सत्यमेव जयते

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 1995

NO. 2 OF 1996

UNION GOVERNMENT - COMMERCIAL

COMMENTS ON ACCOUNTS

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PREFACE

The accounts of Government Companies set up under the provisions of the Companies Act (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. The accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the Central Government on the advice of the CAG under the Companies Act, 1956 are subjected to supplementary or test audit by officers of the CAG and CAG gives his comments or supplements the report of the Statutory Auditors. The Companies Act, 1956 empowers the 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 the CAG and reports given by him. In respect of International Airports Authority of India, National Highways Authority of India, National Airports Authority, Inland Waterways Authority of India, Damodar Valley Corporation and Delhi Transport Corporation, the CAG is the sole auditor under the relevant statutes. In respect of Central Warehousing Corporation and Food Corporation of India, the CAG has the right to conduct audit independently of the audit conduct by the Chartered Accountants appointed under the statues governing the two Corporations.

3. Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the 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 Companies and Corporations are issued by the CAG to the Government.

'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 the 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 the CAG.

'Report No.3 (Commercial)-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 the 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 Directors 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 the CAG. The reports of the 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.

6. Extracts from the important comments or supplementary audit observations of the CAG made on the accounts of Government Companies and other public sector undertakings for the year 1994-95 are given in this Report. A resume of the reports of statutory auditors submitted to the CAG in compliance with the directions issued to them under Section 619(3)(a) of the Companies Act, 1956, covering the accounts for the year 1994-95 (to the extent received) is also given in this Report.

OVERVIEW

I. Comments on Accounts of Government Companies and Corporations.

The number of Central Government Companies including deemed Government Companies and Corporations for which accounts for 1994-95 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 were as follows:-

	Government Companies	Deemed Government Companies	Corporations	Total
a) Total number of Central Government Companies./ Corporations	261	57	8	326
b) No. of Companies/ Corporations from which accounts were received (upto 31.1.96)	214	38	6	258
c) No. of Companies/ Corporations the accounts of which were selected or test checked.	171	28	6	205
d) No. of Companies/ Corporations the accounts of which were revised as a result of test check and consequently no comments were issued.	24	-	-	24
e) No. of Companies/	8	-	-	8

Corporations the accounts of which were partly revised and comments were issued.				
f)No. of Companies/ Corporations on the accounts of which audit comments were issued.	62	3	6	71
g)No. of Companies/ Corporations on the accounts of which no comments were issued.	77	25	-	102

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 and consequent revision of their accounts by some of the companies, the impact on profits/loss shown in the accounts for 1994-95 was as follows:-

	No.of Companies	Net Effect (Rs. in crores)
i)Increase in Profit	4	0.38
ii)Decrease in Profit	9	37.01
iii)Increase in Loss	11	50.33
iv)Decrease in Loss	1	0.06

((Paragraph 1.1)

III. Nature of Comments

The comments issued by the Comptroller and Auditor General of India on the accounts of the Public Sector Undertakings (PSUs) including Corporations audited under Acts other than Companies Act were of the following nature.

i) **On Balance Sheet**

Assets and liabilities were overstated or understated by Rs.157.89 crores in balance sheets of 8 PSUs as on 31 March 1995.

(Paragraph 1.2)

ii) **On Profit or Loss**

Had the PSUs revised their accounts on the basis of comments made as a result of supplementary audit, the profits for 1994-95 would have come down by Rs.134.04 crores in 18 PSUs and would have increased by Rs. 33.18 crores in 5 PSUs. Similarly, loss for 1994-95 would have been increased by Rs.22.86 crores in 7 PSUs.

(Paragraph 1.2)

iii) **On Capital Erosion**

The paid up capital as on 31 March 1995 had been fully eroded by the accumulated losses in 29 of the PSUs whose accounts were reviewed in test check.

iv) **On Sundry Debtors**

Sundry debtors as on 31 March 1995 were equivalent to more than 50 percent of the annual turnover or sales in 14 PSUs.

v) **On Inventory**

Inventory of raw material, stores, spares and finished goods as on 31 March 1995 was more than 6 months' consumption in 17 PSUs.

(Paragraph 1.4)

IV. Reports by Statutory Auditors

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

i) Lack of adequacy or effectiveness in the system of financial control, non-reconciliation of books and deficiencies in the maintenance of asset registers.

ii) Internal audit system not commensurate with the size and nature of business of PSUs.

iii) Deficiencies in cost control system.

iv) Inventory held in excess, holding of surplus or obsolete stores and spares or non fixation of maximum and minimum levels of stock holdings.

v) Debts outstanding for 3 years or more for recovery, increase in Sundry debtors and doubtful debts.

vi) Manpower employed in excess of norms.

vii) Non payment of loan instalments and interest and penal interest due on Government loans by PSUs.

(Paragraphs 2.1, 2.2,2.3, 2.4, 2.5, 2.6 and 2.7)

CHAPTER 1

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA AND REVIEW OF ACCOUNTS OF PSUs.

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

The number of Government Companies/deemed Government Companies and Corporations of the Union Government whose accounts for 1994-95 were received and audited by the CAG of India are as under :

	Govt. Companies	Deemed Govt. Companies	Corpo-rations	Total
i) No. of PSUs (List given in Appendix I,II&III).	261	57	8	326
ii) No. of PSUs whose accounts are not due for audit.	4	2	--	6
iii) No. of PSUs whose accounts for 1994-95 were received for audit.	214	38	6	258
iv) No. of PSUs selected for audit.	171	28	6	205

As a result of the test check/supplementary audit of accounts, 32 Government Companies revised their accounts for 1994-95. Comments were issued on the accounts of 79** Government Companies and 3 deemed Government Companies for 1994-95. Audit Reports on the accounts of 6 Statutory Corporations were also sent to the Government/Corporations.

** Includes 8 Government Companies which partly revised their accounts on which comments were also issued.

1.1 REVISION OF ACCOUNTS

As a result of test check and consequent corrections made in the accounts for 1994-95, the profit for the year in the following Companies increased (+) or decreased (-) as given below :-

	Name of the Companies	1994-95 (Rs. in lakhs)
1.	Bharat Earthmovers Ltd.	(-)78.77
2.	Bharat Heavy Electricals Ltd.	(-)1647.23
3.	Bharat Heavy Plates & Vessels Ltd.	(-)67.66
4.	Dredging Corporation of India Ltd.	(-)145.39
5.	Hindustan Aeronautics Ltd.	(+)3.43
6.	HMT(I) Ltd.	(+)23.19
7.	Mahanadi Coalfields Ltd.	(-)251.21
8.	Metallurgical and Engineering Consultants (India) Limited	(-)121.85
9.	Northern Coalfields Ltd.	(+)5.97
10.	South Eastern Coalfields Ltd.	(+)5.35
11.	Steel Authority of India Ltd.	(-)941.41
12.	Western Coalfields Ltd.	(-)444.79
13.	Vignayan Industries Ltd.	(-)2.39
	Total Increase(+)/Decrease(-)	(+) 37.94
		(-)3700.70

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

		1994-95 (Rs. in Lakhs)
1.	Bharat Coking Coal Ltd.	(-)2526.61
2.	Bharat Gold Mines Ltd.	(-) 82.78

3.	Coal India Ltd.	(-) 87.00
4.	Central Coalfields Ltd	(-)1245.62
5.	Cotton Corporation of India Ltd.	(-) 54.16
6.	Eastern Coalfields Ltd.	(-)124.66
7.	HMT Ltd.	(-) 40.17
8.	Hindustan Steel Works Construction LTd.	(-)225.15
9.	ITI Limited.	(-) 65.90
10.	National Textile Corpn. (APKK&M) Limited.	(+)5.89
11.	NEPA Ltd.	(-)29.10
12.	Rashtriya Ispat Nigam Ltd.	(-)552.31
	Total increase(-)/decrease(+)	(-)5033.46 (+)5.89

1.2 COMMENTS ON BALANCE SHEET AND PROFIT & LOSS ACCOUNTS

Extracts from some of the important comments issued on the Balance Sheet/Profit & Loss Accounts of Government Companies/Corporations for 1994-95 are given below :

DEPARTMENT OF ATOMIC ENERGY

1.2.1 Electronics Corporation of India Ltd.

Profit for 1994-95 was understated by Rs.2.64 crores due to the following:

	(Rs.in crores)
i) Non-withdrawal of provision for expenses even after the expiry of warranty period in respect of electronic voting machine.	0.91
ii) Non-treatment of the payments made towards simulation software tools,models and training charges as deferred revenue expenditure.	1.69
iii) Non provision for 50% cost of an item(balance 50% borne by the sub-contractor) damaged before installation at customer's premises.	(-)0.11
iv) Non-accountal of value of 'concentrator spares for SPC Telex'returned by a customer.	0.15

DEPARTMENT OF CHEMICALS & PETRO-CHEMICALS

1.2.2 Hindustan Antibiotics Ltd.

(i) The Company had not made any provision for loss of Rs.325.25 lakhs arising out of outstanding export obligation on the import of duty free tetracycline HCL under export obligation during 1991-92 and 1992-93 for making formulation for exports resulting in understatement of loss to the extent. The Company had also not disclosed the fact that in the event of failure to meet outstanding export obligations, the company would be required to pay Rs.432.99 lakhs as customs duty, interest, penalties, etc, in terms of para 128 of Import Export Regulations.

The Company stated that it could not export within the extended time due to ban on exports by Government of India in 1994-95 and is hopeful of completing the export obligation during 1995-96. Regarding non-disclosure of custom duty, interest, penalities, etc. due to failure to meet the export obligation, the company's application for waiver of the above is pending with Government and liability has not been provided as the company is expecting favourable reply.

The Company's reply is not acceptable because even if the company is able to fulfil its export obligation it would be incurring a loss as it has to export formulation of Tetracycline HCL at Rs.214.59 1000 capsule per unit) against its cost of production of Rs.654.12 (1000 capsule per unit). Thus,loss of Rs.325.25 lakhs should have been provided in the accounts of 1994-95.

(ii) The company had not made provision for penal interest of Rs.102.39 lakhs and guarantee fee of Rs.87.81 lakhs on the loan of Rs.1000 lakhs taken from ONGC Ltd.

The company stated that it had requested the ONGC to reduce the interest rate from 22% to 17.5% which is pending with ONGC and the provision made is sufficient to cover the penal interest. It further stated that it had requested the Government of India to waive the guarantee fee.

The reply is not tenable as ONGC has not agreed to reduce the interest rate and as per terms and conditions of the loan penal interest @ 2.75% is payable to ONGC. Further, the repayment of loan and interest is guaranteed by the Government of India. The Government of India has also not agreed to waive the guarantee fee.

1.2.3 Indian Petro-Chemicals Corporation Ltd.

(i) Advances recoverable in cash or in kind included an amount of Rs.108.62 lakhs being the amount receivable towards application money for equity issue made in 1992. The stockinvests given by the applicants in November, 1992 for this value had become stale, but no provision had been made for this amount which is doubtful of recovery.

The Management stated that various steps were being taken to collect the money from the defaulting shareholders.But, out of an amount of Rs.115.32 lakhs pending as on 31 March 1994, only an amount of Rs.6.70 lakhs was realised till 31 march 1995, which indicates that realisation of the balance amount of stockinvests is doubtful

(ii) Other income was understated by Rs.274.09 lakhs due to non-accountal of the interest accrued upto 31 March, 1995 on the term deposits held in State Bank of India, New York. The Management accepted the omission.

1.2.4 Maharashtra Antibiotics and Pharmaceuticals Ltd.

Profit before tax of Rs.23.17 lakhs had been overstated by Rs.11.74 lakhs:

(Rs.in Lakhs)

a) Due to non-provision for:

i) Payment of Sales tax for the year 1991-92, the assessment for which was completed during the year. Of the tax of Rs. 13.36 lakhs assessed, the Company accepted the demand of Rs.5.20 lakhs as undisputed but only Rs.1.04 lakhs were paid during the year.	4.16

ii) Stock of empty capsules and aluminium foils having become obsolete due to change in formulation process as per instructions of Food and Drugs Administration.	3.59
iii) payment of building tax for the period from April 1985 to March 1995 against the demand received in January 1995.	1.50
b) accountal of profit on credit sales of Rs. 9.02 lakhs made in April 1995.	2.49

MINISTRY OF COMMERCE

1.2.5 India Trade Promotion Organisation.

(1) During the year 1994-95, the Company had capitalised the Hall of special Displays at a cost of Rs.2031.06 lakhs. For construction of this Hall, the existing Halls No.8,9 and 10 were dismantled and profit of Rs.23.14 lakhs was earned on the disposal of dismantled material. While capitalising the cost of Hall, the above amount of profit was not deducted by the Company to arrive at the net capital cost of the new Hall and was treated as its own income. This had resulted in the overstatement of fixed assets by Rs.23.14 lakhs and profit by the same amount.

The Management stated that the adjustment of Rs.23.14 lakhs as profit on sale of assets was correctly accounted for by the Company. This is not tenable as income earned during the period of construction has to be adjusted from the capital cost of construction.

