect a true and fair view.

1.4.13 Hindustan Cables Limited

- (i) Non-provision against old, disputed and un-reconciled, Sundry Debtors amounting to Rs.93.14 crore.
- (ii) Non-provision of Rs.32.35 crore for revision of pay w.e.f. 1 January 1997 to 31 December 2000.

Had the above observations been considered the loss for the year would have been Rs.359.71 crore (as against the reported figure of Rs.234.22 crore) and accumulated loss would have been Rs.1249.03 crore (as against the reported figure of Rs.1123.54 crore).

1.4.14 Hindustan Paper Corporation Limited

- (i) Non-provision of Rs.113.92 crore for permanent diminution in value of long-term investments in a subsidiary.
- (ii) Write back of provision against loans and advances of Rs.22.90 crore without positive change of circumstances.

Had the above observations been considered, the Profit for the years Rs.40.60 crore would turn into loss of Rs.96.22 crore.

1.4.15 Instrumentation Limited

Non-provision of Rs.11.38 crore on account of arrears of pay and allowances during the period from January 1992 to December 1998.

1.4.16 NEPA Limited

Loss was understated by Rs.6.30 crore due to non-provision towards stores and spares, which had not moved for more than five years.

1.4.17 Tungabhadra Steel Products Limited

1. The Total borrowings of the Company (excluding cash credit from banks) as on 1 April 2002 amounting to Rs.39.40 crore had exceeded the paid up capital and free reserves (less accumulated losses) of Rs.7.45 crore. The consent of the Company in AGM/EGM for the borrowings as per the provisions of Section 293 (1) (d) of the Companies Act, 1956, had not been obtained.
2. Payment of agreed and stipulated instalments had not been made by the Company in respect of two suppliers who have filed winding up petitions against the Company for recovery of their dues.

Department of Mines

1.4.18 Bharat Gold Mines Limited

Loss and provision for Gratuity were overstated by Rs.8.12 crore due to provision of gratuity liability on accrual basis as against actuarial method as required under AS-15.

Ministry of Power

1.4.19 National Hydroelectric Power Corporation Limited

Profit had been overstated by Rs 166.50 crore due to:

- (i) Non-provision of Rs.68.60 crore on account of expenditure on Koel Karo project abandoned since 1980.
- (ii) Non-provision of Rs 3.80 crore on account of expenditure of Rs.1.60 crore on Parbati-I and Rs.2.20 crore Farakka projects, since abandoned and declared commercially unviable.
- (iii) Short-provision of depreciation by Rs 94.10 crore due to charging of depreciation at the rates notified by regulations of CERC instead of at rates notified by Government of India under Electricity (Supply) Act 1948.

1.4.20 National Thermal Power Corporation Limited

Pending final determination/revision of tariff by CERC, sales had been accounted for on provisional basis. This had resulted in decrease in sales and profit by Rs.1306.12 crore for the year and decrease in debtors by Rs 3121.61 crore.

1.4.21 Satluj Jal Vidyut Nigam Limited

Non-provision for assets declared surplus/obsolete amounting to Rs.1.82 crore.

MINISTRY OF RAILWAYS

1.4.22 Container Corporation of India Limited

Accounting of freight and handling income/expenses had been done consistently on cash basis, instead of accrual basis, which was not in compliance with Section 209 of the Companies Act, 1956 and AS-9.

1.4.23 Indian Railway Finance Corporation Limited

(i) Non adoption of AS-19 in respect of assets taken on lease from various parties and in turn sub-leased to Ministry of Railways, resulted in understatement of profit for the year by Rs 49.74 crore and reserve & surplus up to 31 March 2002 by Rs.81.65 crore as well as understatement of liabilities by Rs.708.41 crore and assets by Rs.839.81 crore as on 31 March 2003.

(ii) Due to non-adoption of AS-22, deferred tax liability amounting to Rs.133.53 crore for the year was not provided, which resulted in overstatement of profit to that extent. Similarly, non-accounting of accumulated deferred tax liability of Rs.1031.57 crore up to 31 March 2002 resulted in overstatement of reserves & surplus by that amount.

MINISTRY OF SHIPPING

1.4.24 Cochin Shipyard Limited

- (i) The Company had taken credit for an amount of Rs.2.17 crore for in-house design development of Air Defence Ship project of Indian Navy, even though no contract has been executed and the credit was subject to confirmation of Indian Navy.
- (ii) Current liabilities were understated by Rs.6.09 crore due to:
 - (a) Non-provision for claim of Rs.4.22 crore made by Greater Cochin development Authority towards additional compensation with regard to acquisition of land: and
 - (b) Short-provision towards claim of Rs.1.87 crore payable to Kerala State Electricity Board on account of arrear of electrical energy consumption charges.

MINISTRY OF SMALL INDUSTRIES & AGRO & RURAL INDUSTRIES

1.4.25 National Small Industries Corporation Limited

Non-provision of penalty of Rs.5.50 crore for non-payment of guarantee fee upto March 2003.

MINISTRY OF SOCIAL JUSTICE & EMPOWERMENT

1.4.26 National Safai Karamchhari Finance and Development Corporation

1. Out of total term loan of Rs.100.28 crore, the Corporation did not have State Government Guarantee for term loan of Rs.47.84 crore.
2. Many State Channelising Agencies (SCAs) had defaulted in the principal and interest installment repayment, particularly states of Bihar, Manipur, Assam, Gujrat, Tamilnadu, Karnataka and Maharashtra. Total default by the SCAs as at the close of March 2003 amounted to Rs.10.58 crore.
3. An amount of Rs.47.02 crore was lying unutilised with the SCAs since long and neither original amount nor liquidity damage charges were being recovered from the SCAs. There was a lack of proper monitoring regarding recovery of non-utilised funds and in some cases new loans were disbursed without receiving the utilisation certificates.

MINISTRY OF STEEL

1.4.27 Ferro Scrap Nigam Limited

- (i) Non-provision for Rs.10.39 crore withheld by Steel Plants, which were not good for recovery as considered by the Management.
- (ii) Non-provision for Rs.1.67 crore in respect of arbitration case adjudicated against the Company in an Ex-parte Arbitration Award.

1.4.28 Hindustan Steel Construction Company Limited

- (i) Sundry Debtors included a claim on account of escalation of Rs.104.96 crore not accepted by the client and outstanding from long time. Chances of recovery of the claims were remote and full provisions should have been made instead of Rs.69.69 crore as made by the Company.
- (ii) Pending outcome of long outstanding dues from clients, provisions against Sundry Debtors for Rs.43.38 crore had not been made in accounts.

1.4.29 Kudremukh Iron Ore Company Limited

Keeping in view of the Supreme Court's order that the mining in Kudremukh can be carried out only up to December 2005, the expenditure incurred on Primary Ore project should be fully written off before 31 December 2005. In view of position referred to above the difference in the amount to be written off and actually written off in the current year worked out to Rs.66.67 lakh. Thus, the profit for the current year was overstated by Rs.66.67 lakh.

1.4.30 MECON Limited

1. The liability towards gratuity in respect of past services as assessed by the Life Insurance Company as at 31 March 2003 was Rs.25.53 crore. The Company had debited Profit & Loss accounts of the current year by Rs.12.76 crore leaving balance of Rs.12.77 crore to be deferred and adjusted in the following years. Non-charging of the balance gratuity liability resulted in under statement of loss by Rs.12.77 crore.
2. Sundry Debtors outstanding for three years or more where no transaction whatsoever had taken place amounting to Rs.41.57 crore appeared to be doubtful of recovery. Out of this, the Company had made provisions for doubtful debts for Rs.8.64 crore only resulting in understatement of loss by Rs.32.93 crore.
3. The Company had claimed interest subsidy of Rs.3.17 crore from the Government of India without adjusting the interest earned on the VRS loan guaranteed by the Government of India, resulting in understatement of loss by Rs.23 lakh.

1.4.31 Steel Authority of India Limited

No provision had been made for the likely short fall in the value of equity investments of Rs.374.94 crore in Indian Iron & Steel Co. Ltd. (under BIFR).

MINISTRY OF TEXTILES

1.4.32 National Textiles Corporation (APKK&M) Limited

No provision had been made on the following accounts:

- (i) Rs.2.50 crore towards claims on resale loss and carrying charges.
- (ii) Rs.4.63 crore payable to raw-material suppliers.

1.4.33 National Textile Corporation (DPR) Limited

No-provisions of liabilities for:

- (a) Rs.16.50 lakh towards local taxes & lease rent.
- (b) Rs.1.48 crore towards claim of Punjab National Bank.
- (c) Rs.45.14 lakh payable to Rajasthan State Electricity Board.
- (d) Claim of Bank of Rajasthan amounting to Rs.3.38 crore and interest thereon in case of Mahalaxmi Mill, Beawar.
- (e) Rs.10.79 crore on account of interest on cotton dues

MINISTRY OF TOURISM

1.4.34 India Tourism Development Corporation Limited

1. Non-provision of property tax of Rs.32.65 crore payable to NDMC.
2. Absorption of losses aggregating to Rs.35.15 crore incurred by 'Disinvested units' for the year 2000-01 in contradiction to the demerger scheme.
3. Short-provision of loss on transfer of disinvested units by Rs.1.99 crore by computing the same on the basis of the accounts as on 31 March 2001 instead of those as on 31 March 2000 as provided under the approved scheme of demerger.
4. Non-provision of Rs.9.35 crore for the claim shown as recoverable from disinvested Companies for the period from 1 April 2001 to the date of handing over viz. 31 March 2002 as the same was neither confirmed nor the claim worked out on the basis of variation in net current assets between the two dates as per the method provided under the sale purchase agreement.

5. Short-provision of Rs.6.56 crore in respect of permanent diminution in the value of investment.

MINISTRY OF URBAN DEVELOPMENT & POVERTY ALLEVIATION RESOURCES

1.4.35 National Buildings Construction Corporation Limited

1. Non-provision for recoverable dues of Rs.60.71 crore in respect of closed projects, which were outstanding for more than three years. Of this, a sum of Rs.24.63 crore was pending in arbitration/court proceedings.
2. Non-provision for foreseeable losses on executed contracts-Rs.10.03 crore.
3. Non-provision for realisability of claims in respect of extra/substituted items and cost escalation claims amounting to Rs.14.89 crore recognised as income without final acceptance by the clients.
4. Non-provision for interest of Rs.40.03 crore payable on the unpaid land cost at Pragati Vihar, New Delhi.
5. Non-provision for ground rent of Rs.1.15 crore and interest of Rs.5.52 crore on account of delay in the payment of premium and
6. Non-provision for loss (Rs.1.11 crore) on certain old projects which had either been suspended or the construction had not been commenced.

MINISTRY OF WATER RESOURCES

1.4.36 National Projects Construction Corporation Limited

1. Non-provision for escalation/other claims amounting to Rs.1.14 crore in respect of a contract terminated by project authority in 1998-99 at Ganavaram Unit.
2. Non-provision for the value of work (Tanakpur Power House) amounting to Rs.2.10 crore which was outstanding for a long period without any details.

CHAPTER 2:
**COMMENTS FROM THE SUPPLEMENTARY REPORTS OF THE
STATUTORY AUDITORS**

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report, in long form, upon various aspects including the internal control systems of the functioning of the Company audited in accordance with the directions issued by the Comptroller and Auditor General of India to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement.

An illustrative resume of major recommendations made or opinion expressed or comments made by Statutory Auditors on possible improvement in the accounts and system of control in some of the 283 Central Government Companies and 83 Deemed Government Companies in existence as on 31 March 2003 and audited by them, is given below: -

NAME OF THE MINISTRY/COMPANY AREA FOR IMPROVEMENT

2.1 SYSTEM OF FINANCIAL CONTROL AND ACCOUNTS

Department of Atomic Energy

- | | |
|--|--|
| 2.1.1 Electronics Corporation of India Limited | The system of accounting of receipts and issues of materials in respect of supplies made directly to the customers sites needs improvement with respect to timely accounting control and reconciliation. |
|--|--|

MINISTRY OF CHEMICALS AND FERTILIZERS

Department of Chemicals and Petro-Chemicals

- | | |
|---|--|
| 2.1.2 Bengal Chemicals and Pharmaceuticals Ltd. | The Company has capitalised salaries of project maintenance staff, being in the nature of revenue expense, in accordance with its Accounting Policy, which needs to be reviewed. |
| 2.1.3 Hindustan Antibiotics Limited | The Company has not prepared segment-wise accounts and profit/loss statement as per the requirement of AS-17 |

Department of Fertilizers

- | | |
|--|---|
| 2.1.4 National Fertilizers Limited | (i) The segment wise results were not reported in line with AS-17. |
|--|---|

- (ii) The system of recovery of outstanding dues needs to be improved with a view to ensure early recovery of old sundry debtors and loans and advances amounting to Rs.953.01 crore.