(2) Rs.3965550 lying with the VZ Veneshecom Bank, Tashkent were credited by the Bank in the savings bank account of the organisation by adopting exchange rate of Rs.63.28 = US $ 1 instead of prevailing exchange rate of Rs.31.5 = US $ 1, resulting in a loss of Rs.19,91,554 to the Company. No provision for this loss had been made.

The Management stated that it had requested the MInistry of commerce to take up the matter with Uzbek Authorities through the Ministry of Finance and the Ministry

of External Affairs. In view of the Indian charge d' Affairs communication dated 5 June 1995 that the Bank had declined to reconsider its decision, provision for loss is necessary.

1.2.6 MMTC Ltd.

(1) Sundry debtors were understated by Rs.516.75 lakhs (net) due to non-inclusion of :

(a) interest accrued and due of Rs.480.32 lakhs on the sale of fertilisers;
(b) Amount of Rs.83.43 lakhs recoverable from FCI on the import of sugar;and
(c) difference of rent of Rs.47 lakhs recoverable from the Ministry of Home affairs not acknowledged by the latter in the absence of an agreement to that effect.

As regards (a) The Management stated that in keeping with their Accounting Policy,interest would be accounted for on cash basis. The reply of the Management is not acceptable as the policy ibid relates only to claims where the Principal is in default, while the amount mentioned above relates to claims where the Principal amount was completely received or is being received.

As regards (b) the Management stated that credit would be taken on realisation as FCI has not accepted their claim. The reply of the Management is not acceptable as the claim raised by the Company was kept out of accounts and is against the provisions of Section 209 (3) (b) of the Companies Act, 1956.

(2) Provision for Bad and Doubtful Debts included Rs.118.86 lakhs in respect of sale proceeds pertaining to a shipment from a foreign buyer who agreed to remit the amount in March 1995 and paid the same in June 1995. Provision for bad and doubtful debts should have been written back to this extent. This had resulted in overstatement of bad and doubtful debts and understatement of profit by Rs.118.86 lakhs.

(3). Loans and Advances included Rs.280.05 lakhs being the value of 71 Kg. of gold given on loan to eight parties which was outstanding for more than the statutory period of 300 days as on 31 March 1995. Out of this, Rs.94.80 lakhs being

the value of 24 KG. of gold relates to two parties which had been declared "defunct cases" by the Management for which adequate provision should have been made.This had resulted in overstatement of loans and advances and profit by Rs.94.80 lakhs.

(4). Current Liabilities did not include Rs.632 lakhs being the amount of demurrage payable to the Ministry of Chemicals & Fertilisers. This had resulted in understatement of liabilities and overstatement of profits by Rs.632 lakhs.

The Management stated that it would be accounted for in 1995-96 in accordance with its Accounting policy on revenue recognition. This is not tenable, as the policy ibid relates to receipt of dues and not payment of dues by the Company.

(5). Profit for the year was understated by Rs.424.68 lakhs due to non-accountal of interest income on accrual basis on advance given to a State Govt. Undertaking.

The Management stated that this amount would be accounted for on actual receipt since there was delay in repayment of the advance. The reply of the Management is not acceptable as the entire advance was received back. The interest accured and due should have therefore, been accounted for.

1.2.7 Projects & Equipments Corporation of India Ltd.

Income for the year was overstated by Rs. 11017.63 lakhs due to inclusion of sales effected by the associates of the Company in an agency relationship. Similarly purchases had also been overstated by Rs.10979.46 lakhs.

The Management stated that sales had been accounted on the basis of its Accounting Policy and is being followed consistently.

The Accounting Policy of the Company is not correct as the Company received only Service charges/commission amounting to Rs.38.17 lakhs for these sales.

1.2.8 State Trading Corporation of India Ltd.

(1) Current Liabilities and provisions were understated by Rs.184.96 lakhs due to non-inclusion of the following:

(a) Customs duty and interest due thereon of Rs.158.40 lakhs upto 31 March 1995. While the Management accepted the liability for Rs. 57.04 lakhs, they stated that Rs.101.16 lakhs would be accounted for on cash basis.The reply of the Management is against the provisions of Section 209 of the Companies Act, 1956 and as such not tenable.

(b) Amount of Rs.26.76 lakhs payable to Sales Tax Authorities consequent on the verdict of the Madras High Court in December 1994.

(2) Net Sales were overstated by Rs.7347.91 lakhs due to inclusion of the following :

(a) Export proceeds amounting to Rs.12.76 crores of 15305 tonnes of non-basmati parboiled rice shipped in April 1995.The Management stated that sales were booked on the basis of bills of lading.The reply of the Management is not tenable as the goods were actually loaded in April 1995. Consequently, profit was also overstated by Rs. 78.86 lakhs.

(b) Sales valuing Rs.60.72 crores effected by the associates of the Company to whom contracts/letters of credit were assigned by the Company for performance. Similarly purchases were overstated by Rs.60.42 crores.The Management stated that the sales have been accounted for on the basis of its Accounting Policy.The Accounting Policy of the Company is incorrect as the Company received only service charges/ commission amounting to Rs.29.99 lakhs on these sales.

(3) No provision for doubtful claims receivable for Rs. 78.50 crores upto 1994-95 being interest on the dues on fatty acid transactions had been made.The Management contended that the matter was referred to the Committee of Secretaries.The reply of the Management is not acceptable as an amount of Rs.18.17 crores had been kept under suspense account during the years 1993-94 and 1994-95, considering the chances of its recovery as remote while retaining Rs.60.33 crores as claims considered good.

MINISTRY OF COMMUNICATIONS

1.2.9 Mahanagar Telephone Nigam Ltd.

(1) Gross Block had been understated by Rs.24.69 crores due to non-capitalisation of 17 number of Cable works (Rs.22.79 crores) completed during 1994-95 in Delhi Unit for connection to the main System for want of confirmation from the concerned executing authorities of the Company, Rs.1.13 crores incurred before March 1993 for provision of subscribers installation in Bombay Unit,Rs.0.56 crore incurred in 1993-94 on Bandra-II and Andheri-I Exchange and Rs.0.21 crore being the cost of one Winch Machine wrongly charged to maintenance of assets by Delhi Unit. Consequently,depreciation of Rs.1.13 crores has not been provided on these assets.

(2) Advance recoverable in Cash or kind or for value to be received included Rs.13.49 crores as advance given to ITI Manakapur Unit in December 1989 and July 1991 against supply of 99K lines for six Exchanges (Four at Bombay and Two at Delhi); in all cases supplies were completed and exchanges commissioned more than three years back. Non capitalisation of this amount has resulted in overstatement of Loans and Advances, understatement of Gross Block to the tune of Rs.13.49 crores and understatement of depreciation for the year Rs.1.26 crores.

The company stated that this amount was not capitalised due to non-finalisation of price with ITI. The reply is not acceptable as the assets for which advance was given are already in use. Adjustments, if any, may be made in accounts on finalisation of price.

(3) Accounting Standard 9 as issued by Institute of Chartered Accountants of India provided that when the un-certainity relating to collectability of revenue for services rendered arises subsequent to the time of sale or rendering of the service, it is more appropriate to make a separate provision to reflect the un-certainity rather than to adjust the amount of revenue originally recorded. The Revenue recognised by the Company is substantially contested by the subscribers on account of wrong billing. But the company is not making any provision to reflect this un-

certaninty on the ground that the amount is not determinable. It was noticed that during the period from April 1995 to July 1995 (before the adoption of accounts), claims for wrong billing to the extent of Rs.2.76 crores out of Rs.3.38 crores contested by the Subscribers relating to 1994-95 were admitted by the company. The company should have made provision for this amount as per requirement of Accounting Standard 9. Management stated that this being an on going process necessary adjustments for this amount will be made in the current year. The reply of Management is not tenable in view of the provisions of Accounting Standard 9 stated above. Hence, the Income from service and profit is overstated by Rs.2.76 crores (Delhi Unit).

(4). Other Income included Rs.600.58 lakhs being 20% of the total Royalty amount of Rs.3002.90 lakhs recoverable from the publisher of Telephone Directories in 5 years. The Company has, however, claimed from Publisher Rs.300.29 lakhs being 10% of the total Royalty amount as per provision in clause 1.2 of the agreement with them, which the publisher has acknowledged and accordingly paid Rs.1 crore upto 31 March 1995. Thus, Royalty income is overstated by Rs.300.29 lakhs and debtors are overstated by the same amount. Management stated that as per agreement, the total amount is recoverable in 5 years time. Hence Rs.600.58 lacs has been correctly taken as revenue accrued for first year. Balance amount recoverable is secured by Bank Guarantee taken from the publisher. The reply of the management is not acceptable because:

(i) as per clause 1.2 of the agreement, the payment of 50% of the 1st instalment and 25% of the 2nd year instalment shall be deferred subject to the performance of the contractor's obligation relating to said 2 years.

(ii) in keeping with the above company authorities claimed only 10% amount and not 20%.

1.2.10 Videsh Sanchar Nigam Ltd.

Profit for the year was overstated by Rs.4.02 crores due to the following:

(i) Non-capitalisation of cost of digital Microwave link (Rs.5.70 crores) between Bombay-Arvi Commissioned on

3.2.1995 resulting in non-provision of depreciation of Rs.5.02 lakhs.

(ii) Non-capitalisation of expenditure of Rs.5.19 crores incurred on Sea-Me-We2 submarine cable system after the commissioning of the system in June 1994. This has resulted in non-provision of depreciation by Rs.22.84 lakhs.

(iii) Non-provision of 49.16 lakhs for foreign exchange fluctuations keeping in view the foreign exchange rates prevailing on the date of Balance Sheet.

(iv) Non-provision of Rs.100 lakhs as repair and maintenance charges for optical fibre link between Delhi Dehradun payable to DOT.

(v) Non provision of expenditure of Rs.225.35 lakhs incurred on Euro Issue.

DEPARTMENT OF DEFENCE PRODUCTION AND SUPPLIES

1.2.11 Bharat Dynamics Ltd.

(1) Sales for the year were overstated by Rs.9 crores due to setting up of sales for a product for which the proof-tests were concluded only on 8.6.95. Setting up of sales after concluding the proof tests but before acceptance of the quantity is contrary to the Accounting Policy of the company, according to which the sale is accounted for on the basis of quantity accepted after proof tests only. This resulted in understatement of Advances by Rs.9 crores and overstatement of profit by Rs.82.72 lakhs.

The Management stated that proof test for certain quantities of the product was carried out on 29.3.1995 and the test carried out on 8.6.1995 was only a confirmatory check and the lot was accepted on 29.3.1995. The fact however was that necessary proof-tests were concluded in the context of the Company's Accounting Policy.

(2) As per the practice in vogue the freight and insurance on procurement of materials is loaded to inventories based on predetermined rates. The difference between the amount booked, based on pre-determined rates and the actuals had been credited to Other Income instead of adjusting to the inventories/relevant jobs as provided for in the Accounting Policy of the Company. This resulted in overstatement of Other Income by Rs.160 lakhs.

The Management contended that the above Accounting Policy relating to adjustment of under/over absorption of costs was for labour and overheads only and therefore the accounting treatment given in the accounts in respect of overabsorption of freight and insurance, had no relevance to the Accounting Policy.

1.2.12 Mishra Dhatu Nigam Ltd.

Sales were overstated by Rs.1.55 crores due to setting up of sales in respect of 6000 sets of a product which was not inspected and accepted by the customer before 31 March 1995, contarary to the Companhy's Accounting Policy, according to which the sales are to be set up only after acceptance wherever prior inspection at works by customers is stipulated.This resulted in overstatement of Sundry Debtors by Rs.161.72 lakhs (including APGST) and Profit by Rs.74.16 lakhs.

The Management contended that in respect of 3000 sets the materials were inspected and cleared by the customer by 31.03.1995 but the test certificate was issued on 4.5.1995 due to procedural delays. In support of this fact they have since obtained a letter dated 12.10.1995 from the customer. In respect of balance 3000 sets the customers prior inspection was not a precondition and these were despatched to the customer after certification by their Quality Control laboratory only.

The above contention is not tenable since the sale orders issued by the company clearly indicated that the inspection is to be done by the customer at company's works prior to despatch. Setting up of sales prior to inspection and acceptance by the customer, is contrary to the company's own accounting policy.

DEPARTMENT OF FERTILIZERS.

1.2.13 Madras Fertilizers Ltd.

The Company's policy of including administrative, marketing and distribution overheads and financial charges

as part of cost for the purpose of valuation of finished products and work-in-progress since April 1992 is not in accordance with accepted accounting principles. Adoption of this practice by the company had resulted in overvaluation of inventories to the extent of Rs.2.39 crores. As the opening balance of finished products and work-in-progress was similarly overvalued by Rs.9.37 crores,there was understatement of profit for the year by Rs.6.98 crores.

The Company has contended that Accounting Standard No.2 as issued by ICAI is not mandatory. They have further contended that the same allows such costing as a method for calculation of inventory and such costing would include all costs. This view of the Company is not correct as Accounting Standards are to be followed by Public Sector Undertakings, as per Government of India(DPE)'s guidelines of 24.7.1991 . Further absorption costing provides for allocation of fixed and variable cost relating to the production only and does not mandate inclusion of administration, marketing and distribution and financing charges.