MINISTRY OF COAL

- 2.1.5 Mahanadi Coalfields Limited** (i) The system/procedure for recording of procurement and disposal of stores needs to be strengthened to avoid wrong coding of items of inventory.
- (ii) The issues from store were not being uniformly valued.
- (iii) High value store items needs to be properly classified as Capital/ Revenue spares.
- (iv) Non-compliance of the segment wise reporting was in violation of the AS-17.
- 2.1.6 Neyveli Lignite Corporation Limited** The Priced Stores Ledger system permits the following:
- (i) Negative Balances (Quantity and Value)
 - (ii) Items showing Nil Values.
 - (iii) Wrong Valuation and unpriced requisitions.
- 2.1.7 South Eastern Coalfields Limited** There were delays in recording the procurement and disposal of stores. (in Sohagpur, Johilla, Jamuna and Kotma Area).
- 2.1.8 Western Coalfields Limited** There was delay in recording procurement and disposal of stores.
- (Head Office, Nagpur Area, CBE Bhandara, DED, Plant Hinganghat, Sales Account, Umrer Area, Chandrapur Area, Ballarpur Area, Kanhan Area).

MINISTRY OF COMMERCE & INDUSTRY

- 2.1.9 India Trade Promotion Organisation** (i) There was no control over the receipts accounted for at overseas office of the Company.
- (ii) Confirmation of balances had not been obtained from a foreign bank (Rasheed Bank).

(iii)The rate of escalation of salary at 6 per cent per annum considered by actuary for valuation of provision for gratuity and leave encashment was lower than the actual rate of salary increase in the years 2001-02 and 2002-03.

2.1.10 MMTC Limited

(i) Due to non-showing cumulative case-wise/party wise expenditure in the register of legal cases at Corporate office, the legal expenses to be claimed from parties in case of favourable awards could not be readily ascertained.

(ii) Periodical trial balance at Corporate office did not incorporate all the transactions relating to the period.

(iii)The system of monthly reconciliation of inter-office accounts at Corporate Office needed to be strictly adhered to.

2.1.11 The State Trading Corporation of India Limited

(i) Numerous entries in Bank Accounts, both in debit and credit of substantial amount were pending for adjustment for a considerably long time. Entries for unmatched Telegraphic Transfers received from branches were also pending for adjustment due to lack of follow up.

(ii) The system of identifying and monitoring disposal of non-moving, obsolete or surplus raw material, stores and spares and finished goods needed to be strengthened. The stock included 336.025 MT of thermoplastics items remained unsold for the past several years.

MINISTRY OF COMMUNICATIONS

2.1.12 Mahanagar Telephone Nigam Limited

1. The procedure for recording of receipt and expenditure in case of following items needed to be improved:

(i) Expenditure/income on reciprocal basis between unit of MTNL and DoT had not been accounted for in the books of the unit, including bills for telephone connections/services provided to DoT.

(ii) All the reciprocal arrangements of Mobile

Service (MS) Units with DoT/BSNL/MTNL were not properly ascertained.

- (iii) The billings for mobile services were being done very late, which needed improvement.
- (iv) In Delhi MS unit the revenue for SMS facility with some Cellular Mobile Telephone (CMT) operators had not also been accounted.
- (v) The complete details of valuation of closing stocks and issue of SIM Cards and stock register thereof were not ascertained properly.
- (vi) The overheads were allocated as a percentage of capital expenditure and not on the basis of directly allocable costs.
- (vii) Deficiencies in classification of expenditure during construction were noticed due to delay in intimation of completed project works and inadequate records resulted in belated capitalisation and depreciation thereon.

2. The system of recording consumption of materials/stores, their allocation and documentation for inter-project and inter-purpose transfer needed to be strengthened. Proper procedures also needs to be developed to correlate the entries in the Works Registers and the financial books with the actual consumption records as maintained by the concerned Section of the unit.

MINISTRY OF DEFENCE

Department of Defence Production & Supplies

- 2.1.13 Mishra Dhatu Nigam Limited**
- (i) In four liaison offices of the Company outside Hyderabad, no regular books of accounts were maintained.
 - (ii) System of review of stale cheques accounts periodically and the necessity to pass the corrective entries needed to be implemented.

MINISTRY OF FINANCE

Department of Banking

2.1.14 Allbank Finance Limited System of monitoring timely recovery of outstanding dues needed to be improved to minimise the non-performing assets.

2.1.15 BOB Housing Finance Limited (i) The Company has not prepared segment-wise accounts and Profit & Loss Statement.
(ii) The Company has not introduced system of insurance of property by the loanees till the repayment of entire amount of loan.

Insurance Division

2.1.16 National Insurance Company Limited In Reinsurance Department the reconciliation of control account with various subsidiary accounts and registers was pending.

MINISTRY OF HEAVY INDUSTRY & PUBLIC ENTERPRISES

2.1.17 Braithwaite Burn & Jessop Construction Company Limited (i) Company did not prepare segment wise accounts.
(ii) System of recording receipts and expenditure was not amenable to efficient and timely control.
(iii) Delegation of financial powers was not clearly prescribed.

2.1.18 Engineering Projects (India) Limited (i) Practice of reconciling only inter-divisional accounts and control accounts at the time of compilation of financial statement was followed instead of periodic reconciliation for the purpose of timely settlements and adjustment of differences.
(ii) Maintenance of subsidiary records in respect of sundry debtors, loans and advances, imprest and sundry creditors needed to be improved to make it commensurate with increasing size and nature of its business.

2.1.19 Hindustan Paper Corporation Limited System of recording of stores and expenses needed to be improved.

2.1.20 HMT (International) Limited Company had utilised about Rs.1.80 crore for extending unsecured advance to three parties for

supply of seafood and cashew for exports on regular basis. Two out of the three parties had defaulted in honouring the commitment of Rs.1.35 crore and the Company had to initiate legal action for the recovery of the amount advanced. Extending unsecured advances had to be avoided in the overall interest of the Company

MINISTRY OF INFORMATION & BROADCASTING

- 2.1.21 **National Film Development Corporation of India Limited** Trial balances were drawn at year-end or at the half-year intervals and there is no system of drawing location-wise trial balances periodically.

MINISTRY OF PETROLEUM AND NATURAL GAS

- 2.1.22 **Bharat Petroleum Corporation Limited** (i) The company has written off Rs.1.04 crore on account of unmatched items in Bank account pertaining to transactions outstanding for more than 3 years and for which details were not available. No steps were taken to check the old pending open items.
(ii) Segment-wise profit and loss accounts were not prepared

- 2.1.23 **Chennai Petroleum Corporation Limited** Identification and classification of surplus/obsolete/unserviceable/damaged stores and spares and monitoring disposal of such items had to be streamlined further. Pending such identification, a provision of Rs.6.19 crore had been made in the accounts against the total listed non-moving stores and spares of Rs.38.39 crore.

- 2.1.24 **Kochi Refineries Limited** The reconciliation of project stores stock and general stores stock with General Ledger was not complete.

MINISTRY OF POWER

- 2.1.25 **National Hydroelectric Power Corporation Limited** (i) The system of procurement and disposal of stores in respect of Dulhasti & Dhauliganga projects needed to be strengthened.
(ii) The policy in respect of distribution of Corporate office expenses needed to be reviewed

- 2.1.26 Power Finance Corporation Limited** There was no control mechanism between the project and accounts department to ensure the correct levy of commitment charges arising due to revision in schedule of payment.
- 2.1.27 Rural Electrification Corporation Limited**
- (i) Some of the very old provisions/balances were lying unsettled in the books.
 - (ii) The delegation of powers of Chairman & Managing Director as approved by the Board did not prescribe any limit of total sanctions to be made in a particular year.
 - (iii) Under the provisions of Section 292 of the Companies Act, 1956, the power to issue debentures/bonds could be exercised by the Board and the same cannot be delegated to any committee/ the Managing Director. However, the said power was delegated to the Chairman & Managing Director.
 - (iv) A bridge loan of Rs.44.02 crore was given to KPTCL on 7 January 2003 for which no charge was created under section 125 of the Companies Act, 1956.

MINISTRY OF RAILWAYS

- 2.1.28 Indian Railway Finance Corporation Limited** The Company did not update fixed assets register in respect of the leased assets.
- 2.1.29 Konkan Railway Corporation Limited** The accounting policy of charging to revenue account all the items of plant and equipment acquired during the current year, valuing less than Rs.1 lakh individually as introduced during the year was not in accordance with AS-10 and AS-6. As a result, loss for the year was overstated by Rs.1.02 crore and depreciation and gross fixed asset were understated by Rs.3.88 lakh and Rs.1.05 crore respectively.

MINISTRY OF SHIPPING

- 2.1.30 Hindustan Shipyard Limited** The Company did not maintain segment wise accounts in terms of the requirement of AS-17.

MINISTRY OF SMALL INDUSTRIES AND AGRO & RURAL INDUSTRIES

- 2.1.31 National Small Industries Corporation Limited (i) Valuation of stock of repossessed/surrendered machinery was not done.
(ii) Market survey had not been conducted before participation in various exhibitions to estimate adequacy of return from the exhibitions.

MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT

- 2.1.32 National Backward Classes Finance and Development Corporation Limited (i) The stock of stationary was not properly maintained
(ii) Subsidiary Accounts were not maintained by the Company.
- 2.1.33 National Scheduled Castes Finance and Development Corporation Limited In some cases advances for expenses were not adjusted in time.

MINISTRY OF STEEL

- 2.1.34 Ferro Scrap Nigam Limited No systematic records were kept for the claims made against the Company, which were not acknowledged and were contested by the Company.
- 2.1.35 Hindustan Steel Construction Company Limited Before identification of slow/non moving items as obsolete in a unit, usefulness of such materials in other units should have been checked.
- 2.1.36 Steel Authority of India Limited The system regarding identification and disposal of surplus/obsolete stores, raising of GRNs, adjustment of advances needed to be further strengthened.

MINISTRY OF SURFACE TRANSPORT

- 2.1.37 Ennore Port Limited Proper record needed to be maintained to record the purchase and disposal of stores.

MINISTRY OF TEXTILES

- 2.1.38 The Handicrafts and Handlooms Exports Corporation of India Limited Stock ledgers for store items were not maintained at Kolkata Branch.
- 2.1.39 National Textile The Company has valued stocks and stores, dyes and

	Corporation (APKK&M) Limited		chemicals 'at cost' as against lower of 'cost or net realisable value'.
2.1.40	National Corporation (Maharashtra Limited	Textile North)	The India United Mills-II, Shree Sitaram Mills, Jam Manufacturing Mills and Vidarbha Mills of the Company did not maintain segment- wise financial records.

MINISTRY OF URBAN DEVELOPMENT AND POVERTY ALLEVIATION

2.1.41	National Construction Corporation Limited	Buildings	(i) Expenditure on piece work labour/contract was booked periodically based on measurement sheets and approved bills, but the measurement sheets were neither signed by the officer concerned nor the date of measurement was noted there. (ii) Subsidiary ledgers of piece rate workers, suppliers; sub contractors and advances to staff were not reconciled with the financial records maintained at zonal office.
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2.2. ASSETS AND INVESTMENTS

Department of Atomic Energy

2.2.1	Nuclear Corporation Limited	Power of India	The system of maintaining records/documents in respect of ownership of land and payment of development charges thereon needed to be reviewed as expenditure of Rs.17.92 lakh towards forestation on 258 hectares of land acquired from Forest Department was capitalised though the ownership of land remains with the Forest Department
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Department of Bio-Technology

2.2.2	Indian Company Limited	Vaccines	(i) Fixed assets registers were not reconciled with financial books and no entries had been made in respect of depreciation. (ii) The Company was transferring surplus funds in Short Term deposits with UTI Bank and did not follow the guidelines issued by Government of India in this regard.
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MINISTRY OF CHEMICALS AND FERTILIZERS

Department of Fertilizers

2.2.3	National Limited	Fertilizers	The Company had not laid down any policy for investments.
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MINISTRY OF COMMERCE & INDUSTRY

- 2.2.4 India Trade Promotion Organisation** (i) The physical verification of fixed assets had not been conducted during the year. The discrepancies noticed during the last year were also not reconciled with the financial books. The frequency of physical verification of fixed assets was not reasonable having regard to the size of the Company and nature of the assets.
- (ii) The investment policy of the Company did not comply with the guidelines issued by the Department of Public Enterprises.
- 2.2.5 MMTC Limited** (i) There were some long outstanding dues to be recovered by the Regional office of the Company at Chennai.
- (ii) Sundry debtors were neither reconciled with the figures reflected in the accounts nor confirmation obtained from the parties.
- 2.2.6 PEC Limited** There was no system of obtaining confirmation of balances in respect of Sundry debtors, Creditors and Advances shown as outstanding.
- 2.2.7 The State Trading Corporation of India Limited** (i) No confirmation had been received in respect of Sundry debtors, Creditors and Loans and advances.
- (ii) The system of follow up for recovery of dues was not adequate and old outstandings were being carried forward.

MINISTRY OF COMMUNICATION

- 2.2.8 Mahanagar Telephone Nigam Limited** The fixed asset register was not maintained properly in MS Mumbai unit and where maintained the records were not complete to indicate full details. The records maintained in respect of assets from DoT did not give full particulars in Delhi Unit.

MINISTRY OF COMNSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION

- 2.2.9 Central Warehousing Corporation** Leasehold Land included value of land at :-
- (i) (a) Kasna, U.P. of Rs.98.20 lakh acquired in the year 1998-99 for setting up of Inland Container

Depot (ICD). The project could not be started for want of clearance by Export Promotion Industrial Park (EPIP), Kasna. Land appeared to have been purchased without proper assessment of the location and its utilisation. The Corporation also paid rates and taxes for the same.

(b) Sitapura (Jaipur) Rs.3.90 crore and Bikaner Rs.70.42 lakh acquired during 2001-02 where activities for construction of godowns had not yet been started.

(ii) Residential flats included expenditure of Rs.9.32 crore towards the cost of 86 flats 'D' Node, JNP acquired by the Corporation during 1998-99. As on date 12 flats stand occupied by the Corporation.

(iii) Investments (at cost) included Rs.80 lakh invested with Punjab State Warehousing Corporation (PSWC) for setting up a Container Freight Station at Ludhiana as a joint venture. The joint venture was not contemplated under the Warehousing Corporations Act, 1962.

(iv) Fixed Assets register maintained at some of the units of the Corporation did not show details of location, identification marks, date of purchase etc.

(v) Reconciliation of physical balances with book balances in respect of fixed assets had not been done in most of the units, the effect on accounts, if any, was unascertainable.

(vi) Sundry debtors (Storage) included Rs.8.03 crore (net of salvage value) deducted by Food Corporation of India on account of damage/ loss of the stocks at Central Warehouse, Dhuri, stored in the year 1994. The insurance Company had rejected the insurance claim. The Corporation had taken legal action against the insurance company.

(vii) Execution of title deeds in respect of freehold/ leasehold land had not been executed in favour of the Corporation at 114 sites. Out of total 114 sites, 91 cases related to land acquired before 31 March 1999 and included some very old cases.

(viii) The Corporation had given a deposit of Rs.5 crore in 1990-91 to Fertilizer Corporation of India

Ltd.,(FCIL). The repayment of principal together with interest thereon was guaranteed by Ministry of Chemicals and Fertilisers Govt. of India. FCIL had defaulted in the repayment of deposit and also interest thereon.

MINISTRY OF DEFENCE

- 2.2.10 **Bharat Electronics Limited** No provision had been made for diminution in the value of investments in Joint Venture Company- BEL-Optronics Ltd.

MINISTRY OF FINANCE

Department of Banking

- 2.2.11 **BOB Housing Finance Limited** The Company has not laid down any investment policy.
- 2.2.12 **Bharatiya Reserve Bank Note Mudran Ltd** The Investment Policy of the Company did not cover the investment in real terms of equities, debentures, bond, etc. Hence it is not so exhaustive.
- 2.2.13 **Cent Bank Home Finance Limited** There was no uniform procedure of maintenance of cashbooks.

Department of Insurance

- 2.2.14 **National Insurance Company Limited** Some items in Sundry Debtors and Creditors balances were lying un-recovered/un-reconciled

MINISTRY OF HEAVY INDUSTRY & PUBLIC ENTERPRISES

- 2.2.15 **Braithwaite Burn & Jessop Construction Company Limited** (i) Company did not maintain necessary documents/Registers in respect of procurement and disposal of stores.
(ii) Company did not maintain proper records showing full particulars including quantitative details of fixed assets at site.
- 2.2.16 **Bharat Heavy Electricals Limited** The recovery of old outstanding dues was required to be monitored on regular basis in respect of IVP, Goindwal unit.
- 2.2.17 **Bharat Leather Corporation Limited** The system of monitoring timely recovery of outstanding dues needed more attention and follow up as there were number of entries outstanding since

long in the Books of Accounts which had not been reviewed and adjusted.

2.2.18 Cement Corporation of India Limited The Company had not laid down policy for investments.

2.2.19 Hindustan Cables Limited The Company did not maintain records showing details of assets (Narendrapur Unit, Naini Unit, Corporate Office and Turnkey Division).

MINISTRY OF INFORMATION & BROADCASTING

2.2.20 Broadcast Engineering Consultants India Limited The system of monitoring, timely recovery of its outstanding dues needed to be strengthened to recover outstanding dues of Rs.66.62 lakh.

MINISTRY OF INFORMATION TECHNOLOGY

Department of Electronics

2.2.21 Semi-Conductor Complex Limited (i) The Company had no system for monitoring and timely recovery of outstanding dues.
(ii) The Company had not laid down any policy for investments

MINISTRY OF MINES & MINERALS

2.2.22 Bharat Gold Mines Ltd The Company did not have a proper system of monitoring the timely recovery of outstanding dues.

MINISTRY OF PETROLEUM AND NATURAL GAS

2.2.23 Bharat Petroleum Corporation Limited During the year an amount of Rs.89.82 crore was provided for on account of doubtful debts. However, in respect of some old overdues from certain parties regular follow up and monitoring was necessary to recover the outstandings.

2.2.24 Oil India Limited The Company did not have system of obtaining confirmation of balances from the debtors.

MINISTRY OF POWER

2.2.25 National Hydroelectric Power Corporation Limited (i) The Company had generally updated its property and assets register. However, dates of installation, location and identification were found to be incomplete in some cases.

- (ii) The Company did not have investment policy.
- 2.2.26 Power Grid Corporation of India Limited** Fixed assets records in few cases did not give full particular of the assets including their location
- 2.2.27 Rural Electrification Corporation** (i) The system of monitoring the recovery of outstanding dues needed to be strengthened and streamlined to ensure timely recovery of dues.
- (ii) The total overdues outstanding from the borrowers as on 31 March 2003 amounted to Rs.3393.33 crore. No steps were taken to invoke the State Government guarantees.
- 2.2.28 Satluj Jal Vidyut Nigam Limited** The advances amounting to Rs.85.94 crore, released against extension of time in all main civil contracts were not adjusted.

MINISTRY OF RAILWAYS

- 2.2.29 Indian Railway Catering and Tourism Corporation Limited** The Company did not lay down any investment policy.
- 2.2.30 Indian Railway Finance Corporation Limited** The Company was not conducting any physical verification of the rolling stocks leased to Railways.
- 2.2.31 Rail Tel Corporation of India Limited** The Company had not laid down any investment policy.

MINISTRY OF SMALL SCALES INDUSTRIES AND AGRO AND RURAL INDUSTRIES

- 2.2.32 The National Small Industries Corporation Limited** (i) The Company had not laid down any investment policy.
- (ii) The system of monitoring outstanding dues from Sundry debtors was not satisfactory.

MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT

- 2.2.33 National Safai Karmachari Finance and Development** There was lack of proper monitoring of unutilised

Corporation Limited disbursements.

MINISTRY OF STEEL

- 2.2.34 Hindustan Steel Works Construction Limited The system of monitoring recoveries of outstanding dues needed to be improved.
- 2.2.35 Indian Iron and Steel Company Limited Although the Company had a system of monitoring timely recovery of outstanding dues, there were cases where balances were outstanding for quite a long period.
- 2.2.36 MSTC Limited System of monitoring timely recovery of outstanding dues needed improvement.
- 2.2.37 Steel Authority of India Limited The present system of follow up for recovery/adjustment of outstanding dues needed to be strengthened.

MINISTRY OF SURFACE TRANSPORT

- 2.2.38 Ennore Port Limited The Company had not formulated any Investment policy.

MINISTRY OF TEXTILES

- 2.2.39 The Handicrafts and Handlooms Exports Corporation of India Limited
- (i) The system of monitoring the recovery of outstanding needed to be strengthened.
 - (ii) Periodicity of cash verification at Mumbai branch needed to be increased as petty cash book was being maintained by an outside agency.
 - (iii) The title deeds of assets valuing Rs.1.85 crore owned by the Company were not registered so far.

MINISTRY OF URBAN DEVELOPMENT AND POVERTY ALLEVIATION

- 2.2.40 National Buildings Construction Corporation Limited Reconciliation of physical verification report of fixed assets with the financial books as on 31 March 2003 had not been done.

2.3 LIABILITIES AND LOANS

Department of Bio Technology

- 2.3.1 Indian Vaccines Company Limited The terms and conditions of loans taken were not defined.

MINISTRY OF CHEMICALS AND FERTILIZERS

Department of Chemicals and Petro-chemicals

- 2.3.2 Hindustan Organic Chemicals Limited No provision had been made in the accounts for Rs.9.37 crore being differential amount of liability on gratuity

Department of Fertilizers

- 2.3.3 Madras Fertilizers Limited The Company had defaulted in payment of loan availed from Government of India and other financial institutions—principal Rs.94.62 crore and interest (including penal interest) Rs.45.49 crore.

MINISTRY OF COMMERCE & INDUSTRY

- 2.3.4 PEC Limited Bank guarantee register had not been maintained properly. The unexpired bank guarantees as per register did not tally with unexpired Bank Guarantees as given by the Bank as on 31 March 2003.

MINISTRY OF FINANCE

Department of Banking

- 2.3.5 Indbank Merchant Banking Services Limited The Company had defaulted in payment of interest to the extent of Rs.4.56 crore in respect of loan availed from Indian Bank.

MINISTRY OF HEAVY INDUSTRY & PUBLIC ENTERPRISES

- 2.3.6 Braithwaite Burn & Jessop Construction Company Limited The Company had defaulted in repayment of loan of Rs.3.82 crore and interest and penal interest of Rs.27.96 crore and Rs.14.23 crore respectively.
- 2.3.7 Bharat Heavy Electrical Limited Guarantee fee including penalty (Rs 100.51 crore) and interest (Rs 4.75 crore) was payable to the Government of India and State Government respectively
- 2.3.8 Bridge & Roof Company The Company had defaulted in repayment of

- (India) Limited** Government of India loan of Rs.9.71 crore and interest and penal interest of Rs.3.45 crore and Rs.25.66 crore respectively.
- 2.3.9 **Burn Standard Company limited.** The Company had defaulted in repayment of Government of India loan of Rs.300.87 crore and interest of Rs.51.11 crore.
- 2.3.10 **Cement Corporation of India** Public Deposits amounting to Rs.28.11 crore were overdue as on 31 March 2003.
- 2.3.11 **Hindustan Limited Cables** The Company had defaulted in repayment of loan of Rs.95.69 crore and interest (including penal interest) of Rs.114.35 crore.
- 2.3.12 **Hindustan Corporation Limited Paper** The Company had defaulted in repayment of Government Loan of Rs.115.52 crore and interest and penal interest of Rs.32.87 crore and Rs.96.91 crore respectively.
- 2.3.13 **Praga Tools Limited** The principle amount in default at the end of the accounting year was Rs.43.96 crore and the interest outstanding was Rs.79.82 crore. Further an amount of Rs.13.98 crore being the compounding interest to ICDS was also in default .
- 2.3.14 **Tyre Corporation of India Limited** The Company had defaulted in repayment of Government of India loan of Rs.113.10 crore and interest (including penal interest) of Rs.314.22 crore.

MINISTRY OF INFORMATION & BROADCASTING

- 2.3.15 **National Development Corporation of India Limited Film** Effective steps were needed to be ensured for the timely realisation of the debts in the TV Marketing and Distribution Divisions of the Corporation.

MINISTRY OF INFORMATION TECHNOLOGY

- 2.3.16 **Semiconductor Complex Limited** The recovery of Loans and Advances in respect of ex employees was not as per stipulated terms.

MINISTRY OF PETROLEUM AND NATURAL GAS

- 2.3.17 **Biecco Lawrie** (i) The Company had defaulted in repayment of loan

Limited

from Oil Industry Development Board of Rs.27.76 crore and interest (including penal interest) of Rs.2.70 crore.

(ii) The Company had defaulted in repayment of cash credit loan from bank amounting to Rs.3.18 crore.

MINISTRY OF POWER

2.3.18 North Eastern
Electric Power
Corporation Limited

The Company had defaulted in repayment of Government of India loan of Rs.18.35 crore and interest and penal interest of Rs.265.79 crore and Rs.94.26 crore respectively.

2.3.19 Rural Electrification
Corporation Limited

(i) The Corporation should have taken suitable steps to recover the overdue amount from the guarantors of loans particularly in case of RE Cooperative Societies, which were under liquidation.

(ii) Adequate steps were not taken to recover the overdues of Rs.1.80 crore from Bihar State Electricity Board outstanding since 1997-98 against loan documents, which had to be cancelled being defective.

(iii) The monitoring of non-performing loans and advances needed to be strengthened.

MINISTRY OF SHIPPING

2.3.20 Cochin Shipyard Limited

Adequate records, such as measurement book etc., needed to be maintained at ship repair unit for assessing the progress of the works of contractors on a day-to-day basis. Delays were also noticed in recording the materials Receipt Vouchers (MRV) and Stores Issue Vouchers (SIV). The system for recording the transactions of sub-contractors works, recording of MRV and SIV also needed to be improved for timely accounting.

MINISTRY OF TEXTILES

2.3.21 National Textile
Corporation
(South Maharashtra)
Limited.

The Company had defaulted in repayment of loans amounting to Rs.347.73 crore (including interest of Rs.143.78crore) in respect of five Mills as per details given below:

(i) Elphinstone Spinning and Weaving Mills-

- Rs.79.56 crore (including interest of Rs.34.06 crore)
- (ii) Finlay Mills-Rs.91.50 crore (including interest of Rs.37.73 crore).
- (iii) New City of Bombay Manufacturing Mills-Rs.74.79 crore (including interest of Rs.31.58 crore)
- (iv) Poddar Mills- Rs.52.03 crore (including interest of Rs.22.57 crore)
- (v) Nanded Textile Mill-Rs.49.85 crore (including interest of Rs.17.84 crore).