1.2.14 Rashtriya Chemicals & Fertilizers Ltd.

(i) Inspite of a comment on the accounts of the Company for the year 1993-94, debtors continued to include Rs.800.25 lakhs due from a State Government Undertaking against invoices raised during 1984-85 to 1989-90. No provision has, however, been made in spite of the fact that these amounts were lying outstanding for over six years.

The Management stated that the winding up petition has been filed to expedite the recovery of the overdue amount and that as per the company's policy, the amounts due from the Government Departments/undertakings/Apex Bodies were generally considered good by the Company notwithstanding the age of outstanding dues.

(ii) Inspite of a comment on the accounts of the company for the year ended 31 March 1994 and the fact that although the amount of Rs. 88.58 crores, due from two Public Sector Undertakings (which have been referred to BIFR) and remaining outstanding for periods ranging from two to five years, had been considered as doubtful of recovery by the Company, no provision for the doubtful debts has been made.

The Management stated that the company was pursuing for recovery of dues with the concerned Companies and also through the Ministry and that the non-provision has been suitably disclosed in Note No.4(c) of notes forming part of accounts.

Since the amounts are considered doubtful by the management, suitable provision should have been made. Non-provision for these doubtful loans resulted in overstatement of profit for the year by Rs.88.58 crores.

(iii) Sundry creditors(on other Account) included liabilities for Rs.169.58 lakhs payments for which had already been made. Incorrect creation of liability for the same transactions had resulted in overstatement of liabilities and understatement of profit for the year by Rs.169.58 lakhs.

DEPARTMENT OF HEAVY INDUSTRY

1.2.15 Bharat Brakes & Valves Ltd.

Loss for the year was understated by Rs.167.09 lakhs on account of under provision of liability for gratuity for the period upto 31 March 1995 as estimated by the Management. The management stated that the entire amount of gratuity liability will be considered in the accounts for 1995-96.

1.2.16 Braithwaite & Co. Ltd.

Loss for the year was understated by Rs.85.12 lakhs due to overvaluation of closing stock by including general administrative overheads and finance charges in cost while valuing the closing stock.

The Management stated that the wagons were considered as finished stock and valued at cost as per Accounting Policy of the Company pending delivery to the Customer.The Management's reply is not tenable as the general administrative overheads and financial charges should not be included in the cost for valuation of inventory as per Accounting Standard No.3 as issued by ICAI.

1.2.17 Bridge & Roof Co.Ltd.

The Company is not providing gratuity payable to employees on accrual basis. The non-provision of gratuity for Rs.293.92 lakhs as on 31.3.1995, on accrual basis, had resulted in overstatement of General Reserves and understatement of Current Liabilities & Provisions to this extent.The accountal of gratuity on cash basis as per the Accounting Policy of the company was in contravention of Sction 209(3)(b) of the Companies Act, 1956.

1.2.18 Burn Standard Co. Ltd.

Loss for the year was understated by Rs.236.17 lakhs on account of the following :

(i) Overvaluation of finished stock by Rs.8.41 lakhs by inclusinon of duty/freight and insurance.

(ii) Treatment of work-in-progress valuing Rs.131.94 lakhs as finished stock and overvaluation thereof and valuing Rs.95.82 lakhs as sales.

The Management stated that the wagons were complete except for fitting of Door Operating Mechanism (DOM) and air brake and that inspection certificate to this effect was issued by the Railways to release payments.

The contention of the Management is not tenable as DOM constitutes significant part of the job falling under the scope of supply and that the inspection certificate issued by the Railways was provisional to enable the company to get payment.The wagons in question were actually despatched between April 1995 and June 1995 for which final inspection certificate was issued by the Railways in June 1995.

1.2.19 Hindustan Cables Ltd.

Profit for the year of Rs.12.09 crores would turn into a loss of Rs.18.94 crores on account of the following :

(i) Accountal of sales at a price higher than the contractual price resulted in overstatement of profit by Rs.7.86 crores.

The Management stated that the client offered lower rates disregrading normal tendering practice and hence

enhancement of price.The contention of the Management is not tenable as the contractual price was accepted by the company unconditionally.

(ii) Non-provision of Rs.2.59 crores against reportedly defective supplies neither paid for nor returned by a customer.

The Management stated that the case is being pursued with the client and that they are hopeful to get an early favourable decision.The fact remains that the value of defective supplies was retrenched longback by the client from the bills and there is no prospect of refund of the amount. out of Rs.258.77 lakhs provision for an amount of Rs.95.88 lakhs was made in 1987-88 and written back in 1993-94 in the hope of getting refund of the amount, this did not materialise.

iii) Non-provision for bad debts of Rs.17.08 crores due to accounting of sales made in the earlier years at a price higher than contractual price.

The Management stated that the client placed orders at lower rates disregarding the normal tendering practice and as such the matter had been taken up with them for reconsideration of price.

The contention of the Management is not tenable as the price offered by the client was firm and absolute and also accepted by the Company unconditionally. There is also no response from the client in the matter.

(iv) Non-provision of guarantee fee of Rs.1.44 crores on foreign loan guaranteed by the Government of India in terms of instruction of Ministry of Finance dated 4 June 1993 (including for earlier years -Rs.61.21 lakhs).

The Management stated that Government's instructions had not been received by the Company and that there was also no claim from the Administrative Ministry for payment of guarantee fee.The fact remains that the Company was liable to pay guarantee fee to the Government.

(v) Capitalisation of maintenance spares valuing Rs.2.06 crores insteead of charging off to revenue.

The Management stated that the spares initially produced with the machines were utilised for maintenance of some

other machines and subsequently fresh spares were procured as replacement to run those original machines.

The fact, however, remains that maintenance spares were capitalised ,which was not correct.

1.2.20 Jessop & Co. Ltd.

Loss for the year of Rs.51.66 crores was understated by Rs.71.96 lahs on account of Non-provision for claim rejected by the client relating to closed contract completed in May 1987.

The management stated that the case is alive and hence no provision is required at this stage.The contention of the Management is not tenable as the claim was rejected in November 1992 based on a negotiation committee's award for disputed claims.

MINISTRY OF MINES

1.2.21 Hindustan Copper Ltd.

Profit for the year of Rs.72.26 crores was overstated by Rs.3.59 crores due to the following :-

i) Non-provision of royalty of Rs.1.26 crores,payable to the Madhya Pradesh Government on gold & silver recovered out of concentrates produced in Malanjkhand Copper Project, for the years 1983-84 to 1993-94 (Rs.96.46 lakhs) and 1994-95 (Rs.30.03 lakhs).

The Management stated (August 1995) that in accordance with the legal opinion obtained recently no royalty on this account is payable.

The Management's contention is not acceptable as the Company has been paying royalty on gold and silver relating to its two other units viz Indian Copper Complex and Khetri Copper Complex, in terms of the Mines and Minerals (Regulation & Development) Act, 1957.

ii) Under-amortisation of mine development expenditure (Rs.139.28 Lakhs) by inclusion of additional 65% of drill proved and drill probable ore reserve in respect of two mines involving departure from the practice hitherto followed for determining the rate of amortisation taking

into account the balance of proved reserve plus 65% of the probable reserve. Besides there is under-amortisation of mine development expenditure (Rs.6.98 Lakhs) in another mine due to incorrect calculation of estimated reserve.

The Management stated (August 1995) that due to additional drilling and other developmental activity at depth, drill proved and drill probable reserve has increased in two mines and hence considered for determining the rate of amortisation.

The contention of the Management is not acceptable as the figures of additional drill proved & drill probable ore reserve accounted for by the Company for the purpose of amortization were not reported by its Geology Department

iii) Under provision of electricity duty by Rs.0.94 crore on self-generation and non-provision of interest thereon (Including Rs.65.62 lakhs for previous years).

The Management stated (August 1995) that writ petition has been filed seeking exemption from the payment of electricity duty on self generation.

The Management's contention is not acceptable as mere filing of a writ petition can not be considered as a valid ground for not making requisite provision in the accounts.

MINISTRY OF PETROLEUM & NATURAL GAS

1.2.22 Balmer Lawrie & Company Ltd.

Profit for the year of Rs.16.16 crores was overstated by Rs.37.87 lakhs due to recognition of duty drawback as income without furnishing requisite claims and their acceptance by the competent authority (including for earlier years Rs.32.34 lakhs)

The Management stated that the requisite norms etc had been fixed recently by the competent authority and that the claims for duty drawback were expected to be submitted shortly.

The fact remains that the claims had been acounted for prematurely as income.

1.2.23 Gas Authority of India Ltd.

Employees remuneration and benefits/salaries, wages and Allowances had been understated by Rs.229.24 lakhs being the amount paid to the officials against pay revision due from 1991-92. Consequently, profit for the current year had been understated by Rs.229.24 lakhs. As Rs. 89 lakhs was also paid in 1993-94, loans and advances had been overstated by Rs.318.24 lakhs. The Management stated that payment made to the officails were advances against pay revision and had been accounted for under loans and Advances because of the uncertainty of the amount to tbe paid in advance. The contention of the Management is not tenable as the payment being interim in nature would be adjusted against the pay revision and would not be less than the amount to be paid after the final settlement.

1.2.24 Hindustan Petroleum Corporation Ltd.

(i) Gross Block of Fixed Assets was understated by an amount of Rs.133 lakhs (net block Rs.118.96 lakhs) being the adjustment of liquidated damages levied on the supplier of the equipment due to delay in delivery against the capitalised cost of the equipments, instead of showing the same as 'Other Income' in the Profit & Loss Account. This had resulted in understatement of depreciationn by Rs.14.04 lakhs, and profit for the year by Rs.118.96 lakhs.

The Management stated that normally liquidated damages were deducted from the vendors bills and the net amount was capitalised.

The Management's reply is not acceptable as liquidated damages are not directly attributable to the cost of acquisition of capital equipment and hence not adjustable against the cost of the equipment; they should have been exhibited as 'Other income' separately in the Profit & Loss Account.

(ii) Inspite of a comment on the accounts of the Company for the year ended 31 March 1994 the Company had capitalised an amount of Rs.1007 lakhs being the cost of replacement/spares pertaining to an existing asset and had charged off the

written down value of the replaced parts to revenue. This had resulted in overstatement of 'Net Block" by Rs. 781 lakhs and coesequent overstatement of profits for the year by the same amount.

The Management stated that these spares were specifically procured for the Gas Turbine Generators (GTGs) and cannot be used elsewhere. It was further stated that capitalisation of these spares and providing depreciation over their useful life (four years) is consistent with accounting practice followed by the Corporation and is in accordance with Accounting Standard-10.

The Management's above contention is not tenable as according to Accounting Standard-10, only the cost of repairs and replacements that increases the future benefits from the existing assets by increasing its capacity can be capitalised. Further, these spares are being regularly replaced after every four years on the advice of the manufacturer.

1.2.25 Oil India Limited

The undepleted cost of Rs.4.60 crores of well No.9 at Kathaloni in which there was a fire during the year should have been fully expensed during the year in terms of the Accounting Policy of the Company. Non-expensing of this well had resulted in overstatement of producing properties by Rs.4.60 crores and of profit for the year to the same extent.

The Management stated that in the event of a catastrophic event like fire, which resulted in substantial damage to the fields, the loss is recognised but if such an event affects only one well it does not require write off. The reply is not tenable as under the Successful Efforts Method (SEM) of Accounting adopted by the Company, in the event of even partial abandonment/retirement of a proved property as a result of a catastrophic event, the loss should be recognised at the time of abandonment.

1.2.26 Oil & Natural Gas Corporation Limited

(1) Until 31 January 1994, the cost of exploratory well in Petroleum Exploration Licence (PEL) area was expensed in the year in which the well was determined to be dry and the cost of exploratory well in Mining Lease (ML) area was carried forward as pre-producing/producing property and depleted like a development well irrespective of the fact whether the well was determined to be dry or not.

As the carry forward of the cost of exploratory dry well merely on the ground that it was drilled in a Mining Lease area was not in conformity with the 'successful efforts method' of accounting followed by the Company, a decision was taken in August 1993 at the instance of Audit to expense all exploratory dry wells, irrespective of the area in which the well was drilled, after the commencement of the next accounting period,which was then normally expected to be 1 April 1994. Due to transfer of the undertaking of the erstwhile Oil & Natural Gas Commission to the Company from 1 February 1994, the next accounting period commenced from February 1994 instead of 1 April 1994. The decision was, however, given effect to only from 1 April 1994 and that too for wells spudded after 1 April 1994.

This accounting policy is defecive in as much as the date of spudding has nothing to do with the expensing of exploratory dry wells, which arises when an exploratory well is found to be dry on completion or abandoned.

The cost of exploratory wells drilled in development area and declared to be dry between February 1994 and 31 March 1995 and not expensed in accounts on the ground that these were spudded prior to 1 April 1994 amounted to Rs.1173.06 lakhs. This had resulted in overstatement of profit for the year by Rs.1173.06 lakhs.

(2) Capitalisation of equipments worth Rs.863.16 lakhs forming integral part of a plant completed only after 31 March 1995 resulted in incorrect capitalisation of assets and overcharge of depreciation by Rs.50.02 lakhs.

(3) Non-capitalisation of assets valuing Rs. 435.53 lakhs due to non-accountal of capital items put to use prior to 31

March 1995 resulted in undercharge of depreciation by Rs. 102.78 lakhs.

(4) Profit for the year was overstated by Rs.10.09 crores due to non-writing off of the cost of dry/abandoned wells (Rs.895.82 lakhs) and expenditure on cancelled locations (Rs.113.60 lakhs).

(5) Provision for loss had not been made in respect of surplus/obsolete items of stores and spares, whose 95 per cent value was Rs.17.91 crores, although these items were approved on 31 January 1994 for disposal. This resulted in overstatement of profit by Rs.17.91 crores.

(6) Other Income was understated by Rs.235.90 lakhs due to incorrect adjustment of a customs duty draw back received in excess of the amount booked under 'advances recoverable in cash or kind or for value to be received' against other items under that head. As a result, advances recoverable in cash or kind or for value to be received and profit for the year were understated by the same amount.

(7) Expenditure for the year was understated by Rs.1324 lakhs due to non-accountal of company's share of expenditure in respect of services rendered and debited to a Joint venture. This resulted in overstatement of profit by the same amount.

MINISTRY OF POWER

1.2.27 National Thermal Power Corporation Ltd.

Incentive of Rs.7859.99 lakhs and disincentive of Rs.7073.01 lakhs for the year on excess/lower generation of power with reference to GOI norms had been accounted for as income during the year although enabling notification of the Government of India is yet to be issued. This had resulted in overstatement of profit by Rs.786.98 lakhs.

The contention of the Management that incentive/ disincentive had been accounted for in accordance with the formula provided in the tariff notification issued by GOI is not tenable because the notification also lays down that the

amount of incentive/disincentive has to be determined by the Central Government.

1.2.28 North Eastern Electric Power corporation Ltd.

Profit for the year of Rs.30.18 crores was overstated by Rs.16.38 crores due to unilaterally writing back of interest on (i) Government loans(net). (ii) deferred revenue expenditure(net) and (iii) depreciation(net) on the assumed basis on debt equity ratio of 1:1 without prior approval of the Government.

The Management stated that there is no dispute as regards the approved pattern of financing even though the formal orders for adjusting the actual release of funds to conform to the said norms may be procedurally delayed.

1.2.29 Power Grid Corporation of India Ltd.

(1) Inventory had been understated by Rs.4763.92 lakhs due to transfer of the value of mandatory spares after completion of the projects from Capital work-in-progress to plant and Machinery which consequently stands overstated by that amount. The Managements' contention that capitalisation of the mandatory spares was supported by an opinion obtained (February 1995) from the Institute of Chartered Accountants of India, is not tenable because:

(i) While giving its opinion the Institute has declined to go into the matter of applicabilty of Electricity (Supply) Annual Accounts Rules, 1985, and have instead relied on the assertion of the Company that the aforesaid Rules are applicable to it and

(ii) the specific rules relied upon relate to accounting treatment of capital spares at generating stations which are not attracted in the case of Company since its transmission lines and sub-stations to which the spares relate are not generating stations.

(2) Foreign Exchange rate variation of Rs.296.33 lakhs for the year 1994-95 and Rs.321.24 lakhs for prior periods on

mandatory spares of completed projects (after adjusting depreciation) had been capitalised by the Company on the same grounds as mentioned in sub para 1 above instead of charging to the Profit and Loss Account. This had resulted in overstatement of Profit for the year by Rs.296.33 lakhs and profits carried over to the balance sheet by Rs.617.57 lakhs.

1.2.30 Tehri Hydro Development Corporation Ltd.

Non-capitalisation of Rs.4191.54 lakhs being the cost of two diversion tunnels constructed on the right bank of the river Bhagirathi for diverting the river water to enable the Company to construct the coffer dam eventhough these tunnels had been in use since October/November, 1989 resulted in understatement of Fixed Assets (Gross Block) by Rs.4191.54 lakhs and short provision of depreciation by Rs.2567.84 lakhs.

The Management stated that the completion of tunnels and diversion of river water through them is an intermediate stage of construction of the main dam. It was further stated that these tunnels shall be used after completion of the dam/coffer dam construction for shaft spilway after certain modifications.

The Management's reply is not tenable as the main purpose of construcion of these tunnels was diversion of river water and in fact work on the coffer dam could be started only after the tunnels were completed. The contemplated use of these tunnels, with modifications, for shaft spillway after completion of the dam has no relevance to capitalisation of these assets in use since any modification carried out subsequently can be capitalised later.

MINISTRY OF RAILWAYS

1.2.31 Indian Railway Construction Company Ltd.

(1) Non-accountal of a price variation claim of Rs.109.73 lakhs resulted in understatement of work-in-progress and Profit by Rs.109.73 lakhs.

The Management's contention that the claim was raised in May 1995 and therefore accounted for in the next year is not tenable as the price variation claim pertains to the work executed upto 31.3.1995 only and as such unbilled amount should have been shown under work-in-progress.

(2) Operating Expenses were understated by Rs.45.98 lakhs due to non accountal of hire charges of 10 locos to be paid to Southern Railways. Consequently,other liabilities had also been understated and profit overstated by the same amount.

The contention .of the Management that against the liability of Rs.45.98 lakhs, a provision of Rs.12.39 lakhs had already been made in the books of accounts is not tenable as no records could be produced to Audit for verification thereof. Short porovision of Rs.33.59 lakhs was, however, admitted by the Company as due to a calculation mistake.

MINISTRY OF STEEL

1.2.32 National Mineral Development Corporation Ltd.

As per new Accounting Policy of the Company, in case interest receivable on inter-corporate deposits to PSUs etc., is outstanding for more than one year, the interest income is recognised only on realisation/receipt. This violates the provisions of Section 209(3) (b) of the Companies Act, 1956. Further according to the principles laid in Accounting Standard on the subect as issued by ICAI, the postponement of recognition of interest income could arise only when there was a significant uncertainty as to the ultimate collectability of the same rather than the period for which it was outstanding. Thus the accounting policy as introduced conflicts with the spirit of the standard also

(i) In view of this new policy, the Company postponed the recognition of revenue to the extent of Rs.379 lakhs being the interest accried for the year 1994-95 on inter-corporate deposits. This resulted in understatement of profit by Rs.379 lakhs.

(ii) Further though an amount of Rs.585.93 lakhs being the interest income accrued and due was outstanding for over a year as at 31.3.1994 and was considered as doubtful of recovery as per new accounting policy, the Company made a provision for Rs.195.31 lakhs only (being 1/3rd) leaving out the balance amount of Rs.390.62 lakhs. This resulted in corresponding overstatement of profit.

1.2.33 Rashtriya Ispat Nigam Ltd.

(i) Closing stock of semi-finished/finished goods was overstated by Rs.932.37 lakhs being the value of 0.20 lakh tonnes of steel scrap assessed to be @3 percent of the total quantity of LD slag of 6.72 lakh tonnes dumped over the years though the slag was not saleable and no facilities existed for processing the slag to obtain steel scrap. This resulted in understatement of Loss by Rs.932.37 lakhs.

The Management stated that since the Laboratory tests confirmed that the LD slag dumped contained steel scrap, accounting the same was in order.

However, in the absence of (i) existence of any facility for recovery of the steel scrap from the LD slag and (ii) provision towards costs to recover the scrap, mere accountal of the value of the said scrap content was not justified.

(2) Closing stock of finished/semi-finished goods included Rs.2518.44 lakhs being the value of 64827 tonnes of Iron scrap assessed based on visual estimate at 9 locations as against actual book balance of 58209 tonnes as per physical verification report. Valuation of the difference of 6618 tonnes arrived at on the basis of adhoc visual survey resulted in overstatement of closing stock by Rs.257.10 lakhs with corresponding understatement of loss.

The Management stated that there was no other scientific and/or economically viable method than the method adopted for assessing the quantities in these locations due to its irregular and erratic shapes.

The above reply is not tenable as the scrap/stock can not be accounted for based on visual estimates.

(3) A reference is invited to Para 1.2.48 of the Reort of the Comptroller & Auditor General of India-No.2 of 1995 (Commercial) regarding understatement of loss by Rs.245 crores due to taking credit for 48234 tonnes of Air cleaning plant (ACP) Dust which had no sale value. Due to continued retention of the value of AcP Dust, the closing stock stands inflated.

The Management contended in September 1994, that the ACP Dust contained rich content of Iron Ore Fines-an input material for Sinter making considered to be an essential ingredient for producing Iron and was not meant for sale. The fact, however, remains that there was no consumption of the said Dust already accounted during the year 1993-94.

MINISTRY OF URBAN DEVELOPMENT

1.2.34 Housing & Urban Development Corporation Ltd.

(i) Non accountal of interest of Rs.1618.67 lakhs on Urban Infrastructure Finance loans resulted in understatement of interest from loans and profit before tax as well as loans and Advances by Rs.1618.67 lakhs. The Management attributed the mistake to non-completion of reconciliation of interest receipts.

(2) Work-in-progress included Rs.2673.76 lakhs treated as profit on the Bhikaji Cama Place Project under construction for which no agreement for sale had been executed . The profit had been accounted for by changing the Accounting Policy from Completed construction method to percentage completion method. In the absence of any agreement for sale, application of percentage completion method in this case is against accepted accounting principles.

The contention of the Management that the policy followed is in accordance with AS-7 is not tenable because AS-7 is not relevant where an agreement for sale does not exist.

1.3 REVIEW OF ACCOUNTS.

NAME OF THE MINISTRY/COMPANY		BRIEF COMMENT.
DEPARTMENT OF ATOMIC ENERGY.		
1.3.1	**Electronics Corpn. of India Ltd.**	Sundry debtors of Rs.166.86 crores as on 31 March 1995 were equivalent to 5.14 months' consumption against 4.69 months during 1993-94.
1.3.2	**Indian Rare Earths Ltd.**	Inventory of stores & spares as on 31 March 1995 was 370 percent of consumption during the year.
DEPARTMENT OF CHEMICALS AND PETROCHEMICALS		
1.3.3	**Hindustan Antibiotics Ltd.**	The accumulated loss of Rs.62.38 crores as on 31 March 1995 was 156 per cent of the paid up capital.
1.3.4	**Hindustan Organic Chemicals Ltd.**	Stock of stores and spares of Rs.24.08 crores as on 31 March 1995 was equivalent to 26.54 months consumption during the year.
1.3.5	**Indian Petro-Chemicals Ltd**	i) Current Assets, Loans and Advances as on 31 March 1995 included Rs.20.60 crores due from 4 Companies referred to BIFR. ii) Stock of stores & spares, catalysts & chemicals of Rs.261.59 crores as on 31 March 1995 was equivalent to 12.15 months' consumption during the year.

MINISTRY OF COAL.

1.3.6	Bharat Coking Coal Limited	i) Accumulated loss of Rs.1293.03 crores as on 31 March 1995 was 115 percent of the paid up capital. ii) Sundry debtors of Rs.1057.41 crores as on 31 March 1995 were 58.92 percent of sales during the year.
1.3.7	Coal India Ltd.	Finished goods of Rs.85.77 crores as on 31 March 1995 was 63 percent of the sales during the year.
1.3.8	Eastern Coalfields Limited	i) Accumulated loss of Rs.1000.24 crores as on 31 March 1995 was 96 percent of the paid up capital.

MINISTRY OF COMMERCE

1.3.9	Export Credit & Guarantee Corpn.Ltd	Accumulated loss of Rs.86.04 crores as on 31 March 1995 was 172 per cent of the paid up capital of the Company.

MINISTRY OF COMMUNICATIONS

1.3.10	ITI Limited	i) Sundry debtors of Rs.757.64 crores as on 31 March 1995 were 73 percent of sales during the year. ii)Stock of raw materials of Rs.240.94 crores as on 31 March 1995 was equivalent to 8 months' consumption as

		compared to 5.7 months during 1993-94.

DEPARTMENT OF DEFENCE PRODUCTION AND SUPPLIES

1.3.11	**Bharat Dynamics Ltd.**	Current Assets, loans and advances as on 31 March 1995 included Rs. 3 crores as principal and Rs.2.27 crores as accrued interest thereon due from one PSU referred to BIFR.
1.3.12	**Bharat Earthmovers Ltd.**	Sundry debtors of Rs.568.39 crores as on 31 March 1995 were 55.97 percent of sales during the year.
1.3.13	**Bharat Electronics Ltd.**	Stock of raw materials, stores & spares of Rs.223.39 crores as on 31 March 1995 was equivalent to 7 months consumption during the year.
1.3.14	**Goa Shipyards Ltd.**	Stock of raw materials, stores & spares of Rs.89.20 crores as on 31 March 1995 was equivalent to 13 months' consumption during the year.
1.3.15	**Hindustan Aeronautics Ltd.**	Inventory of raw material, stores and spares of 440.34 crores as on 31 March 1995 was equivalent to 14.75 months consumption during the year.
1.3.16	**Mazagon Docks Ltd.**	Stock of raw materials of Rs.2.29 crores as on 31 March 1995 was equivalent to 12 months'

		consumption during the year.