MINISTRY OF HOME AFFAIRS (UNION TERRITORY ADMINISTRATION)

- 2.3.22 **Dadra and Nagar Haveli and Daman and Diu and SC&ST,OBC & Minorities Financial & Development Corporation Limited** The system of identifying non- performing assets had not been laid down.

2.4 INVENTORY AND CONTRACTING

(PSUs where maximum & minimum limits of stores and spares were not fixed and Economic Order Quantity was not prescribed have been given in Annexure-III)

Department of Atomic Energy

- 2.4.1 **Electronics Corporation of India Limited**
- (i) The Company had identified afresh-surplus raw material inventory of Rs.1.93 crore held for more than one year.
- (ii) Considering the technological development and obsolescence rate in Electronic Industry BEING FAST, there is an imminent need to redefine the purchase policy of the Company, so as to reduce inventory-holding costs.

MINISTRY OF CHEMICALS AND FERTILIZERS

Department of Chemicals and Petro-Chemicals

- 2.4.2 **Hindustan Fluorocarbons Limited** Age-wise analysis of non-moving, obsolete or surplus raw material, stores and spares (excluding insurance spares) and finished goods was not being generated.

Department of Fertilizers

- 2.4.3 National Fertilizers Limited (i) Efforts were not made to minimise the carrying cost of inventory.
(ii) Advances amounting Rs.130.09 crore given to suppliers/contractors by the Company were outstanding for more than three years.

MINISTRY OF COAL

- 2.4.4 Central Mine Planning and Design Institute Limited Slow and non-moving items were not reviewed periodically despite the fact that they formed 41.2 per cent of total stores.
- 2.4.5 Mahanadi Coalfields Limited Proper analysis for identifying store items having negligible movement needed to be carried out.
- 2.4.6 Northern Coalfields Limited ABC analysis had not been fully adopted to control the inventory.

MINISTRY OF COMMERCE & INDUSTRY

- 2.4.7 MMTC Limited Bullion and silver were not stored properly and no security measures were undertaken by the Regional Office of the Company.

MINISTRY OF COMMUNICATIONS

- 2.4.8 Mahanagar Telephone Nigam Limited The monitoring of advances and record keeping to indicate the status of work done against the advances paid was inadequate and needed to be strengthened in Mumbai unit.

MINISTRY OF DEFENCE

Department of Defence Production & Supplies

- 2.4.9 Mazagon Dock Limited Specific equipment and items imported but not utilised in the projects were lying under 1069 expired custom bonds amounting to Rs.13.84 crore as on 1 April 2002. Although the said goods were de-bonded during the year, the inventory of these bonds on verification was not found to be useful for any future projects.
- 2.4.10 Mishra Dhatu Nigam Limited The systems and procedures of recording procurement and disbursement of stores was unsatisfactory with inadequate records and needed to be improved substantially

MINISTRY OF FINANCE

- 2.4.11 **Bharatiya Reserve Bank Note Mudran Ltd** The Company did not have a system of identifying non-moving obsolete or surplus raw materials and Company had not prepared age-wise analysis of inventory.

MINISTRY OF HEAVY INDUSTRY & PUBLIC ENTERPRISES

- 2.4.12 **Andrew Yule & Company Limited** Inventory valuing Rs.2.56 crore (Raw materials Rs.74 lakh, Packing material Rs.1.02 crore, Stores & spares Rs.58 lakh and Work-in-progress Rs.22 lakh) had not moved over 5 years.
- 2.4.13 **Bharat Leather Corporation Limited** There were number of entries relating to advances to suppliers and contractors which are lying unadjusted for a long time
- 2.4.14 **Braithwaite Burn & Jessop Construction Company Limited** The Company did not have adequate system for identifying and monitoring disposal of non-moving, obsolete or surplus raw materials, stores and spares.
- 2.4.15 **Burn Standard Company Limited** Inventory valuing Rs.9.48 crore had not moved over 5 years.
- 2.4.16 **Hindustan Paper Corporation Limited** System of procurement and issue of stores needed to be improved.
- 2.4.17 **NEPA Limited** The system of monitoring the recovery of advances needed to be strengthened.

MINISTRY OF INFORMATION TECHNOLOGY

- 2.4.18 **Semi-Conductor Complex Limited** The advance payments to suppliers/ contractors had remained unadjusted in many cases.

MINISTRY OF MINES & MINERALS

- 2.4.19 **Hindustan Copper Limited** Stores and spares valuing Rs.26.58 crore had not moved over 5 years.
- 2.4.20 **National Aluminium Company Limited** Stores, spares and consumables valuing Rs.5.90 crore had not moved over 5 years.

MINISTRY OF PETROLEUM AND NATURAL GAS

- 2.4.21 **Bongaigaon Refinery and Petrochemicals Limited** (i) Internal control procedure for purchase of stores spare parts and other assets needed to be further strengthened.
(ii) Stores and spares valuing Rs.9.01 crore had not moved over 5 years.

- 2.4.22 **Mangalore Refinery and Petrochemicals Limited** Non-moving stores constituted 41.03 per cent of the total inventories. Necessary steps needed to be taken for disposal of the same.
- 2.4.23 **Numaligarh Refinery Limited** The Company did not have any laid down procedure for engagement of sub-contractors for execution of order.
- 2.4.24 **Oil and Natural Gas Corporation Limited** There were delays in processing of documents (Goods receipt and issue voucher) relating to procurement and issue of stores and incorporating the same in the accounts.

MINISTRY OF SHIPPING

- 2.4.25 **Hindustan Shipyard Limited** The Company constantly defaulted in repayment of loans as well as interest. The Company had also defaulted in payment of guarantee fee and penalty thereon to the Government of India.

MINISTRY OF SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES

- 2.4.26 **The National Small Industries Corporation Limited** The Company had no system for identifying and disposal of non-moving/obsolete/surplus raw materials stores and spares finished goods.

MINISTRY OF STEEL

- 2.4.27 **Steel Authority of India Limited** The Company had a system of maximum and minimum limits for most of the stores items at its various plants/units, which however, had not been adhered to in many cases.

MINISTRY OF TEXTILES

- 2.4.28 **The Handicrafts and Handlooms Exports Corpn. of India Ltd.** Internal control system as regards to procurement, and issue of inventory needed to be further strengthened

2.5 COSTING

Department of Atomic Energy

- 2.5.1 **Electronics Corporation of India Limited** (i) No reconciliation of cost records with financial records was done.
(ii) The present system of identification of direct labour and overheads needed to be improved.

MINISTRY OF CHEMICALS AND FERTILIZERS

Department of Chemicals and Petrochemicals

- 2.5.2 **Bengal Chemicals & Pharmaceuticals Ltd.** Cost records were prepared based on financial accounts.

Department of Fertilizers

- 2.5.3 National Fertilizers Limited The Company has no system of identification of idle labour hours

MINISTRY OF COAL

- 2.5.4 Coal India Limited System adopted for allocation of overhead was not proper in as much as freight, transportation and other incidental charges for valuation of stores or spares, were being taken on notional basis.

MINISTRY OF DEFENCE

Department of Defence Production & Supplies

- 2.5.5 Bharat Electronics Limited The system of identifying and allocating overheads to various cost centers in the case of Bangalore Complex required to be further improved so as to bring down the extent of such overheads.
- 2.5.6 Mishra Dhatu Nigam Limited (i) Company did not reconcile Cost accounts with financial accounts.
(ii) Company did not have effective system of labour utilisation for identification of idle time and analysed the same into a normal and abnormal.
(iii)The Company had not fixed any norms for losses/wastage for (i) raw material for its own manufacture of major products and (ii) in storage of transit etc.
- 2.5.7 Vignyan Industries Limited (i) Idle machine and idle labour hours had not been assessed and identified.
(ii) The Company had not fixed any norms for wastages and for manpower employed

MINISTRY OF ENVIRONMENT AND FORESTS

- 2.5.8 Andaman & Nicobar Islands Forests & Plantation Development Corporation Limited. Company did not have a system of costing and computing the cost of major operations, jobs, products, processes and services.

MINISTRY OF HEAVY INDUSTRY & PUBLIC ENTERPRISES

- 2.5.9 Bharat Heavy Electricals Limited (i) Full-fledged system of costing was yet to be implemented at Insulator Plant of BHEL at Jagdishpur.
(ii) Reconciliation of cost accounts with financial accounts had not been carried out at OSB & EMRP, Mumbai.

(iii)No system for identifying idle time of labour existed in BHEL Central Foundry Forge Plant, at Haridwar.

- 2.5.10 **Braithwaite Burn & Jessop Construction Company Limited** Company did not have a system of identification of idle labour hours and idle machine hours.
- 2.5.11 **Bridge & Roof Co. (India) Limited.** Company did not have any laid down system for identification of idle labour and idle machine hours at Howrah Works.
- 2.5.12 **Burn Standard Company Limited** Cost accounts were not reconciled with financial accounts (Howrah, Burnpur and Salem Works).

MINISTRY OF INFORMATION TECHNOLOGY

Department of Electronics

- 2.5.13 **Semi-Conductor Complex Limited** The Company had no system for identification of idle man hours/idle labour hours.

MINISTRY OF MINES & MINERAL

- 2.5.14 **Hindustan Copper Limited** Company did not maintain any records for idle machine hours and idle labour hours (except Taloja and Malanjkhanda Units).

MINISTRY OF POWER

- 2.5.15 **National Hydroelectric Power Corporation Limited** (i) The books of accounts in respect of operational units had been maintained by the Company pursuant to the Cost Accounting Records (Electrical Industry) Rules, 2001 instead of being maintained at respective projects.
- (ii) The Company did not have an effective system for identification of idle labour hours and idle machine hours.

MINISTRY OF RAILWAYS

- 2.5.16 **Konkan Railway Corporation Limited** There was no system of identifying idle time of machinery in respect of works executed through contractors with the machinery of the Company. In respect of work executed departmentally there was no system to identify idle time of labour and machinery.

MINISTRY OF STEEL

- 2.5.17 **Bharat Refractories Limited** There was no system of costing in existence.

- 2.5.18 Hindustan Steel Construction Company Limited** The Company was not following any system of costing to compute the cost of identifiable major operations, jobs, processes and services regularly.

MINISTRY OF TEXTILE

- 2.5.19 National Textile Corporation (APKK&M) Limited** The Company did not have any system to identify idle labour hours.

2.6 INTERNAL AUDIT

Department of Atomic energy

- 2.6.1 Electronics Corporation of India Limited**
- (i) The internal audit system existing in the Company did not cover the important areas like EDP auditing, Inventory Valuation, Review of Subsidiary Ledgers etc.
 - (ii) No replies were furnished for the reports generated by the internal audit and the same were lying unattended. The follow up action on Internal Audit reports needed to be streamlined.
 - (iii) The present Internal Audit Head was made in charge of one division's accounts department. This further diluted the strength and structure of internal audit.

MINISTRY OF CHEMICALS AND PETROCHEMICALS

Department of Fertilizers

- 2.6.2 National Fertilizers Limited** The internal audit system did not cover propriety cum efficiency audit areas such as:
- (i) The reasons for rejection of material after inspection and delays in the replacement of rejected material
 - (ii) Perpetual identification of slow moving, non-moving and obsolete items and reason for their generation;
 - (iii) Reasons for delay in decision on liquidated damages;
 - (iv) EDP Auditing

MINISTRY OF COAL

- 2.6.3 Bharat Coking Coal Limited** The various area offices prepared the cost sheets but the same were not reconciled with the financial accounts.

- 2.6.4 Central Coalfields Limited** (i) Except for Kolkata Sales Office, quarterly trial balance, were not prepared by the various area offices.
- (ii) Opening Balances did not tally with the last year's audited accounts of those area offices as more than 200 Journal Voucher were passed at HQ level directly.
- (iii) There is no quick disposal of stores, declared obsolete or surplus and surveyed off assets.
- (iv) ABC analysis has not been adopted to control inventory.
- (v) There are large unlinked/non reconciled balances pending adjustment against contractors/suppliers.
- 2.6.5 Central Mine Planning & Design Institute Limited** (i) There was no approved list of parties as far as limited tender was concerned as required by purchase manual.
- (ii) No provision for doubtful debts and liquidated damage had been made except for a few special cases in case of Coal India Limited and its subsidiaries.
- 2.6.6 Mahanadi Coalfields Limited** The effectiveness and coverage of Internal Audit system was not commensurate with size and nature of the business of the Company.
- 2.6.7 Western Coalfields Limited** Internal Audit was not commensurate with the size of the Company. Scope of Internal Audit work and timely submission of the reports also needed to be improved in most of the units.

MINISTRY OF COMMERCE & INDUSTRY

- 2.6.8 MMTC Limited** (i) Internal audit needed to be strengthened at the Regional offices located at Kolkata, Chennai, Jaipur Mumbai and Bhubneshwar.
- (ii) Internal audit system was deficient as the follow up of debts, advances and claims by respective Commodity Departments at Corporate office was inadequate.
- 2.6.9 The State Trading Corporation of India Limited** The procedure for follow up action in respect of matters raised in Internal Audit Reports needed improvement.

MINISTRY OF COMMUNICATION

- 2.6.10 Mahanagar Telephone Nigam Limited** (i) The internal audit system in relation to scope and coverage of operation, frequency of reporting and follow up needed to be strengthened in respect of Mumbai unit and GSM, Mumbai unit.
- (ii) The compliance mechanism needed to be strengthened in Corporate office and Delhi unit.