DEPARTMENT OF FERTILIZERS

1.3.17	**Fertilizer Corpn. of India Ltd.**	The accumulated loss of Rs.2484.33 crores as on 31 March 1995 was 381 percent of the paid-up capital of the Company.
1.3.18	**Hindustan Fertilizer Corporation Ltd.**	The accumulated loss of Rs.2623.65 crores as on 31 March 1995 was 376 percent of the paid up capital of the Company.
1.3.19	**Projects and Developments India Ltd.**	The accumulated loss of Rs.122.97 crores as on 31 March 1995 was 319 percent of the paid up capital of the Company.

DEPARTMENT OF HEAVY INDUSTRY.

1.3.20	**Bharat Heavy Electricals Ltd.**	The sundry debtors of Rs. 2664.05 crores as on 31 March were 65 per cent of sales during the year.
1.3.21	**Braithwaite & Co. Ltd.**	The accumulated loss of Rs.159.01 crores as on 31 March 1995 was 816 percent of the paid up capital.
1.3.22	**Burn Standard Co. Ltd.**	The accumulated loss of Rs.292.03 crores as on 31 March 1995 was 689 percent of the paid up capital.
1.3.23	**Engineering Projects (India) Limited**	The accumulated loss of Rs.645.99 crores as on

		31 March 1995 was 8074 per cent of the paid up capital.
1.3.24	**Heavy Engineering Corporation Ltd.**	(i) The accumulated loss of Rs.960.41 crores as on 31 March 1995 was 334 percent of the paid up capital.
1.3.25	**Hindustan Cables Limited**	Sundry debtors of Rs.358.80 crores as on 31 March 1995 were 64 percent of the sales during the year.
1.3.26	**Instrumentation Ltd.**	i)The accumulated loss of Rs.30.98 crores as on 31 March 1995 was 150 per cent of the paid-up capital. ii) Sundry debtors of Rs.58.84 as on 31 March 1995 were 52 percent of sales during the year.
1.3.27	**Jessop & Co. Ltd.**	(i) The accumulated loss of Rs.208.43 crores as on 31 March 1995 was 545 percent of the paid up capital. (ii) Sundry debtors of Rs.30.24 as on 31 March 1995 were 58 percent of the sales during the year.
1.3.28	**Mining and Allied Machinery Corporation Ltd.**	The accumulated loss of Rs.358.15 crores as on 31 March 1995 was 914 percent of the paid up capital of the Company.
1.3.29	**NEPA Ltd.**	The accumulated loss of Rs.39.73 crores as on 31 March

		1995 was 63.71 percent of the paid up capital.
1.3.30	**National Small Industries Corp. Ltd.**	Sundry debtors of Rs.102.22 crores as on 31 March 1995 were 115 percent of sales during the year.
1.3.31	**Richardson & Cruddas (1972) Ltd.**	The accumulated loss of Rs.108.36 crores as on 31 March 1995 was 595 per cent of the paid up capital.
1.3.32	**Tyre Corporation of India Ltd.**	The accumulated loss of Rs.188.16 crores as on 31 March 1995 was 268.92 per cent of the paid up capital.

MINISTRY OF MINES.

1.3.33	**Bharat Gold Mines Ltd.**	The accumulated loss of Rs.205.58 crores as on 31 March 1995 was 402.59 per cent of the paid up capital.
1.3.34	**Mineral Exploration Corporation Ltd.**	i) The accumulated loss of Rs.37.27 crores as on 31 March 1995 was 66 per cent of the paid up capital. ii) The sundry debtors of Rs.21.77 crores were 65 per cent of the sales during the year . iii) Stock of stores & spares of Rs.5 crores as on 31 March 1995 was equivalent to 11 months consumption during the year.

DEPARTMENT OF PETROLEUM & NATURAL GAS

1.3.35	**Bharat Petroleum Corporation Ltd.**	Stores and spares of Rs.106.89 crores as on 31 March 1995 were equivalent to 8.3 months consumption.
1.3.36	**Engineers India Ltd.**	Sundry debtors of Rs.119.47 crores as on 31 march 1995 were 53 percent of sales during the year.
1.3.37	**Hindustan Petroleum Corporation Limited**	Stores and spares of Rs.107.95 crores as on 31 March 1995 were equivalent to 12 months' consumption during the year.
1.3.38	**Indian Oil Corporation Ltd.**	i) Stores and spares of Rs.341.08 crores as on 31 March . 1995 were equivalent to 15.5 months' consumption during the year. ii) Sundry debtors of Rs.1275.80 crores as on 31 March 1995 included Rs.154.45 crores due from Gujarat and Assam State Electricity Boards outstanding mainly on account of dispute in rates. In the case of Gujarat State Electricity Board, Rs. 77.54 crores were outstanding for over seven years.
1.3.39	**Oil & Natural Gas Corporation Ltd.**	Stock of stores and spares of Rs.1463.06 crores as on 31 March 1995 was equivalent to 15.5 months'consumption during the year.

1.3.40	Oil India Ltd.	Stock of stores & spares of Rs.169.69 crores as on 31 March 1995 included stock worth Rs.21.31 crores which had not moved for over 3 years and the stock at the year end was equivalent to 19.58 months'consumption during the year.

MINISTRY OF POWER.

1.3.41	North Eastern Electric Power Corporation Ltd.	Sundry debtors of Rs.83.96 crores as on 31 March 1995 were 193 per cent of sales during the year.

MINISTRY OF RAILWAYS

1.3.42	Rail India Technical Economic Service Ltd.	Sundry debtors of Rs.37.63 crores as on 31 March 1995 were 55 percent of sales during the year.

MINISTRY OF STEEL.

1.3.43	Bharat Refractories Ltd.	i) The accumulated loss of Rs.84.78 crores as on 31 March 1995 was 169 percent of the paid up capital. ii) Stock of stores and spares of Rs.3.80 crores as on 31st March 1995 was equivalent to 21.56 months'consumption during the year.
1.3.44	Hindustan Steel Works Construction Ltd.	i)The accumulated loss of Rs.629.82 crores as on 31 March 1995 was 3149 per cent of the paid up capital. ii)Sundry debtors of Rs.270.09

		crores as on 31 March 1995 were 70 percent of sales during the year. (iii) No physical verification for the stock lying in Libya valuing Rs.2.68 crores was conducted since 1988-89.
1.3.45	**Indian Iron & Steel Co. Ltd.**	i) The accumulated loss of Rs.898.97 crores as on 31 March 1995 was 231.80 percent of the paid up capital. ii) Sundry debtors of Rs.568.12 crores as on 31 March 1995 were 60 per cent of sales during the year.
1.3.46	**Kudremukh Iron Ore Co. Ltd.**	i) Loans & advances as on 31 March 1995 included Rs.56.37 crores on account of deposits with ABFSL and interest thereon, which was considered doubtful and Rs.20.23 crores on account of loans given to a PSU remaining unrecovered but no provision was made for these doubtful loans. ii) Stock of raw materials, stores and spares of Rs.86.32 crores as on 31 March 1995 was equivalent to 10 months consumption.
1.3.47	**Steel Authority of India Limited.**	Inventory of stores and spares of Rs.1227.44 crores as on 31 March 1995 was equivalent to 8.81 months' consumption.

MINISTRY OF SURFACE TRANSPORT.

1.3.48	Cochin Shipyard Ltd.	The accumulated loss of Rs.179.78 crores as on 31 March 1995 was 87.94 per cent of the paid up capital.
1.3.49	Hindustan Shipyard Ltd.	The accumulated loss of Rs.780.89 crores as on 31 March 1995 was 1023 percent of the paid up capital.

MINISTRY OF TEXTILES

1.3.50	Jute Corpn. of India Ltd.	i) The accumulated loss of Rs.40.66 crores as on 31 March 1995 was 813.20 per cent of the paid capital. ii) Sundry debtors of Rs.69.23 crores as on 31 March 1995 were 364 percent of the sales during the year.
1.3.51	National Textile Corpn.(APKK&M)Ltd.	The accumulated loss of Rs.286.41 crores as on 31 March 1995 was 505 per cent of paid up capital.
1.3.52	National Textile Corpn. (DP&R) Ltd.	The accumulated loss of Rs.179.79 crores as on 31 March 1995 was 632 per cent of the paid up capital of the Company.
1.3.53	National Textile Corporation (Gujarat) Ltd.	The accumulated loss of Rs. 449.06 crores as on 31 March 1995 was 1796 per cent of the paid up capital of the Company.

1.3.54	National Textile Corporation (MP) Ltd.	The accumulated loss of Rs.408.72 crores as on 31 March 1995 was 1217 per cent of the paid up capital of the Company.
1.3.55	National Textile Corporation (Maharashtra-North) Limited	The accumulated loss of Rs. 463.48 crores as on 31 March 1995 was 799 per cent of the paid up capital of the Company.
1.3.56	National Textile Corporation (South-Maharashtra) Ltd.	The accumulated loss of Rs. 411.05 crores as on 31 March 1995 was 837 per cent of the paid up capital of the Company.
1.3.57	National Textile Corpn.(TN&P)Ltd.	The accumulated loss of Rs.34.97 crores as on 31 March 1995 was 57 percent of paid up capital of the Company.
1.3.58	National Textile Corpn. (UP)Ltd.	The accumulated loss of Rs.488.91 crores as on 31 March 1995 was 158 per cent of paid up capital of the Company.

DEPARTMENT OF TOURISIM

1.3.59	Hotel Corporation of India Ltd.	The accumulated loss of Rs.79.04 crores as on 31 March 1995 was 195 per cent of paid up capital of the Company.

CHAPTER-2

COMMENTS IN THE REPORTS ON GOVERNMENT COMPANIES BY STATUTORY AUDITORS IN THE LIGHT OF THE DIRECTIONS ISSUED BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA.

The Statutory Auditors (Chartered Accountants) report upon the possibility of improvements in certain aspects of accounts of Government Companies in accordance with the directions issued by the Comptroller & Auditor General of India to them under Section 619(3) of the Companies Act.

From out of 261 Central Government Companies and 57 Deemed Central Government Companies as at the end of 31 March 1995, a resume of illustrative major comments for the year 1994-95 on possible improvements in the accounts of Companies are given below:-

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
2.1	SYSTEM OF FINANCIAL CONTROL & ACCOUNTS	
MINISTRY OF AGRICULTURE		
2.1.1	National Seeds Corporation Ltd.	(i) No separate stock records were kept for seeds on which subsidies were recoverable from the Government of India. (ii) There was no system of watching the receipt of dividend on investment made in shares of State Seeds Corporations(SSCs). No effort was made to reliase the dividends declared by the SSCs during last several years.
DEPARTMENT OF CHEMICALS & PETROCHEMICALS		
2.1.2	Bengal Immumnity Limited	(i) The Company had no proper Accounting manual. (ii) Cash and imprest balances were not verified regularly.
2.1.3	Indian Petrochemicals Corporation Ltd.	The collections made by the Baroda Regional Office

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
		during the year were not regularly monitored.
MINISTRY OF COMMERCE		
2.1.4	**State Trading Corporation of India Ltd.**	Sales amounting to Rs.110.49 crores made by Associates were treated as company's own sales even in the cases where the contracts or letters of credit were not in the name of the company.
MINISTRY OF COAL		
2.1.5	**Bharat Coking Coal Limited**	(i) Installation expenses of fixed assets incurred departmentally were not capitalised. (ii) Reconciliation of Priced stores ledger with physical verification Report was not done.
2.1.6	**Coal India Ltd.**	(i) Confirmation of balances from debtors, Advances and claims receivable was not obtained. (ii) Investment made by the Company in its subsidiary companies is valued at cost without making any provision for loss even though the subsidiaries have incurred substantial losses.
2.1.7	**Central Coalfields Ltd.**	(i) The system of clearing the old sundry debtors, creditors and loans & advances at Dhori and Kathara Areas needed strengthening. (ii) Bank reconciliation on month to month basis had not been done.
2.1.8	**Eastern Coalfields Ltd.**	Assets taken over by the Company at the time of nationalisation had not been recorded in the Asset Register Since inception (Sodepur Areas).

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
DEPARTMENT OF DEFENCE PRODUCTION AND SUPPLIES.		
2.1.9	**Bharat Electronics Ltd.**	Work-in-progress was not physically verified due to the nature of operation in BELTEX,Madras.
2.1.10	**Bharat Dynamics Ltd.**	(i) There were differences between priced stores ledger and the balances in Bin Card. (ii) Confirmation were not obtained in respect of some of the Inter Corporate deposits. (iii) No promissory note/debt acknowledgment letters were obtained from the PSUs with whom the company had made deposits.
DEPARTMENT OF FERTILIZERS		
2.1.11	**Hindustan Fertilizer Corpn. Ltd.**	Haldia plant mechanically completed in January 1989 was not yet ready for commercial production resulting in carry forward of the indirect expenditure of Rs.682.92 crores incurred on the project upto March 1995 under the head "Expenditure during construction pending allocation.
2.1.12	**National Fertilizers Ltd.**	Assets Register had not been posted upto date, nor reconciled with financial books in Vijaipur unit.
2.1.13	**Rashtriya Chemicals & Fertilizers Ltd.**	During 1994-95, the utilisation of credit by the Company was much lower than the limits sanctioned by the Bank.As a result,the Company had to pay commitment charges of Rs.75.86 lakhs to the Bank.
MINISTRY OF FINANCE		
2.1.14	**United India Insurance Co.Ltd.**	(i) Reconciliation of all the control accounts viz.,Premium Deposit Accounts,Bank Guarantee Accounts, Agent Balance Accounts,Outstanding Premium accounts was not done

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
		during the year at Bombay-XVI & VIII,Cochin-III, Nasik, Jorhat,Raipur,Nadiad,Ahemdabad -IV,Jaipur-I & II, Cannanore, New Delhi-XV,Indore-I, Sarangpur,Vijaywada,Siliguri, Bharuch,Jodhpur,Valsad,Sathara Erode and Thanjavur Divisional offices. (ii) Reconciliation of fixed assets was not done at Jammu-II,New Delhi-VI,Calicut, Namakhal,Bhilwara & Thanajavur Divisional Offices.
MINISTRY OF FOOD PROCESSING INDUSTRIES		
2.1.15	**Modern Food Industries Ltd.**	The property and assets registers were not posted up to date and not reconciled with financial books (Silchar Unit).
MINISTRY OF INDUSTRY (DEPARTMENT OF HEAVY INDUSTRY)		
2.1.16	**Bharat Brakes & Valves Ltd.**	The company had no accounting Manual laying down detailed accounting procedure.
2.1.17	**Bharat Heavy Electricals Ltd.**	Proper records for scrap generated during the production process had not been maintained at different shops.Reconciliation of scrap transferred from shops to stores and receipt at stores had not been done.(CFFP Haridwar).
2.1.18	**Bharat Ophthalmic Glass Ltd.**	Bank accounts with all the Banks had remained unreconciled for years.
2.1.19	**Bridge & Roof Co. Ltd.**	(i) Fixed Assets Register was incomplete and remained un-reconciled with financial books for a long time. (ii)The accounting policy of the company for accountal of Gratuity on cash basis was not in conformity with the accounting principles and the Companies Act.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
2.1.20	**BBJ Construction Corporation Ltd.**	(i) There was no proper delegation of financial powers. (ii) The company had no investment policy.
2.1.21	**Engineering Projects (India) Ltd.**	i) Control accounts and subsidiary accounts in case of CHP Madras Project, where subsidiary ledgers in respect of advance against Bank guarantee (Rs.11.39 crores), Suppliers Credit (Rs.70.09 crores), Account Receivable (Rs.3.92 crores) and security deposit given had not been maintained, were not up to date. ii) Fixed assets records were not reconciled with the financial books in respect of office equipment, furniture and construction equipment.
2.1.22	**HMT Ltd.**	Central Metal Forming Institute,Machine Tools and Press Divisions at Hyderabad did not use computers for Management Information system and EDP system for budgeting and forecasting and there were no audit trails available for verifying the computerised records.
2.1.23	**Heavy Engineering Corporation Ltd.**	i) There was inadequate physical verification of inventory and adjustment of differences between the bin stock and the stores ledger. (ii) Interest on loan from Government for payment of voluntary Retirement Scheme had been included under head "Expenditure under VRS" in the Profit and Loss Account. (iii) No provision had been made for interest/penalty for non-payment of provident fund and other statutory dues. (iv) Confirmation of balances of various accounts like unsecured loans, sundry

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
		debtors, sundry creditors etc was not obtained.
2.1.24	**Hooghly Printing Company ltd.**	(i) Company had no Accounting manual laying down detailed accounting procedure. (ii) The company had no investment policy.
2.1.25	**Lagan Jute Machinery Company Ltd.**	(i) Assets register was not reconciled with the Fixed Assets exhibited in the Balance Sheet. (ii) The accounting policies of the company in respect of amortisation of R&D expenditure and prior period adjustments are not in accordance with the Accounting Principles.
2.1.26	**Mining Allied And Machinery Corpn. Ltd.**	(i) All project bank accounts were not reconciled and adjusted regularly. (ii) Record of bought out components (imported and indigenous) directly supplied to site were not maintained by stores. (iii) System of reconciling the value of inventory in hand with the balance shown in financial books had not been introduced.
2.1.27	**National Instruments Limited**	(i) Control and subsidiary accounts were neither updated nor reconciled in respect of 5 items. (ii) Bank Reconciliation was not done regularly. (iii) Fixed Assets exhibited in the Balance Sheet were not reconciled with the Assets Register. iv) Company's Accounting policy in respect of gratuity provision, commuted value of pension and adjustment of retirement benefits was not in conformity with the Accounting principles.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
2.1.28	Tannery And Footwear Corporation of India Ltd.	(i) Fixed Assets Registers did not tally with the financial books and the inventories of physical stock taking as on 31 March 1995. (ii) The Company had not so far evolved any system for the adjustment of Loans and Advances to suppliers.
2.1.29	Weighbird India Ltd	i) No Manual specifiying the financial powers, duties and responsibilities of different officers had been prepared. (ii) The cash credit arrangements with Allahabad Bank (being inoperative since 1979) showed an outstanding balance of Rs.1.14 crores as on 31 march 1995 against a sanctioned limit of Rs.20 lakhs.
DEPARTMENT OF SMALL SCALE INDUSTRIES & AGRO-INDUSTRIES		
2.1.30	Andaman and Nicobar Islands Integrated Development Corpn.Ltd.	(i) The Company had no delegation of financial powers to its officers. (ii) The Company had no proper system of preparing Budgets.
MINISTRY OF INFORMATION & BROADCASTING		
2.1.31	National Film Development Corp.Ltd.	(i) The Company had no Accounting Manual laying down the detailed accounting procedures and practices. (ii) In the absence of verification of inventory of films and casettes, value in accounts could not be reconciled with the actual amount spent.
MINISTRY OF MINES		
2.1.32	Bharat Aluminium Company Ltd.	The system of internal control and internal checks in respect of debit & credit notes prepared at Regional Marketing offices was very inadequate and insufficient. The internal control and

NAME OF THE MINISTRY/COMPANY	AREA FOR IMPROVEMENT.
	accounting in respect of Regional Marketing offices need further improvement.
2.1.33 Hindustan Zinc Ltd.	(i) The compilation of Debtors Accounts was improper since it did not reflect correct balances and ageing of respective debtors. There were significant differences in debtors ledger and confirmation received from debtors (Head office). (ii) Advances to oil and steel Companies had been lying unreconciled for a long time, in the case of Chanderiya lead Zinc Smelter and Zinc Smelter, Debari.
MINISTRY OF PETROLEUM AND NATURAL GAS	
2.1.34 Biecco Lawrie Limited	(i) The Company's accounting policy for treatment of gratuity of employees on cash basis is not in conformity with the accounting principles. (ii) The Company did not have any investment policy.
2.1.35 Oil & Natural Gas Corporation Ltd.	(a) in respect of one Bank account in EBG/BRBC, there was an unreconciled amount of Rs.56.93 lakhs as on March 31, 1995. b) In some cases property and assets registers were not upto date since the data processing as on March 31, 1995 was pending. In some cases reconciliation with financial books was pending. (c) Sub-ledgers needed to be maintained in a more self-explanatory manner. In some cases balance in subsidiary ledgers were not reconciled with control accounts. (d) The system of annual inter-unit reconciliation needed to be reviewed as items involving huge amounts were

NAME OF THE MINISTRY/COMPANY	AREA FOR IMPROVEMENT.
	accepted without documentation. During 1994-95, BRBC debited KG Project with an amount of Rs.125 lakhs being the advance paid to a party in 1991-92 and KG project accepted the debit without any details and kept the amount under suspense in its books as on 31 March, 1995. Introduction of quarterly reconciliation of inter-unit accounts was desirable.
MINISTRY OF POWER	
2.1.36 Tehri Hydro Devp. Corporation Ltd.	(i) Complete particulars in respect of situation of fixed assets, distinctive identification marks and invoice details etc. thereof had not been mentioned in some of the cases including for inter-unit transfers and assets taken over from UPID. (ii) Control accounts in respect of priced stores ledger had not been reconciled.
MINISTRY OF RAILWAYS	
2.1.37 Container Corpn. of India Ltd	The cash and imprest needed to be checked periodically and a system in this regard needed to be built up and fully strengthened in view of misappropriation of cash of Rs.6.25 lakhs during 1993-94.
2.1.38 Rail india Technical and Economic Services Ltd.	(i) Reconciliation of control accounts and subsidiary accounts had not been done periodically by Madras unit. (ii) Periodical reconciliation of the balances of Sundry Debtors was not being carried out by Madras unit.
2.1.39 Indian Railways Construction Company Ltd.	(i) Control accounts and subsidiary accounts were not made at some of the projects.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
		(ii) In some of the projects, property and plant registers were not completed, updated and reconciled with financial books. (iii) Records relating to procurement and disposal of stores were not updated till 31.3.1995 in respect of Railway Electrification Projects at Nagpur and Bilaspur.
MINISTRY OF SURFACE TRANSPORT		
2.1.40	Hooghly Dock and Port Engineers ltd	There was no manual laying down the detailed accounting procedure and specifying the duties and responsibilities of various officers.
2.1.41	Hindustan Shipyard Ltd.	The reconciliation and linking of advances to suppliers of Rs.75.29 lakhs and outstanding liabilities of Rs.37.52 lakhs had not been done in respect of purchases and supplies prior to April 1990.
MINISTRY OF STEEL		
2.1.42	Rashtriya Ispat Nigam Ltd.	Reconciliation for the difference of Rs.52.15 lakhs in cash credit account with state bank of India Vishakhapatnam had not been done for the last 3 years.
2.1.43	Steel Authority of India Ltd.	Accounting Policies followed by the Plant were not in agreement with the accounting standards in the following cases :- (a) As per AS-2 Where absorption costing method is followed, regard should be given to the normal level of production, whereas the plant absorbed total cost against total actual production (Durgapur Steel Plant). (b)Prior period income/ expenses and prepaid expenses upto Rs.5 lakhs treated as current year's income/expenses

NAME OF THE MINISTRY/COMPANY	AREA FOR IMPROVEMENT.
	in contravention of AS-5.(Durgapur & Rourkela Steel Plants) (c) Stock of rollable slabs and ingots were valued at cost instead of lower of cost or net realisable value contrary to the provisions of AS-2. (Durgapur Steel Plants). (d) Capitalisation out of inter-plant transfers was made at transfer price and not at cost which was not in line with the AS-10 (Durgapur and Rourkela Steel Plant)
MINISTRY OF TEXTILES.	
2.1.44 National Textile Corporation (APKK&M) Ltd.	(i) Reconciliation of material discrepancies between physical stock and book records had not been done. Material discrepancies such as surplus stock noticed on comparison of physical stock with book records had been treated as the correct physical inventory without any checking and confirmation as to its accuracy in Marketing Division Bangalore. (ii) Financing cost/interest on monies borrowed from Financial Institutions/Holding Company, attributable to construction/acquisition of fixed assets for the period upto the date of commissioning of such assets had been charged to Profit & Loss A/C instead of capitalising the same. (iii) Profit on sale of fixed assets over and above their original cost had been credited to Capital Reserve instead of crediting to P&L A/C as per accepted accounting principles.
DEPARTMENT OF TOURISM	
2.1.45 India Tourism Devp. Corpn. Ltd.	Property and Asset Registers had not been kept

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
		upto date with full details of assets and reconciled with financial books in Headquarters office, Duty Free shops at Trivandrum and Madras and ATT Madras, Hotel Ashoka Aurangabad, Airport Restaurant and Aurangabad Tours & Travels.
2.2.	INTERNAL CONTROL	
MINISTRY OF AGRICULTURE		
2.2.1	National Seeds Corporation Ltd.	Internal audit set up of the Company was not adequate.
DEPARTMENT OF ATOMIC ENERGY		
2.2.2	Uranium Corpn. of India Ltd	Internal audit programme drawn up by the Company for 1994-95 was not adequate.
DEPARTMENT OF CHEMICALS & PETRO-CHEMICALS		
2.2.3	Indian Petro-Chemicals Corpn. Ltd.	The company's internal audit system for the Baroda complex & Gandhar Division required to be strengthened as regards scope, coverage etc.
MINISTRY OF COMMERCE		
2.2.4	India Trade Promotion Organisation	i) upto 1993-94 Internal audit was being conducted through a firm of chartered Accountant. But during 1994-95 no internal audit was conducted. (ii) Internal audit needed to be expanded keeping in view the size and nature of business of the company.
2.2.5	Export Credit And Guarantee Corpn.Ltd.	There was no internal audit at Cochin Division which looked after the urgent system needs.
2.2.6	State Trading Corpn. Ltd.	Internal control needed to be strengthened in case of oil

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
		seeds projects division where no parameters were laid down in regard to procurement price and processing and sales realisation and also lack of proper planning for minimising the avoidable expenditure on maintaining foreign Offices Divisions and Branches and for following up of debts and outstanding advances including claims recoverable.
MINISTRY OF COAL		
2.2.7	**Bharat Coking Coal Ltd.**	i) The coverage of internal audit needed to be strengthened. (ii) There was no internal audit or internal financial control set up at Kustora PB, DF Ropeways, Sudamdih, Bhowra and Church Victoria.
2.2.8	**Central Coalfields Ltd.**	Internal audit and internal financial control were not commensurate with the size of the company.
2.2.9	**Coal India Ltd**	Internal audit at North Eastern Coal Mines had not been done.
2.2.10	**Eastern Coalfields Ltd.**	Internal audit was not commensurate with the size and nature of business of Kajora Area.
2.2.11	**Neyveli Lignite Corpn. Ltd.**	Internal audit system needed to be strengthened and its scope enlarged to make it commensurate with the size and nature of business of the company.
2.2.12	**Western Coalfields Ltd.**	The periodicity of internal audit needed to be increased suitably to make it commensurate with the size of the area and nature of business (Ballarpur area, Chandrapur area and Tadali work-shop).