MINISTRY OF DEFENCE

Department of Defence Production & Supplies

- 2.6.11 Bharat Earth Movers Limited** The Internal Audit system needed strengthening as regards personnel (including technical), extent of coverage (including information systems audit) and documentation as well as for timely responses from the management.

MINISTRY OF FINANCE

Department of Banking

- 2.6.12 BOB Cards Limited** The internal audit needed improvement in reporting status and compliance to scope of work as per terms of appointment.
- 2.6.13 Cent Bank Home Finance Limited** The internal audit system needed to be strengthened so as to be more effective and result oriented.
- 2.6.14 Indbank Housing Limited** Internal Audit System needed to be improved and strengthened to cover all areas/activities of the Company.
- 2.6.15 PNB Asset Management Limited** Internal Audit needed to be strengthened so as to be commensurate with the nature, size and activities of the Company.
- 2.6.16 PNB Housing Finance Limited** Internal Audit needed to be further strengthened.

Insurance Division

- 2.6.17 National Insurance Company Limited** (i) The System of Internal Control found to be ineffective and inadequate.
- (ii) The compliance mechanism on internal audit needed to be improved.

MINISTRY OF HEALTH AND FAMILY WELFARE

- 2.6.18 Hospital Consultancy Limited Services Corporation The internal audit system needed to be further strengthened and scope of coverage also needed to be enlarged particularly relating to income recognition, control over billing and system and procedures of placing purchase/work orders to make it commensurate with the size and business of the organisation.

MINISTRY OF HEAVY INDUSTRY & PUBLIC ENTERPRISES

- 2.6.19 Andrew Yule & Co. Limited Internal audit department needed to be strengthened and its area and coverage needed to be extended.
- 2.6.20 Bharat Electricals Limited Heavy Internal audit needs to be strengthened keeping in view the size of the Company, especially in HEEP and CFFP units at Haridwar.
- 2.6.21 Bridge & Roof Co. (India) Limited Co. Scope of internal audit needed to be widened to make it commensurate with the size of the Company and nature of its business.
- 2.6.22 Cement Corporation of India Limited (i) The Internal Audit system needed to be strengthened and its scope needs to be more elaborate and timely.
(ii) The reporting of internal audit department should be to chief executive.
- 2.6.23 Engineering Projects (India) Limited Projects The scope, frequency and compliance of internal audit needed to be improved so as to make it commensurate with the size and nature of the business of the Company.
- 2.6.24 Hindustan Corporation Ltd. Paper Internal audit system and the implementation thereof needed to be strengthened and its scope was to be widened in order to make it effective with the size and nature of its business.
- 2.6.25 NEPA Limited Internal audit system needed to be strengthened.
- 2.6.26 Sambhar Salts Limited The appointment of internal auditors required more transparency. The scope of work also needed to be enlarged to make it commensurate with the size and nature of business.

MINISTRY OF INFORMATION & BROADCASTING

- 2.6.27 National Development Corporation Film The Internal Audit system for TV Marketing Division of the Corporation needed to be further strengthened.

of India Limited

- 2.6.28 Broadcast Engineering Consultants India Limited** The Internal Audit system needed to be strengthened. The internal audit report needed to be submitted timely and the compliance mechanism ensured within a specified period.

MINISTRY OF PETROLEUM AND NATURAL GAS

- 2.6.29 Biecco Lawrie Limited** Scope of Internal Audit needed to be enhanced and should have been carried out on regular basis.
- 2.6.30 Bongaigaon Refinery & Petrochemicals Limited** Scope of internal audit system needed to be improved to make it commensurate with the size of the Company.
- 2.6.31 Certification Engineers International Limited** The Company did not have an independent Internal Audit Department. The internal audit of the Company was conducted by the Internal Audit Department of Engineers India Limited, the parent Company. The scope and coverage of Internal Audit needed to be improved to make it commensurate with the size of the Company and nature of its business.
- 2.6.32 IBP Co. Limited** Scope and coverage of internal audit needed to be improved.

MINISTRY OF POWER

- 2.6.33 Narmada Hydroelectric Development Corporation Limited** Internal audit needed to be strengthened considering the volume and scope of work
- 2.6.34 National Hydroelectric Power Corporation Limited** Internal audit system needed to be further strengthened and scope of Internal audit work also needed to be enlarged to make it more effective
- 2.6.35 Power Grid Corporation of India Limited** Compliance and implementation mechanism on internal audit recommendations needed to be strengthened.
- 2.6.36 Rural Electrification Corporation Limited** In view of the size and nature of activities of the Company, the qualified staff should have been engaged for carrying out the internal audit. Following shortcomings were noticed:
- (i) Quality of reporting needed improvement.
 - (ii) Expenditure in excess of budgeted figures to be monitored.
 - (iii) To critically review the credit appraisals.
 - (iv) The system of checking of interest on loans, interest on bonds and other related expenses at HO level by internal audit division needed to be introduced.

- 2.6.37 Satluj Jal Vidyut Nigam Limited The reporting aspects needed further improvements with adequate reporting status and level of competence.

MINISTRY OF RAILWAYS

- 2.6.38 Indian Railway Catering and Tourism Corporation Limited Internal Audit needed to be strengthened.
- 2.6.39 Indian Railway Finance Corporation Limited The internal audit system needed to be strengthened. The Company was not having any formal compliance system for the deficiencies being reported in internal audit report.

MINISTRY OF SHIPPING

- 2.6.40 Dredging Corporation of India Internal Audit Department needed to be strengthened by engaging personnel with operational qualifications/experience for more effective functioning of Internal Audit.

MINISTRY OF SMALL SCALE INDUSTRIES & AGRO & RURAL INDUSTRIES

- 2.6.41 The National Small Industries Corporation Limited The Internal Audit System was inadequate and its coverage needed to be strengthened to commensurate with the size and the nature of the business.

MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT

- 2.6.42 National Safai Karmchhari Finance & Development Corporation Limited The scope and coverage of internal audit system needed to be strengthened so as to make it commensurate with the size and nature of the Corporation's business.

MINISTRY OF STEEL

- 2.6.43 Bokaro Power Supply Company Limited Internal Audit System introduced in the financial year 2002-03 needed to be strengthened.
- 2.6.44 Bharat Refractories Limited Internal Audit System was not commensurate with the size and nature of the Company.
- 2.6.45 Ferro Scrap Nigam Limited The present internal audit system needed to be strengthened so as make it to commensurate with the size and nature of business of the company.
- 2.6.46 Indian Iron and Steel Company Limited Internal Audit conducted during the year was not commensurate, effective and adequate considering the size and nature of its business and also did not cover the important areas.
- 2.6.47 Manganese Ore (India) Limited Internal audit department needed to be strengthened

- 2.6.48 **MSTC Limited** Coverage of internal audit needed to be improved.
- 2.6.49 **Steel Authority of India Limited** Internal audit system was generally commensurate with the size of the Company and the nature of its business. However, it needed to be further strengthened in the operational/financial areas.

MINISTRY OF TEXTILES

- 2.6.50 **The Handicrafts and Handlooms Exports Corporation of India Limited** Internal Audit system needed improvement in the area of their scope and coverage. The internal audit report needed to be submitted timely and compliance should be strictly adhered to.
- 2.6.51 **National Textiles Corporation (MP) Limited** Internal audit system was not effective and needed to be strengthened in Burhanpur Tapti Mills, Burhanpur and Bengal Nagpur Cotton Mills, Rajnandgoan.
- 2.6.52 **National Textile Corporation. (North Maharashtra) Limited** The scope of Internal Audit in Kohinoor Mills of the Company needed to be strengthened to commensurate with the size and nature of its business.

MINISTRY OF HOME AFFAIRS (UNION TERRITORY ADMINISTRATION)

- 2.6.53 **Dadar and Nagar Haveli, Dadar and Diu SC & ST, OBC & Minorities Financial & Development Corporation Limited** The scope of Internal Audit had not been laid down and it also needed to be strengthened.

2.7. GENERAL

MINISTRY OF CHEMICALS & FERTILIZERS

Department of Fertilizers

- 2.7.1 **National Fertilizers Limited** The system of regular identification and monitoring of non-moving/ obsolete or surplus stores excluding insurance spares needed improvement.

MINISTRY OF DEFENCE

Department of Defence Production & Supplies

- 2.7.2 **Bharat Electronics Limited** (i) The Company did not prepare segment wise accounts and profit and loss account statements.
- (ii) No norms had been fixed for losses/wastages for the raw materials for manufacture of major products and for materials in storage/transit

MINISTRY OF HEAVY INDUSTRY & PUBLIC ENTERPRISES

- 2.7.3 **Bharat Leather Corporation** No specific system for the safe storage of goods had been laid down. The Company had no system for regularly identifying and monitoring non-moving, obsolete or surplus raw material and stocks, also no age-wise analysis of such stocks was prepared
- 2.7.4 **Hindustan Salts Limited** The Company has a budgeting system but it was not efficiently used as a tool to control the business of the company.
- 2.7.5 **NEPA Limited** The Company was irregular in depositing PF dues with the appropriate authority.

MINISTRY OF INFORMATION & BROADCASTING

- 2.7.6 **National Film Development Corporation of India Limited** The meetings by Audit Committee were not held at regular intervals.

MINISTRY OF PETROLEUM & NATURAL GAS

- 2.7.7 **Mangalore Refinery and Petrochemicals Limited** The Company did not conduct any energy audit. Since the Company deals with production of high value oil products, MRPL should undertake such audit.

MINISTRY OF POWER

- 2.7.8 **National Hydroelectric Power Corporation Limited**
- (i) There were long outstanding advances awaiting adjustment in the Dulhasti, Chamera-I & Salal projects. The system of monitoring and adjusting of such advances needed to be strengthened.
 - (ii) The procedure of physical verification of stores and spares needs to be strengthened.
- 2.7.9 **National Thermal Power Corporation Limited**
- (i) Tariffs had not been reworked out on account of savings in interest payments due to swapping of loans.
 - (ii) Coal consumption at Tanda plant was higher than the norms.
 - (iii) The ratio of forced outages to normal outages of 75:4 at Farakka Thermal, 120:4 at Tanda Thermal, 77:2 at Talchar Thermal, 72:5 at Kawas Gas Power Plant, 102:13 at Dadri Gas Power Plant and 60:6 at Gandhar Gas Power Plant needed to be reviewed.

MINISTRY OF SOCIAL JUSTICE & EMPOWERMENT

- 2.7.10 **National Backward** The Corporation had no effective system of identifying
Classes Finance & non-performing loans and advances.
Development
Corporation Limited
- 2.7.11 **National Safai Karmacharis** The procedure for appraisal of loan applications needed
Finance and Development to be further strengthened.
Corporation Limited

MINISTRY OF STEEL

- 2.7.12 **National Mineral** The Company had not fixed norms in respect of
Development Manpower employed.
Corporation

FOLLOW UP ACTION ON PREVIOUS REPORTS

As per Committee on Public Undertakings (COPU)'s instructions, Ministries/Departments are required to submit to the Committee the follow up action taken notes duly vetted by Audit in respect of comments/paragraphs included in the Report of C&AG of India No.2 (Commercial) presented to Parliament within six months from the date of presentation of the relevant Audit Reports.

A review had revealed that inspite of reminders, the remedial/corrective action taken notes (ATNs) on comments/paragraphs on various PSUs contained in the last five years' Audit Reports No.2 (Commercial) under the administrative control of the Ministry had not been forwarded to Audit for vetting. The details of outstanding ATNs are given in the Report of C&AG of India No.3 (Commercial) of 2004.