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
MINISTRY OF COMMUNICATIONS		
2.2.13	**ITI Ltd.**	The size of the internal audit staff was not commensurate with size and nature of business of the Company as a result of which number of areas remained unchecked.
DEPARTMENT OF DEFENCE PRODUCTION & SUPPLIES		
2.2.14	**Bharat Earth Movers Ltd.**	The existing internal audit department needs to be strengthened and its scope enlarged to make it more effective.
2.2.15	**Bharat Dynamics Ltd.**	The scope and coverage of Internal audit was not adequate.
MINISTRY OF ENVIRONMENT AND FORESTS		
2.2.16	**Andaman and Nicobar Islands Forests and Plantation Development Corpn.Ltd.**	Internal audit was not adequate and commensurate with the size and nature of business of the company.
DEPARTMENT OF FERTILIZERS		
2.2.17	**Paradeep Phosphates Ltd.**	The coverage of internal audit needed to be enlarged to cover all the major areas/functions of the Company.
2.2.18	**Projects and Development India Ltd.**	Internal audit set up was unable to look at the company's urgent system needs due to lack of proper number of staff.
2.2.19	**Rashtriya Chemicals & Fertilizers Ltd.**	The coverage of areas by the internal audit department required to be widened to make the system more effective. Further the compliance on the observations made by the internal audit department required to be improved to make it prompt & proper.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
MINISTRY OF FINANCE		
2.2.20	**United India Insurance Co. Ltd.**	(i) Internal audit of the accounts of Raipur, Jammu-II, New Delhi-XV and Madras-XI Divisional offices was not done during 1994-95. (ii) Physical verification of fixed assets was not done during 1994-95 at Baroda, Rajkot-II, Gaya,Bangalore-III, Mysore-II, Nagpur Divisional Offices and Bangalore Regional Office.
MINISTRY OF INDUSTRY(DEPARTMENT OF HEAVY INDUSTRY)		
2.2.21	**Bharat Process & Mechanical Engineers Ltd.**	Internal audit system in the company was not effective.
2.2.22	**Bharat Heavy Electricals Ltd.**	Internal audit was not commensurate with the size and nature of the business of the company in regard to scope, sphere and periodicity which needed to be improved upon and augmented.
2.2.23	**Bharat Ophthalmic Glass Limited**	Internal Audit of the company conducted by an outside firm of Chartered Accountants called for improvement to cover particularly financial transactions.
2.2.24	**BBJ Construction Co. Ltd.**	The internal audit department had no scope and programme of work, it was required to be strengthened and that no internal audit report was available for 1994-95.
2.2.25	**Bridge & Roof Co.Ltd.**	The internal audit set up should be strengthened to extend its coverage.
2.2.26	**Engineering Projects (India) Ltd.**	The scope and coverage of internal audit was not commensurate with the size and nature of business of the company.

NAME OF THE MINISTRY/COMPANY	AREA FOR IMPROVEMENT.
2.2.27 National Instruments Ltd.	The company did not have separate internal audit department commensurate with the size and business of the company. There was no internal audit manual outlining the scope and programme of work for internal audit.
2.2.28 Nagaland Pulp and Paper Company Ltd.	No internal audit was conducted during 1994-95.
2.2.29 NEPA Ltd	The existing internal audit system of the company was not commensurate with size of the company and nature of its business and needed to be strengthened by updating audit programme and appointing qualified personnel to assist the internal audit Head.
2.2.30 Praga Tools Ltd	The coverage of internal audit needed to be strengthened to make it commensurate with the size and nature of business.
2.2.31 Weighbird India Ltd	The company had no internal audit set up.
DEPARTMENT OF SMALL SCALE INDUSTRIES AND AGRO RURAL INDUSTRIES	
2.2.32 Andaman and Nicobar Islands Integrated Development Corpn. Ltd.	The company had no internal audit manual and the internal audit department should be strengthened.
MINISTRY OF INFORMATION & BROADCASTING	
2.2.33 National film Develop. Corporation Ltd.	The company did not have an independent Internal audit department or Internal Financial Control set up.
MINISTRY OF MINES	
2.2.34 Bharat Aluminium Company Ltd.	The internal audit at Korba and the marketing offices was very inadequate. The scope of audit should be further increased.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
2.2.35	Bharat Gold Mines Ltd.	Internal audit system in projects and contracts division of the company needed to be strengthened to make it commensurate with the size and nature of business of the division.
2.2.36	Hindustan Zinc Ltd.	The scope and the extent of coverage of the internal audit needed to be improved upon.
2.2.37	National Aluminium Company Ltd.	The internal audit system required to be strengthened so that it should cover more areas of operation.
MINISTRY OF POWER		
2.2.38	National Thermal Power Corpn.Ltd.	The internal audit system needed to be further strengthened and enlarged so as to make it commensurate with the size and nature of the company's business particularly in the areas of purchases, stores accounting, work accounting operational areas and review of inbuilt controls.
2.2.39	Power Grid Corpn. of India Ltd.	The area of coverage of internal audit needed further enlargement.
2.2.40	Tehri Hydro Devp. Corporation. Ltd.	(i) The scope of internal audit needed to be enlarged to make it commensurate with the size and nature of business of the company (ii) The company did not have a system of reporting serious/major irregularities reflected in the Internal Audit Report to the Board of Directors.
MINISTRY OF PETROLEUM & NATURAL GAS		
2.2.41	Bongaigaon Refinery and Petrochemicals Ltd.	Internal audit needed to be strengthened keeping in view

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
		the size and nature of business of the company.
2.2.42	Indian Additivies Ltd.	Internal audit was not conducted for transactions relating to raw materials, stores and spares, excise duty and Bombay Branch Office transactions
2.2.43	Madras Refineries Ltd.	The adequacy of the internal audit needed thorough review.
2.2.44	Oil India Ltd	Internal audit/internal financial control set up in the company needs further improvement.
2.2.45	Oil & Natural Gas Corporation Ltd.	The internal audit system needed improvement in its scope and coverage.
MINISTRY OF RAILWAYS		
2.2.46	Indian Railways Construction Company Ltd.	Internal audit system at Bombay and New Bombay needs to be strengthened. Internal control system of the company also needs augmentation.
2.2.47	Konkan Railways Corporation Ltd.	Internal Audit system and internal control procedures in the Company need further strengthening to be commensurate with the size and nature of its business.
MINISTRY OF STEEL		
2.2.48	Steel Authority of India Ltd.	The annual internal audit programme was not drawn up in accordance with the provisions of the Internal Audit Manual (Bhilai Steel Plant).
2.2.49	Visvesvaraya Iron & Steel Ltd.	The internal control system existing in the company needs to be reviewed and strengthened, so that all areas of operation of the Company could be covered by internal audit.

NAME OF THE MINISTRY/COMPANY	AREA FOR IMPROVEMENT.
MINISTRY OF SURFACE TRANSPORT	
2.2.50 Hooghly Dock and Port Engineers Ltd.	The system of internal audit did not commensurate with the size and nature of business of the company.
MINISTRY OF TEXTILES	
2.2.51 Cawnpore Textiles Ltd.	The company had no manual outlining the scope and programme of work for internal audit.
2.2.52 North Eastern Handicrafts & Handlooms Development Corporation Ltd.	The company had no internal audit set up.
2.2.53 Jute Corporation of India Ltd.	Internal audit set up should be strengthened to make it commensurate with the size and nature of company's business.
DEPARTMENT OF TOURISM	
2.2.54 India Tourism & Development Corpn. Ltd.	i) No definite programme is being followed by the Internal audit as no internal Audit Manual had been formulated by he Company. ii) Internal control system was not effective/commensurate with the size of the Units at Hotel Ashoka Aurangabad, Airport Restaurant and Aurangabad Tours & Travels.

2.3 COST CONTROL

DEPARTMENT OF ATOMIC ENERGY	
2.3.1 Electronics Corpn of India Ltd	(i) The Company had not adopted standard costing system. (ii) Norms for material and energy consumption had not been fixed by the company.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
DEPARTMENT OF CHEMICALS AND PETRO CHEMICALS		
2.3.2	**Bengal Immunity Ltd.**	(i) The Company had not introduced Standard Costing System. (ii) No norms for manpower employed had been fixed.
2.3.3	**Hindustan Fluoro Carbons Ltd.**	(i) The Company had not adopted standard Costing system. (ii) The Company had no system to identify idle time of labour or overheads.
2.3.4	**Hindustan Insecticides Ltd.**	The company did not adopt standard costing system.
2.3.5	**Hindustan Organic Chemicals Ltd**	(i) Company had not adopted standard costing system. (ii) Idle time of labour and wasteful overheads had not been identified.
2.3.6	**Pyrites Phosphates & Chemicals Ltd.**	(i) The company did not have standard costing system. (ii) There was no system to identify and analyse the idle time of labour and wasteful overheads separately. (iii) No manpower norms had been fixed by the company.
MINISTRY OF COAL		
2.3.7	**Bharat Coking Coal Ltd.**	(i) Norms were not fixed for the consumption of energy (Kustora PB). (ii) The company did not identify the idle time of labour (DF Ropeways; Sudamdih, Bhowra, Lodua and Kustora PB).
2.3.8	**Coal India Ltd**	No norms for employment of manpower had been fixed.
2.3.9	**Central Coalfields Ltd.**	Manpower employed was in excess of sanctioned strength in kathara Area.
2.3.10	**Eastern Coalfields Ltd.**	The system of identifying and analysing the idle time of labour and wasteful overheads had not been introduced (Salanpur, Sripur, satgram, Kalidaspur, pomiatiu,

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
		Ratibati, Sodepur and Sodepur Central Workshop).
2.3.11	South Eastern Coalfields Ltd	There was no system of ascertaining idle time of labour.(Sohagpur, Johilla, Jamuna, Kotma , Baikunthpur, Bishrampur, Chirimiri and Hasdeo areas).
2.3.12	Western Coalfields Ltd.	The idle time of labour and wasteful overheads had not been identified in Ballarpur area, Chandrapur area and Tadali workshop.
MINISTRY OF COMMERCE		
2.3.13	India Trade Promotion Organisation	i) There was no system to identify idle time of labour and wasteful overheads. (ii) No specific norms were fixed for employment of manpower in the company.
DEPARTMENT OF DEFENCE PRODUCTION AND SUPPLIES		
2.3.14	Bharat Electronics Ltd.	(i) Norms were yet to be fixed for energy consumption by BELTEX & MC Units. (ii) There was no full fledged cost ledger from which the manufacturing account could be drawn up and the cost of sales could be worked out to reconcile with financial results.(BELTEX). (iii) There was no standard costing system in BG Complex even though installation of the same is feasible.
2.3.15	Garden Reach Shipbuilders & Engineers Ltd.	No norms for employment of manpower had been fixed by the company.
2.3.16	Hindustan Aeronautics Ltd.	(i) The company did not have a standard costing system. (ii) No norms for consumption of raw material and energy had been fixed by the company (Helicopter division).