(SUDHA RAJAGOPALAN)

Deputy Comptroller and Auditor General
Cum Chairman, Audit Board

New Delhi:
Dated 29 DEC 2003

Countersigned



(VIJAYENDRA N. KAUL)

Comptroller and Auditor General of India

New Delhi
Dated 30 DEC 2003

APPENDIX I

List of Central Government Companies

MINISTRY OF AGRICULTURE & CO-OPERATION

1. Lakshadweep Development Corporation Limited (R)
2. National Seeds Corporation Limited (R&S)
3. State Farms Corporation of India Limited (R&S)

DEPARTMENT OF ATOMIC ENERGY

4. Electronics Corporation of India Limited (R&S)
5. Indian Rare Earths Limited (R&S)
6. Nuclear Power Corporation of India Limited (R&S)
7. Uranium Corporation of India Limited (R&S)

DEPARTMENT OF BIO TECHNOLOGY

8. Bharat Immunologicals and Biologicals Corporation Limited
9. Indian Vaccines Company Limited (R&S)

MINISTRY OF CHEMICALS & FERTILIZERS

Department of Chemicals and Petro-chemicals

10. Bengal Chemicals and Pharmaceuticals Limited (R&S)
11. Bengal Immunity Limited (R&S)
12. Bihar Drugs and Organic Chemicals Limited
13. Hindustan Antibiotics Limited
14. Hindustan Fluro Carbons Limited (R&S)
15. Hindustan Insecticides Limited
16. Hindustan Organic Chemicals Limited (R&S)
17. IDPL (Tamilnadu) Limited
18. Indian Drugs and Pharmaceuticals Limited
19. Karnataka Antibiotics and Pharmaceuticals Limited (R&S)
20. Maharashtra Antibiotics and Pharmaceuticals Limited
21. Manipur State Drugs and Pharmaceuticals Limited
22. Orissa Drugs and Chemicals Limited
23. Rajasthan Drugs and Pharmaceuticals Limited (R&S)
24. Smith Stanistreet Pharmaceuticals Limited (R)
25. Southern Pesticides Corporation Limited (*Under liquidation*)
26. Uttar Pradesh Drugs and Pharmaceuticals Company Limited (R&S)

Department of Fertilizers

27. Brahmaputra Valley Fertilizer Corporation Limited (R&S)
28. Fertilizer Corporation of India Limited (R&S)
29. Hindustan Fertilizers Corporation Limited (R&S)
30. Madras Fertilizers Limited (R&S)
31. National Fertilizers Limited (R&S)
32. Project and Development India Limited (R&S)
33. Pyrites Phosphates and Chemicals Limited (R&S)
34. Rashtriya Chemicals and Fertilizers Limited (R&S)

35. The Fertilizer and Chemicals Travancore Limited

MINISTRY OF CIVIL AVIATION & TOURISM

36. Air India Charters Limited
37. Air India Limited (R&S)
38. Airlines Allied Services Limited
39. Hotel Corporation of India Limited (R&S)
40. Indian Airlines Limited
41. Pawan Hans Helicopters Limited
42. Vayudoot Limited

MINISTRY OF COAL

43. Bharat Coking Coal Limited (R&S)
44. Central Coalfields Limited (R&S)
45. Central Mine Planning and Design Institute Limited (R&S)
46. Coal India Limited (R&S)
47. Eastern Coalfields Limited (R&S)
48. Mahanadi Coalfields Limited (R&S)
49. Neyveli Lignite Corporation Limited (R&S)
50. Northern Coalfields Limited (R&S)
51. South Eastern Coalfields Limited (R&S)
52. Western Coalfields Limited (R&S)

MINISTRY OF COMMERCE & INDUSTRY

53. Export Credit Guarantee Corporation (R&S)
54. India Trade Promotion Organisation (R&S)
55. Karnataka Trade Promotion Organisation (R&S)
56. MMTC Limited (R&S)
57. National Centre For Trade Information (R&S)
58. PEC Limited (R&S)
59. Spices Trading Corporation Limited (R&S)
60. Tamil Nadu Trade Promotion Organisation Limited (R&S)
61. Tea Trading Corporation of India Limited
62. The State Trading Corporation of India Limited (R&S)

MINISTRY OF COMMUNICATION

63. Bharat Sanchar Nigam Limited (R&S)
64. I T I Limited (R&S)
65. Mahanagar Telephone Nigam Limited (R&S)
66. Millenium Telecom Limited (R&S)
67. Telecommunication Consultants India Limited (R&S)

MINISTRY OF DEFENCE

Department of Defence Production & Supplies

68. Bharat Dynamics Limited (R&S)
69. Bharat Earth Movers Limited (R&S)
70. Bharat Electronics Limited (R&S)
71. Garden Reach Shipbuilders and Engineers Limited (R&S)

72. Goa Shipyard Limited (R&S)
73. Hindustan Aeronautics Limited (R&S)
74. Mazagon Dock Limited (R&S)
75. Mishra Dhatu Nigam Limited (R&S)
76. Vignyan Industries Limited (R&S)

MINISTRY OF DISINVESTMENT

77. Balmer Lawrie Investments Limited(R)

MINISTRY OF NORTH EAST DEVELOPMENT

78. North Eastern Handicrafts and Handlooms Development Corporation Limited (R&S)
79. North Eastern Regional Agricultural Marketing Corporation Limited (R)

MINISTRY OF ENVIRONMENT AND FOREST

80. Andaman & Nicobar Islands Forest and Plantation Development Corporation Limited (R)

MINISTRY OF FINANCE (INSURANCE DIVISION)

81. Agricultural Finance Corporation Limited.
82. General Insurance Corporation Limited (R&S)
83. National Insurance Company Limited (R&S)
84. New India Assurance Company Limited (R&S)
85. Oriental Insurance Company Limited (R&S)
86. United India Insurance Company Limited (R&S)

Department of Banking

87. Industrial Credit Company Limited (R&S)
88. Industrial Investment Bank of India Limited
89. Zenith Securities and Investments Limited (R&S)

MINISTRY OF FOOD PROCESSING INDUSTRIES

90. Hindustan Vegetable Oils Corporation Limited

MINISTRY OF HEALTH & FAMILY WELFARE

91. Hindustan Latex Limited (R&S)
92. Hospital Services Consultancy Corporation (India) Limited (R&S)
93. Indian Medicines and Pharmaceuticals Corporation Limited

MINISTRY OF HEAVY INDUSTRY & PUBLIC ENTERPRISES

94. Andrew Yule and Company Limited (R&S)
95. Bharat Bhari Udyog Nigam Limited (R&S)
96. Bharat Brakes and Valves Limited
97. Bharat Heavy Electricals Limited (R&S)
98. Bharat Heavy Plate and Vessels Limited
99. Bharat Leather Corporation Limited (R)
100. Bharat Ophthalmic Glass Limited
101. Bharat Process and Mechanical Engineers Limited (R)

102. Bharat Pumps and Compressors Limited
103. Bharat Wagon and Engineering Company Limited
104. Bharat Yantra Nigam Limited (R&S)
105. Braithwaite and Company Limited
106. Braithwaite Burn and Jessop Construction Company Limited (R)
107. Bridge and Roof Company (India) Limited (R&S)
108. Burn Standard Company Limited (R&S)
109. Cement Corporation of India Limited) (R&S)
110. Cycle Corporation of India Limited
111. Engineering Projects India Limited (R&S)
112. Heavy Engineering Corporation Limited (R&S)
113. Hindustan Cables Limited (R&S)
114. Hindustan Newsprint Limited (R&S)
115. Hindustan Paper Corporation Limited (R&S)
116. Hindustan Photofilms (Manufacturing) Company Limited (R&S)
117. Hindustan Salts Limited (R)
118. HMT (Bearings) Limited (R&S)
119. HMT Chinar Watches Limited (R)
120. HMT (International) Limited (R)
121. HMT Limited (R&S)
122. HMT Machines Tools Ltd. (R&S)
123. HMT Tractors Limited (R)
124. HMT Watches Limited (R&S)
125. Hooghly Printing Company Limited (R&S)
126. Instrumentation Control Valves Limited, (R)
127. Instrumentation Digital Controls Limited (R)
128. Instrumentation Limited, Kota (R&S)
129. IL Power Electronics Limited. (R)
130. Jessop and Company Limited (R&S)
131. Mining & Allied Machinery Corporation Limited
132. Nagaland Pulp and Paper Company Limited (R&S)
133. National Bicycle Corporation of India Limited (R&S)
134. National Industrial Development Corporation Limited (R)
135. National Instruments Limited
136. NEPA Limited (R&S)
137. Praga Tools Limited (R&S)
138. Rajasthan Electrical Instruments Limited (R&S)
139. R B L Limited
140. Rehabilitation Industries Corporation of India Ltd. (R)
141. Richardson and Cruddas (1972) Limited (R&S)
142. Sambhar Salts Limited (R)
143. Scooters India Limited (R&S)
144. Tannery and Footwear Corporation Limited
145. The Mandya National Paper Mills Limited (*Under Liquidation*)
146. Triveni Structural Limited
147. Tungabhadra Steel Products Limited (R&S)
148. Tyre Corporation of India Limited (R&S)

149. Weighbird (India) Limited

MINISTRY OF HOME AFFAIRS (UNION TERRITORY ADMINISTRATION)

150. Chandigarh Child and Woman Development Corporation
151. Chandigarh Industrial and Tourism Development Corporation Limited
152. Chandigarh Scheduled Caste Financial and Development Corporation
153. Dadra & Nagar Haveli Daman & Diu Scheduled Caste/Scheduled Tribe, Other Backward Classes and Minorities Financial Development Corporation Ltd. (R&S)
154. Omnibus Industrial Company of Daman & Diu & Dadra & Nagar Haveli Ltd. (R&S)

MINISTRY OF HUMAN RESOURCES DEVELOPMENT

155. Educational Consultants India Limited

MINISTRY OF INFORMATION & BROADCASTING

156. Broadcasting Engineering Consultants India Limited (R)
157. National Film Development Corporation

MINISTRY OF INFORMATION TECHNOLOGY

Department of Electronics

158. Electronics Trade and Technology Development Corporation Limited
159. National Informatics Centre Services Incorporated (R&S)
160. Semi Conductor Complex Limited (R&S)

MINISTRY OF MINES & MINERALS

161. Bharat Gold Mines Limited (R&S)
162. Hindustan Copper Limited (R&S)
163. Mineral Exploration Corporation Limited (R&S)
164. National Aluminium Company Limited (R&S)

MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES

165. India Renewable Energy Development Agency Limited (R&S)

MINISTRY OF PETROLEUM & NATURAL GAS

166. Balmer Lawrie and Company Limited (R&S)
167. Bharat Petroleum Corporation Limited (R&S)
168. Biecco Lawrie Limited (R)
169. Bongaigaon Refinery and Petrochemicals Limited (R&S)
170. Certification Engineers International Limited (R&S)
171. Chennai Petroleum Corporation Limited (R&S)
172. Engineers India Limited (R&S)
173. Gas Authority of India Limited (R&S)
174. Guru Gobind Singh Refineries Limited (R&S)
175. Hindustan Petroleum Corporation Limited (R&S)
176. IBP Company Limited (R&S)
177. Indian Oil Blending Limited (R&S)

- 178. Indian Oil Corporation Limited (R&S)
- 179. Kochi Refineries Limited (R&S)
- 180. Numaligarh Refinery Limited (R&S)
- 181. Oil and Natural Gas Corporation Limited (R&S)
- 182. Oil India Limited (R&S)
- 183. ONGC Videsh Limited (R&S)

MINISTRY OF POWER

- 184. Bina Dehgam Transmission Ltd. (R&S)
- 185. National Hydroelectric Power Corporation Limited (R&S)
- 186. National Thermal Power Corporation Limited (R&S)
- 187. Narmada Hydroelectric Development Corporation Limited (R&S)
- 188. North Eastern Electric Power Corporation Limited (R&S)
- 189. NTPC Electricity Supply Company Ltd. (R&S)
- 190. NTPC Hydro Electric Company Limited. (R)
- 191. NTPC Vidyut Vyapar Nigam Limited. (R)
- 192. Pipavav Power Development Company Limited (R)
- 193. Power Finance Corporation Limited (R&S)
- 194. Power Grid Corporation of India Limited (R&S)
- 195. Rural Electrification Corporation Limited (R&S)
- 196. Satluj Jal Vidyut Nigam Limited (R&S)
- 197. Tala-Delhi Transmission Ltd. (R)
- 198. Tehri Hydro Development Corporation Limited (R&S)

MINISTRY OF RAILWAYS

- 199. Container Corporation of India Limited (R&S)
- 200. Indian Railway Catering and Tourism Corporation Limited (R&S)
- 201. Indian Railway Finance Corporation Limited (R&S)
- 202. IRCON International Limited (R&S)
- 203. Konkan Railway Corporation Limited (R&S)
- 204. Mumbai Railway Vikas Corporation (R&S)
- 205. Rail Tel Corporation of India Limited (R&S)
- 206. RITES Limited (R&S)

MINISTRY OF SCIENCE AND TECHNOLOGY

- 207. Central Electronics Limited
- 208. National Research Development Corporation of India Limited (R&S)

MINISTRY OF SHIPPING

- 209. Cochin Shipyard Limited (R&S)
- 210. Dredging Corporation of India Limited (R&S)
- 211. Hoogly Dock and Port Engineers Limited (R&S)
- 212. Hindustan Shipyard Limited (R&S)
- 213. Shipping Corporation of India Limited (R&S)

MINISTRY OF SMALL SCALE INDUSTRIES & AGRO & RURAL INDUSTRIES

- 214. Andaman and Nicobar Islands Integrated Development Corporation Limited

215. National Small Industries Corporation Limited (R&S)

MINISTRY OF SOCIAL JUSTICE & EMPOWERMENT

- 216. Artificial Limbs Manufacturing Corporation Limited (R&S)
- 217. National Backward Classes Finance and Development Corporation (R&S)
- 218. National Handicapped Finance and Development Corporation
- 219. National Minorities Development and Finance Corporation (R&S)
- 220. National Safai Karmachari Finance and Development Corporation (R&S)
- 221. National Scheduled Castes Finance and Development Corporation Limited (R&S)
- 222. National Scheduled Tribes Finance and Development Corporation Limited (R&S)

DEPARTMENT OF SPACE

223. Antrix Corporation Limited (R&S)

MINISTRY OF STEEL

- 224. Bharat Refractories Limited (R&S)
- 225. Bhilai Electric Supply Company Limited (R&S)
- 226. Bhilai Oxygen Limited (R)
- 227. Bokaro Power Supply Company Limited (R&S)
- 228. Ferro Scrap Nigam Limited (R&S)
- 229. Hindustan Steel Construction Company Limited (R&S)
- 230. IISCO Ujjain Pipes and Foundry Company Limited (**Under liquidation**)
- 231. Indian Iron and Steel Company Limited (R&S)
- 232. J&K Mineral Development Corporation Limited (R&S)
- 233. Kudremukh Iron Ore Company Limited (R&S)
- 234. Maharashtra Electros melt Limited (R&S)
- 235. Manganese Ore India Limited (R&S)
- 236. MECON (India) Limited (R&S)
- 237. MSTC Limited (R&S)
- 238. National Mineral Development Corporation Limited (R&S)
- 239. NTPC-SAIL Power Supply Company Limited (R&S)
- 240. Rashtriya Ispat Nigam Limited (R&S)
- 241. Sponge Iron India Limited (R&S)
- 242. Steel Authority of India Limited (R&S)

MINISTRY OF SURFACE TRANSPORT

- 243. Central Inland Water Transport Corporation Limited
- 244. Ennore Port Limited (R&S)
- 245. Indian Road Construction Corporation Limited (**Under Liquidation**)

MINISTRY OF TEXTILES

- 246. Birds Jute and Exports Limited
- 247. Brushware Limited
- 248. Cawnpore Textiles Limited
- 249. Central Cottage Industries Corporation Limited (R&S)
- 250. Cotton Corporation of India Limited (R&S)
- 251. Jute Corporation of India Limited

- 252. National Handloom Development Corporation (R&S)
- 253. National Jute Manufacturers Corporation Limited
- 254. National Textile Corporation Limited (R&S)
- 255. National Textile Corporation (APKKM) Limited (R&S)
- 256. National Textile Corporation (Delhi, Punjab & Rajasthan) Limited (R&S)
- 257. National Textile Corporation (Gujarat) Limited (R)
- 258. National Textile Corporation (MP) Limited (R&S)
- 259. National Textile Corporation (MN) Limited (R&S)
- 260. National Textile Corporation (SM) Limited (R&S)
- 261. National Textile Corporation (TN&P) Limited (R&S)
- 262. National Textile Corporation (UP) Limited (R)
- 263. National Textile Corporation (WB&ABO) Limited (R&S)
- 264. Swadeshi Mining and Manufacturing Company Limited (under liquidation)
- 265. The British India Corporation Limited (R&S)
- 266. The Elgin Mills Company Limited (R)
- 267. The Handicrafts and Handlooms Export Corporation of India Limited (R&S)

MINISTRY OF TOURISM

- 268. Assam Ashok Hotel Corporation Limited (R)
- 269. Cross Country (Diu) Hotels Ltd.
- 270. Donyi Polo Ashok Hotel Corporation Limited (R&S)
- 271. India Tourism Development Corporation Limited
- 272. Kumarkruppa Frontier Hotels (Pvt). Limited
- 273. MP Ashok Hotel Corporation Limited. (R)
- 274. Pondicherry Ashok Hotel Corporation Limited
- 275. Punjab Ashok Hotel Limited
- 276. Ranchi Ashok Bihar Hotel Corporation Limited
- 277. Utkal Ashok Hotel Corporation Limited (R&S)

MINISTRY OF URBAN DEVELOPMENT & POVERTY ALLEVIATION

- 278. Delhi Metro Rail Corporation Limited (R&S)
- 279. Hindustan Prefab Limited (R&S)
- 280. Housing and Urban Development Corporation Limited (R&S)
- 281. National Building Construction Corporation Limited (R&S)

MINISTRY OF WATER RESOURCES

- 282. National Projects Construction Corporation Limited (R&S)
- 283. Water and Power Consultancy Services (India) Limited (R&S)

APPENDIX II

List of Deemed Central Government Companies under Section 619(B) of the Companies Act.1956

A. Deemed Government Companies promoted by the Nationalised Banks

1. All Bank Finance Limited (R&S)
2. Andhra Bank Financial Services Limited (R&S)
3. Bhartiya Reserve Bank Note Mudran Limited (R&S)
4. BOB Assets Management Company Limited (R&S)
5. BOB Capital Market Limited (R&S)
6. BOB Card Limited (R&S)
7. BOB Fiscal Services Limited (R) (Under liquidation)
8. BOB Housing Finance Limited (R&S)
9. BOI Shereholding Ltd.(R&S)
10. BOI Assets Management Company Limited (R&S)
11. Canbank Computer Services Limited (R&S)
12. Canbank Factors Limited (R&S)
13. Canbank Financial Services Ltd. (R&S)
14. Canbank Investment Limited (R&S)
15. Canbank Venture Capital Fund Limited (R&S)
16. Cent Bank Financial and Custodial Services Limited (R&S)
17. Cent Bank Home Finance Limited (R&S)
18. Corpbank Homes Limited (R&S)
19. Corpbank Securities Limited (R&S)
20. Discount and Finance House of India
21. GIC Asset Management Company Limited (R&S)
22. GILT Securities Trading Corporation Limited (R&S)
23. IDBI Capital Market Services Limited (R&S)
24. IDBI Intech Limited (R&S)
25. IDBI Trusteeship Services Limited (R)
26. Indbank Housing Limited (R&S)
27. Indbank Merchant Banking Services Limited (R&S)
28. Indfund Management Limited (R&S)
29. PNB Assets Management Limited (R&S)
30. PNB Capital Services Limited (R&S)
31. PNB Gilts Limited (R&S)
32. PNB Housing Finance Limited (R&S)
33. Securities and Trading Corporation of India Limited (R&S)
34. SIDBI Trustee Company Limited (R&S)
35. SIDBI Venture Company Limited (R&S)
36. Vibank Housing Finance Limited (R&S)

B. Deemed Government Companies Promoted by the Rubber Board

1. Meenachil Treated Rubberwood (P) Limited(R)
2. Pamba Rubbers Limited
3. Periyar Latex (P) Limited (R&S)
4. Ponmudi Rubbers (P) Limited
5. Rubber Park India (P) Limited
6. Rubber Wood India (P) Limited (R&S)
7. Sahayadri Rubbers (P) Limited (R&S)

C. Other Deemed Government Companies

1. Accumeasures (Punjab) Limited----(Under Liquidation)
2. Agricultural Finance Corporation of India Limited (R&S)
3. Ahemdabad Vadodra Expressway Company Limited (R&S)
4. Allied International Products Limited ----(Under Liquidation)
5. Andaman Fisheries Limited
6. APITCO Limited (R&S)
7. Ashoka Paper Mills Limited-
8. 5 Becker Grey and Company (1930) Limited (defunct)
9. Bel-Optronics Devices Limited (R&S)
10. Bihar Industrial and Technical Consultancy Organisation Limited
11. Bisra Stone Lime Company Limited (R)
12. Calcutta Haldia Port Road Company Limited (R&S)
13. Chennai Ennore Port Road Company Limited(R&S)
14. Derco Cooling Coils Limited (R&S)
15. Excelsior Plants Corporation Limited ----(Under Liquidation)
16. Gangavathi Sugars Limited (R)
17. Industrial and Technical Consultancy Organisation of Tamilnadu Limited (R)
18. Intelligent Communications Services India Ltd. (R&S)
19. J&K Industrial and Technical Consultancy Organisation Limited
20. Karnataka Agricultural Development Finance Company Limited (R&S)
21. KITCO Limited (R&S)
22. Madan Industries Limited (defunct)
23. Mangalore Refinery Petrochemicals Limited (R&S)
24. Millenium Information Systems Limited
25. Moradabad Toll Road Company Limited
26. Mormugao Port Road Company Limited
27. Mumbai - JNPT Port Road Company Limited (R&S)
28. Nalanda Ceramics and Industries Limited (defunct)
29. North Bengal Dolomite Limited
30. North Eastern Development Finance Corporation Limited (R&S)
31. North Eastern Industrial and Technical Consultancy Organisation Limited
32. ONGIO International (Pvt) Limited (R&S)
33. Orissa Industrial and Technical Consultancy Organisation Limited
34. Petronet India Limited (R&S)
35. Power Trading Corporation Limited (R&S)
36. Textile Processing Corporation of India Limited (defunct)

37. Uttar Pradesh Technical Industrial Consultants Limited (R&S)
38. Visakhapatnam Port Road Company Limited (R&S)
39. Wagon India Limited
40. West Bengal Consultancy Organisation Limited (R)

APPENDIX III

List of Central Statutory Corporations under the audit of CAG

MINISTRY OF CIVIL AVIATION

1. Airports Authority of India (R&S)

MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION

2. Central Warehousing Corporation (R&S)
3. Food Corporation of India

MINISTRY OF POWER

4. Damodar Valley Corporation (R&S)

MINISTRY OF ROAD TRANSPORT & HIGHWAYS

5. National Highways Authority of India (R&S)

MINISTRY OF SHIPPING

6. Inland Waterways Authority of India (R&S)

ANNEXURE-I

(As referred to in para 1 of the Overview)

(A) Name of the PSUs for which "Accounts Revised and "No Comments" issued

Government Companies

Ministry of Coal

1. Bharat Coking Coal Limited
2. Central Coal fields Limited
3. Coal India Limited
4. Eastern Coalfields Limited
5. Mahanadi Coalfields Limited
6. Neyveli Lignite Corporation Limited
7. Northern Coalfields Limited
8. South Eastern Coalfields Limited

Ministry of Defence

Department of Defence Production and Supplies

9. Bharat Electronics Limited
10. Hindustan Aeronautics Limited
11. Mazagoan Dock Limited

Ministry of Shipping

12. Dredging Corporation of India Limited
13. Hindustan Shipyard Limited

Ministry of Steel

14. Hindustan Steel Works Construction Limited
15. Mecon (India) Limited
16. National Mineral Development Corporation Limited

Ministry of Textiles

17. National Textile Corporation (WB&ABO) Limited

Deemed Government Companies

1. Vibank Housing Finance Limited

(B) Name of the PSUs where Accounts Revised and Comments issued

Government Companies

Ministry of Communication

1. ITI Limited

Ministry of Heavy Industries and Public Enterprises

2. Scooters India Limited

(C) Details of PSUs whose Accounts audit were in progress

Statutory Corporations

Ministry of Civil Aviation and Tourism

1. Airports Authority of India

Ministry Of Power

2. Damodar Valley Corporation

Ministry of Road Transport & Highways

3. National Highways Authority of India

Government Companies

Ministry of Agriculture and Co-operations

1. National Seeds Corporation Limited
2. State Farms Corporation of India Limited

Ministry of Chemicals and Fertilizers

3. Hindustan Fertilisers Corporation Limited

Ministry of Communication

4. Bharat Sanchar Nigam Limited

Ministry of Heavy Industry & Public Enterprises

5. Hindustan Cables Limited
6. HMT Watches Limited
7. Richardson and Cruddas (1972) Limited

Ministry of Non-Conventional Energy

8. India Renewable Energy Development Agency Limited

Ministry of Textiles

9. National Textile Corporation Limited
10. National Textile Corporation (T&NP) Limited
11. North Eastern Handicrafts and Handlooms Development Corporation Limited

Ministry of Tourism

12. Hotel Corporation of India Limited

Ministry of Urban Development & Poverty Alleviation

13. Housing and Urban Development Corporation Limited

Ministry of Water Resources

14. National Projects Construction Corporation Limited

Deemed Government Companies

1. Sahayadari Rubbers (P) Limited
2. Ahemdabad Vadodra Expressway Company Limited

Annexure –II

(As referred to in para I of Overview)

(A) Name of PSUs where 'Comments' were issued

Statutory Corporations

Ministry of Consumer Affairs, Food and Public Distribution

1. Central Warehousing Corporation of India

Ministry of Shipping

2. Inland Waterways Authority of India

Government Companies

Ministry of Chemicals and Fertilizers

1. Brahmaputra Valley Fertilizer Corporation Limited
2. Bengal Chemicals and Pharmaceuticals Limited
3. Hindustan Fluro Carbons Limited
4. Uttar Pradesh Drugs and Pharmaceuticals Company Limited
5. National Fertilisers Limited
6. Project and Development India Limited
7. Pyrites Phosphates and Chemicals Limited

Ministry of Coal

8. Western Coal fields Limited

Ministry of Commerce

9. MMTC Limited
10. PEC Limited
11. The State Trading Corporation of India Limited

Ministry of Communication

12. Mahanagar Telephone Nigam Limited

Ministry of Defence Production and Supplies

13. Bharat Earth Movers Limited

Ministry of Finance

14. National Insurance Company Limited
15. Oriental Insurance Company Limited
16. United India Insurance Company Limited

Ministry of Health & Family Welfare

17. Hindustan Latex Limited

Ministry of Heavy Industry & Public Enterprises

18. Bharat Heavy Electricals Limited
19. Bharat Yantra Nigam Limited
20. Cement Corporation of India Limited
21. Heavy Engineering Corporation Limited
22. Hindustan Photo films (Manufacturing) Company Limited
23. HMT Limited
24. HMT (Bearings) Limited
25. HMT Machine Tools Limited
26. Instrumentation Limited
27. NEPA Limited

Ministry of Home Affairs

Union Territory Administration

28. Omnibus Industrial Corporation of Daman, Diu and Dadra Nagar Haveli Limited

Ministry of Information Technology (Department of Electronics)

29. Semi-conductors Complex Limited

Ministry of Petroleum & Natural Gas

30. Balmer Lawrie and Company Limited
31. Chennai Petroleum Corporation Limited
32. Gas Authority of India Limited
33. Indian Oil Corporation Limited
34. Oil and Natural Gas Corporation Limited

Ministry of Power

35. Narmada Hydroelectric Development Corporation Limited
36. National Hydroelectric Power Corporation Limited
37. National Thermal Power Corporation Limited
38. Power Finance Corporation Limited
39. Power Grid Corporation of India Limited
40. Rural Electrification Corporation Limited
41. Satluj Jal Vidut Nigam Limited
42. Tehri Hydro Development Corporation Limited

Ministry of Railways

43. Container Corporation of India Limited
44. Indian Railway Catering and Tourism Corporation Limited
45. IRCON International Limited
46. Konkan Railway Corporation Limited

Ministry of Shipping

47. Cochin Shipyard Limited

Ministry of Social Justice and Empowerment

48. Artificial Limbs Manufacturing Corporation Limited
49. National Minorities Development and Finance Corporation
50. National Scheduled castes Finance and Development Corporation Limited

Ministry of Steel

51. Indian Iron & Steel Company Limited
52. J&K Mineral Development Corporation Limited
53. Kudremukh Iron Ore Company Limited
54. Steel Authority of India Limited

Ministry of Textiles

55. National Handloom Development Corporation
56. National Textile Corporation (DP&R) Limited
57. The British India Corporation Limited

Ministry of Urban Development and Poverty Alleviation

58. Delhi Metro Rail Corporation Limited
59. National Buildings Construction Corporation Limited

II List of Deemed Central Government Companies under Section 619(B) of the Companies Act, 1956

1. BOB Assets Management Company Limited
2. ONGIO International Private Limited
3. Power Trading Corporation Limited.

(B) PSUs where 'No' Comments were issued

Government Companies

Department of Atomic Energy

1. Electronics Corporation of India Limited
2. Indian Rare Earths Limited
3. Nuclear Power Corporation of India Limited
4. Uranium Corporation of India Limited

Department of Bio Technology

5. Indian Vaccines Company Limited

Ministry of Chemicals & Fertilizers

Department of Chemicals & Petrochemicals

6. Bharat Bhari Udyog Nigam Limited
7. Burn Standard Company Limited
8. Bengal Immunity Limited
9. Hindustan Organic Chemicals Limited
10. Karnataka Antibiotics and Pharmaceuticals Limited

11. Rajasthan Drugs and Pharmaceuticals Limited

Department of Fertilizers

12. Fertilizer Corporation of India Limited
13. Madras Fertilizers Limited
14. Rashtriya Chemicals and Fertilizers Limited

Ministry of Civil Aviation & Tourism

15. Air India Limited

Department of Coal

16. Central Mine Planning and Design Institute Limited

Ministry of Mines

17. Bharat Gold Mines Limited
18. Hindustan Copper Limited
19. Mineral Exploration Corporation Limited
20. Manganese ore India Limited
21. National Aluminium Company Limited

Ministry of Commerce & Industry

22. Export Credit Guarantee Corporation
23. India Trade Promotion Organisation
24. Karnataka Trade Promotion Organisation
25. National Centre For Trade Information
26. Spices Trading Corporation Limited
27. Tamil Nadu Trade Promotion Organisation Limited

Ministry of Communication

28. Millenium Telecom Limited
29. Telecommunication Consultants India Limited

Ministry of Defence

Department of Defence Production & Supplies

30. Bharat Dynamics Limited
31. Garden Reach Shipbuilders and Engineers Limited
32. Goa Shipyard Limited
33. Mishra Dhatu Nigam Limited
34. Vignyan Industries Limited

Ministry of Finance

Insurance Division

35. General Insurance Corporation Limited
36. New India Assurance Company Limited

Department of Banking

37. Industrial Credit Company Limited
38. Zenith Securities and Investments Limited

Ministry of Health & Family Welfare

39. Hospital Services Consultancy Corporation (India) Limited

Ministry of Heavy Industry & Public Enterprises

40. Andrew Yule and Company Limited
41. Bridge and Roof Company (India) Limited
42. Engineering Projects India Limited
43. Hindustan Newsprint Limited
44. Hindustan Paper Corporation Limited
45. Hooghly Printing Company Limited
46. Jessop and Company Limited
47. Nagaland Pulp and Paper Company Limited
48. National Bicycle Corporation of India Limited
49. Praga Tools Limited
50. Rajasthan Electrical Instruments Limited
51. Tungabhadra Steel Products Limited
52. Tyre Corporation of India Limited

Ministry of Union Territory Administration

53. Dadra & Nagar Haveli Daman and Diu Schedule Caste/Schedule Tribe, other backward Class and Minorities Finance Development Corporation Limited

Ministry of Information Technology (Department of Electronics)

54. National Informatics Centre Services Incorporated

Ministry of Petroleum & Natural Gas

55. Bharat Petroleum Corporation Limited
56. Bongaigaon Refinery and Petrochemicals Limited
57. Certification Engineers International Limited
58. Engineers India Limited
59. Guru Gobind Singh Refineries Limited
60. Hindustan Petroleum Corporation Limited
61. IBP Company Limited
62. Indian Oil Blending Limited
63. Kochi Refineries Limited
64. Numaligarh Refinery Limited
65. Oil India Limited
66. ONGC Videsh Limited

Ministry of Power

67. Bina Dehgam Transmission Ltd
68. North Eastern Electric Power Corporation Limited
69. NTPC Electricity Supply Company Ltd.

Ministry of Railways

- 70. Indian Railway Finance Corporation Limited
- 71. Mumbai Railway Vikas Corporation
- 72. Rail Tel Corporation of India Limited
- 73. Rites Limited

Ministry of Science and Technology

- 74. National Research Development Corporation of India Limited

Ministry of Shipping

- 75. Hoogly Dock and Port Engineers Limited
- 76. Shipping Corporation of India Limited

Ministry of Small Scale Industries & Agro & Rural Industries

- 77. National Small Industries Corporation Limited

Ministry of Social Justice and Empowerment

- 78. National Backward Classes Finance and Development Corporation
- 79. National Safai Karmachari Finance and Development Corporation
- 80. National Scheduled Tribes Finance and Development Corporation Limited

Department of Space

- 81. Antrix Corporation Limited

Ministry of Steel

- 82. Bharat Refractories Limited
- 83. Bhilai Electric Supply Company Limited
- 84. Bokaro Power Supply Company Limited
- 85. Ferro Scrap Nigam Limited
- 86. Maharashtra Electros melt Limited
- 87. MSTC Limited
- 88. NTPC – SAIL Power Supply Company Limited
- 89. Rashtriya Ispat Nigam Limited
- 90. Sponge Iron India Limited

Ministry of Surface Transport

- 91. Ennore Port Limited

Ministry of Textiles

- 92. Central Cottage Industries Corporation Limited
- 93. Cotton Corporation of India Limited
- 94. National Textile Corporation (APKKM) Limited
- 95. National Textile Corporation (MP) Limited
- 96. National Textiles Corporation (MN) Limited
- 97. National Textiles Corporation (SM) Limited

98. The Handicrafts & Handlooms Exports Corporation of India Limited

Ministry of Tourism

99. Donyi Polo Ashok Hotel Corporation Limited
100. Utkal Ashok Hotel Corporation Limited

Ministry of Urban Development & Poverty Alleviation

101. Hindustan Prefab Limited

Ministry of Water Resources

102. Water and Power Consultancy Services (India) Limited

Deemed Government Companies Promoted by Nationalised Banks

1. All Bank Finance Limited
2. Andhra Bank Financial Services Limited
3. Bharatiya Reserve Bank Note Mudran Limited
4. BOB Capital Markets Limited
5. BOB Card Limited
6. BOB Housing Finance Limited
7. BOB Shereholding Ltd
8. BOI Assets Management Company Limited
9. Canbank Computer Services Limited
10. Canbank Factors Limited
11. Canbank Financial Services Ltd.
12. Canbank Investment Limited
13. Canbank Venture Capital Fund Limited
14. Cent Bank Financial and Custodial Services Limited
15. Cent Bank Home Finance Limited
16. Corpbank Housing Finance Limited
17. Corpbank Securities Limited
18. GIC Asset Management Company Limited
19. GILT Securities Trading Corporation Limited
20. IDBI Capital Market Services Limited
21. IDBI Intech Limited
22. Indbank Housing Limited
23. Indbank Merchant Banking Services Limited
24. Indfund Management Limited
25. PNB Assets Management Limited
26. PNB Capital Services Limited
27. PNB Gilts Limited
28. PNB Housing Finance Limited
29. Securities Trading Corporation of India Limited
30. SIDBI Trustee Company Limited
31. SIDBI Venture Company Limited

Deemed Government Companies promoted by the Rubber Board

1. Periyar Latex (P) Limited
2. Rubber Wood India (P) Limited

Other Deemed Government Companies

1. Agricultural Finance Corporation of India Limited
2. Andhra Pradesh Industrial and Technical Consultancy Organisation Limited
3. Bel-Optronics Devices Limited
4. Calcutta Haldia Port Road Company Limited
5. Chennai Ennore Port Road Company Limited
6. Derco Cooling Coils Limited
7. Intelligent Communications Services India Limited
8. Karnataka Agricultural Development Finance Company Limited
9. Kerala Industrial and Technical Consultancy Organisation Limited
10. Mangalore Refinery Petrochemicals Limited
11. Mumbai-JNPT Port Road Company Limited
12. North Eastern Development Finance Corporation Limited
13. Petronet India Limited
14. Uttar Pradesh Technical Industrial Consultants Limited
15. Visakhapatnam Port Road Company Limited

ANNEXURE III

(As referred to in para 2.4 of Chapter-2)

A. PSUs where Maximum and Minimum limit of stores and spares not fixed and/or economic order quantity was not prescribed.

DEPARTMENT OF ATOMIC ENERGY

1. Electronic Corporation of India Limited

MINISTRY OF CIVIL AVIATION

2. Airline Allied Service Limited
3. Indian Airline Limited
4. Pawan Hans Helicopters Limited

MINISTRY OF COAL & MINES

Department of Coal

5. Bharat Coking Coal
6. Northern Coalfields Limited
7. South Eastern Coalfields Limited
8. Western Coalfields Limited

Department of Mines

9. Hindustan Copper Limited
10. Mineral Exploration Corporation Limited
11. National Aluminium Company Limited

MINISTRY OF COMMUNICATION

12. Mahanagar Telephone Nigam Limited

MINISTRY OF DEFENCE

13. Mishra Dhatu Nigam Limited

MINISTRY OF ENVIRONMENT & FORESTS

14. Andaman Nicobar Islands Forests & Plantation Development Corporation Limited

MINISTRY OF HEAVY INDUSTRY AND PUBLIC ENTERPRISES

15. Bharat Heavy Electricals Limited
16. NEPA Limited

MINISTRY OF INFORMATION TECHNOLOGY

17. Semi-Conductors Complex Limited

MINISTRY OF POWER

18. Northern Eastern Electric Power Corporation Limited

19. National Hydroelectric Power Corporation Limited

MINISTRY OF STEEL

20. Ferro Scrap Nigam Limited

21. National Mineral Development Corporation Limited

MINISTRY OF TEXTILES

22. National Textile Corporation (MP) Limited

23. National Textile Corporation (SM) Limited

GLOSSARY

AS	Accounting Standard
AGM	Annual General Meeting
BIFR	Board for Industrial and Finance Reconstruction
BSNL	Bharat Sanchar Nigam Limited
CBE	Commercial Blasting Explosive
CERC	Central Electricity Regulatory Commission
CFFD	Central Foundry Forged Plant
CKD	Complete Knocked Down
DoT	Department of Telecommunication
DPE	Department of Public Enterprise
EDP	Electronic Data Processing
EGM	Extra- ordinary General Meeting
EMRP	Electrical Machine Repair Plant
FCI	Food Corporation of India
FOR	Free On Road
GAIL	Gas Authority of India Limited
GRNs	Goods Receipt Notes
GSM	Global System for Mobile communication
HEC	Heavy Engineering Corporation
HEEP	Heavy Electrical Equipment Plant
ICAI	Institute of Chartered Accountants of India
IBP	Industrial Balves Plant
JNP	Jawaharlal Nehru Port
JVC	Joint Venture Company
KIOCL	Kudremukh Iron Ore Company Limited
KPTCL	Karnataka Power Transmission Corporation Limited
LD	Liquidated Damages
MT	Metric tonne
MTNL	Mahanagar Telephone Nigam Limited
NCL	Northern Coalfields Limited
NDMC	New Delhi Municipal Corporation
NEREB	North-Eastern Regional Electricity Board
O&M	Operation and Maintenance
ONGC	Oil & Natural Gas Corporation Limited
OSB	Oil Sector Business Group
PF	Provident Fund
POL	Power Oil and Lubricants.
PSTN	Public Switch Telephone Net work
PX-PTA	Para-Xylene Purified Terephthalic Acid
R	Certified copy of accounts received
RBI	Reserve Bank of India
RDS	Residue Desulpharisation

R&S	Certified copy of accounts received and selected for audit
RRs	Railway Receipts
SEBs	State Electricity Boards
SKD	Semi Knocked Down
UTI	Unit Trust of India
US-64	Unit Scheme-1964
VRS	Voluntary Retirement Scheme
VSAT	Very Small Aperture Terminals
SAP	Standard Accounting Practice
SEB	State Electricity Board
SPL	Store Price Ledger
SWC	State Warehousing Corporation
TDS	Tax Deducted at source
TNEB	Tamil Nadu Electricity Board
VRS	Voluntary Retirement
WIP	Work in Progress