NAME OF THE MINISTRY/COMPANY	AREA FOR IMPROVEMENT.
DEPARTMENT OF FERTILIZERS	
2.3.17 Hindustan Fertilizer Corporation Ltd.	(i) The company had not adopted Standared Costing system (Namrup and Barauni Plant). (ii) Namrup and Barauni Plants had not maintained any records for idle time of labour and overheads.
2.3.18 National Fertilizers Ltd.	The company was not identifying idle labour and wasteful overheads.
2.3.19 Paradeep Phosphates Ltd.	The Company did not follow standard costing system.
2.3.20 Projects and Development India Ltd.	(i) The company had not prepared Cost accounts and reconciled the same with the financial accounts. (ii) The Company had no system to identify the idle time of labour and wasteful overheads. (iii) The company did not have a system of log hours for high value machines to identify the idle time.
MINISTRY OF FOOD PROCESSING INDUSTRIES	
2.3.21 Modern Food Industries Ltd.	The Company had not adopted standard costing system and not prescribed system for ascertaining idle time of labour and wasteful overheads (Calcutta Unit).
DEPARTMENT OF HEAVY INDUSTRY	
2.3.22 Bharat Brakes & Valves Ltd.	(i) The company had not introduced standard costing system. (ii) The company had no system to identify idle time of labour and machine. (iii) No norms for employment of manpower had been fixed by the company.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
2.3.23	Bharat Heavy Electricals Ltd.	(i) Standard Costing system had not been adopted (I.P. Jagdishpur and CFP Rudrapur). (ii) The Company did not have the system of ascertaining the idle time of labour (IVP Goindwal)
2.3.24	Bharat Ophthalmic Glass Ltd.	(i) The company had no cost accounting system. (ii) No norms were fixed for consumption of energy. (iii) The company had no system to identify idle time of labour and wasteful overheads. (iv) No norms for employment of manpower had been fixed by the company.
2.3.25	Bharat Process and Mechanical Engineers Ltd.	(i) The company had not identified idle time of labour and wasteful overheads. (ii) Norms for manpower employed had not been fixed by the company. (iii) No Norms for consumption of raw material and energy had been fixed.
2.3.26	Braithwaite & Company Ltd.	(i) The company had no system to identify idle time of labour (Clive works) and machine. (ii) No norms for employment of manpower had been fixed by the company.
2.3.27	Engineering Projects (India) Ltd.	The company had no system for ascertaining the idle time of labour and machinery.
2.3.28	Hindustan Cables Ltd.	(i) The company had not introduced standard costing system. (ii) The company had no system to identify idle time of labour and for wasteful overheads.
2.3.29	Heavy Engineering Corporation Ltd.	(i) The cost accounts for the year 1994-95 were not prepared.

NAME OF THE MINISTRY/COMPANY	AREA FOR IMPROVEMENT.
	(ii) The norm for rejection of the production had also not been fixed. (iii) No norms had been fixed for raw materials and energy consumption.
2.3.30 HMT Bearings Ltd	The company had no system to identify idle time of labour.
2.3.31 HMT Ltd.	i) No norms had been fixed for raw materials and energy consumption in MBPG and Watch R&D,Bangalore. ii) Cost accounts were not prepared and reconciled with financial accounts.(MBPG & SWCD). iii) Standard costing though feasible in MBPG Division was not followed. iv) MBPG Division had not identified and analysed idle time of labour and wasteful overheads for corrective action.
2.3.32 Hooghly Printing Co.Ltd.	(i) The cost records were not reconciled with the financial accounts. (ii) The company had no system to identify idle time of labour and wasteful overheads. (iii) No norms for employment of manpower had been fixed by the company.
2.3.33 Instrumentation ltd.	(i) Cost and financial accounts were not reconciled even at the year end. (ii) The company had no system for identifying idle time of labour and wasteful overheads. (iii) The company had no system for log hours for high value machines and for analysing reasons for idle hours.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
2.3.34	Jessop & Co. Ltd.	No norms for employment of manpower had been fixed by the company.
2.3.35	Lagan Jute Machinery Company Ltd.	(i) The company had not introduced standard costing system. (ii) The company had no system to identify idle time of labour and wasteful overheads. (iii) No norms for employment of manpower had been fixed by the company
2.3.36	Mining And Allied Machinery Corpn. Ltd.	(i) The company had no standard Costing system. (ii) No norms for power/energy consumption had been fixed.
2.3.37	National Instruments Ltd.	(i)The company did not prepare cost accounts. (ii) No norms for employment of manpower had been fixed by the company.
2.3.38	Praga Tools Ltd.	No norms for energy consumption had been fixed by the company.
2.3.39	Rehabilitation Industries Corpn. Ltd.	(i) The company had not ascertained idle time for labour during the year. (ii) norms for manpower utilisation had not been fixed.
2.3.40	Tannery & Footwear Corporation of India Ltd.	(i) There was no system of identifying idle time of labour and wasteful overheads and analysing the reasons of variation between actual and standard cost. (ii) The company had not fixed any norms for determining the excess/shortage of manpower employed by the company.
2.3.41	Weighbird India Ltd	(i) There was no proper system, of ascertaining the idle time of labour. (ii) Manpower employed was in excess of the requirements.

NAME OF THE MINISTRY/COMPANY	AREA FOR IMPROVEMENT.
MINISTRY OF MINES.	
2.3.42 Bharat Aluminium Company Ltd.	(i) Standard cost of various products had not yet been established. (ii) The Company did not identify idle time of labour, and wasteful overheads. (iii) The norms for the raw material and energy consumption had not been fixed by the company at BBU Unit.
2.3.43 Bharat Gold Mines Ltd.	The company had not adopted a full fledged accounting system. The cost ledgers are not maintained.
2.3.44 Hindustan Copper Ltd.	(i) The company had no system to identify idle time of labour machinery and wasteful overheads (ICC and RCP Units). (ii) There were 43 officers in Khetri Unit in excess of the sanctioned strength involving expenditure of Rs.20.40 lakhs per annum on their salaries.
2.3.45 Hindustan Zinc Ltd.	Idle time of labour and wasteful overheads had not been identified and consequently the reasons for variations between actual and standard cost were not analysed. (Rampura Agucha and Rajpura Dariba mines)
MINISTRY OF PETROLEUM AND NATURAL GAS	
2.3.46 Biecco Lawrie Ltd.	(i) No reconciliation of cost and financial accounts was made during 1994-95. (ii) The company had no system to ascertain wasteful overheads, idle time of labour and machine.
2.3.47 Engineers India Ltd.	There was no system to identify idle time of labour and wasteful overheads.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
2.3.48	Indian Additivies Ltd.	In the absence of a proper costing system, the company is not in a position to determine accurately the cost of major products, jobs and services rendered.
2.3.49	IBP Company Ltd.	No cost account was prepared (Business group-chemicals).
MINISTRY OF POWER		
2.3.50	National Thermal Power Corpn.Ltd.	(i) The company had not adopted the standard costing system. (ii) Identification of idle time of labour and wasteful overheads was not done.
MINISTRY OF RAILWAYS		
2.3.51	Container Corpn. of India Ltd.	There was no system of ascertaining idle time of labour and wasteful overheads.
MINISTRY OF STEEL		
2.3.52	Hindustan Steelworks Construction Ltd.	No manpower norms had been fixed by the company.
2.3.53	India Firebricks & insulation Co. Ltd.	(i) There was no system to identify and analyse the idle time of labour and wasteful overheads separately. (ii) Cost accounts records were not reconciled with financial books. (iii) The company did not compute cost of major operation, jobs, product, process and services.
2.3.54	Steel Authority Of India Ltd.	There was no system to identify and analyse the idle time of labour and wasteful overheads separately (Alloy, Durgapur and Rourkela steel Plants).

NAME OF THE MINISTRY/COMPANY	AREA FOR IMPROVEMENT.
2.3.55 Visvesvaraya Iron & Steel Ltd.	The company did not identify idle time of labour and wasteful overheads.
MINISTRY OF TEXTILES.	
2.3.56 Cawnpore Textiles Ltd.	The norms for manpower employed had not been fixed by the Company.
2.3.57 National Textiles Corpn.(UP) Ltd.	(i) The unit had not adopted the standard costing system since begining (muir Mills Kanpur and New Victoria Mills Kanpur). (ii) Norms for manpower employed had not been fixed by the company in Muris Mills & Victoria Mills.
2.3.58 National Textile Corporation Ltd	(i) The company had not adopted standard costing systems. (ii) The company did not maintain log hours for high value machines and analyse reasons for idle hours. Panipat Woolan Mills Kharar. (iii) Norms for raw material and energy consumption had not been fixed by Shri Bijoy Cotton Mills.
2.3.59 National Textile Corpn.(APKK&M) Ltd.	Idle time of labour had not been identified (Kerala Laxmi Mills, Tirupathi Cotton Mills and Yellama Mills).
DEPARTMENT OF TOURISM	
2.3.60 India Tourism Devp. Corporation Ltd.	No norms had been fixed in respect of manpower employed.
2.4 INVENTORY CONTROL	
DEPARTMENT OF ATOMIC ENERGY	
2.4.1 Electronics Corpn.of India Ltd.	Maximum and minimum levels of inventory had not fixed.
2.4.2 Uranium Corporation of India Ltd.	Maximum and minimum levels of stores had not been prescribed.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
DEPARTMENT OF CHEMICALS AND PETROCHEMICAL		
2.4.3	**Bengal Immunity Ltd.**	Maximum & Minimum level of stores & spares had not been fixed.
2.4.4	**Indian Petrochemicals Corporation Ltd.**	The stores & spares not moved for over three years amounted to Rs.102.93 crores as at the end of 31 March, 1995.
MINISTRY OF COAL		
2.4.5	**Bharat Coking Coal Limited**	Maximum and Minimum level of stores and spares had not been fixed (Kustora, DF Ropeways, Sudamdih, Bhowara Lodna CV and Katros Project Govindpur).
2.4.6	**Central Coalfields Ltd.**	Maximum and minimum level of stores and spares had not been fixed (kathara and Dhori Areas).
2.4.7	**Coal India Ltd.**	i) Maximum and Minimum, level of stores & spares had not fixed . (ii) Stock of stores and spares as on 31 March 1995 represented 10.89 months consumption.
2.4.8.	**Eastern Coalfields Ltd.**	Maximum and minimum level of stores and spares had not been fixed (Salanpur, Satgram, Kalidaspur, Porniati, Ratibati, Sodepur, Kayora, Kinustoria and Sodepur Central Workshop
2.4.9	**South Eastern Coalfields Ltd.**	(i) Maximum and minimum limits of stores had not been fixed. Huge volume of stores had not moved for decades and years.(Sohagpur, Johilla, Jamuna, Kotma, Baikunthpur, Bishrampur, Chirimiri and Hasdeo areas). (ii) There was no system for determination of unserviceable /damaged stores and spares. (Raigarh, Korba area and Central Work-Shop Korba).

NAME OF THE MINISTRY/COMPANY	AREA FOR IMPROVEMENT.
2.4.10 Western Coalfields Ltd.	i) Maximum and Minimum levels had not prescribed for stores & spares used in Tadali workshop.
DEPARTMENT OF DEFENCE PRODUCTION & SUPPLIES	
2.4.11 Bharat Electronics Ltd.	No maximum & minimum levels of stores & spares had been fixed by BELTEX Division.
2.4.12 Garden Reach Shipbuilders and Engineers Ltd	No maximum and minimum level for stores and spares had been fixed.
2.4.13 Hindustan Aeronautics Ltd.	Maximum and minimum level of stores and spares had not been fixed (Aircraft division, overhaul Division and D&D Complex).
DEPARTMENT OF FERTILIZERS	
2.4.14 Rashtriya Chemicals & Fertilizers Ltd.	The stores & spares not moved over three years as at the end of 31 March 1995 at Thal Unit was Rs.22.90 crores.
DEPARTMENT OF HEAVY INDUSTRY	
2.4.15 Bharat Brakes & Valves Ltd.	(i) Stock of raw materials, components and stores valued at Rs.60.16 lakhs did not move for over 3 years as on 31st March 1995. (ii) Maximum & Minimum limits for stores and spares had not been fixed by the company.
2.4.16 Bharat Heavy Electricals Ltd.	Minimum and maximum levels of stores had not been fixed by IP Jagdishpur unit.
2.4.17 Bharat ophthalmic Glass Ltd.	(i) The company had no proper inventory control system resulting in accumulation of stock of stores, finished stocks etc. at shop floor valued at Rs.135 lakhs as on 31st March 1995.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
2.4.18	Engineering Projects (India) Ltd.	Maximum and minimum level of stores & spares had not been fixed.
2.4.19	Hooghly Printing Co.Ltd.	Maximum & Minimum limits for stores and spares had not been fixed by the company.
2.4.20	Heavy Engineering Corporation Ltd.	Maximum and minimum limits for items of stores & spares had not been fixed.
2.4.21	HMT Ltd.	Maximum and minimum levels of stores and spares holding had not been fixed by Watch R&D,Watch Marketing ,CMFI, LMH and Ajmer Divisions.
2.4.22	Instrumentation ltd.	In many cases, items involving lakhs of rupees were billed at nominal value of Rs.10 by mentioning on the challan as "Not to be billed" in respect of the items which could not be originally included in the bill of material at the time of preparing the tender but were essential to complete the work.
2.4.23	Lagan Jute Machinery Co.Ltd.	(i) Maximum and minimum limits for stores and spares had not been fixed by the company. (ii) There were non moving materials, components and spares etc valued at Rs.13.79 lakhs for which no provision was made.
2.4.24	Mandya National Paper Mills Ltd.	Valuation of inventory on cost basis was not correct as there had been no production during last 2 years.
2.4.25	Mining And Allied Machinery Corpn Ltd.	Some imported material valuing Rs.3.45 crores had been lying in the warehouse for a long time.
2.4.26	National Instruments Ltd.	(i) Maximum and minimum limits for stores and spares had not been fixed by the company. (ii) Stock of raw materials, components stores and

NAME OF THE MINISTRY/COMPANY	AREA FOR IMPROVEMENT.
	finished goods valued at Rs.49 lakhs did not move for over 3 years as on 31st March 1995.
2.4.27 NEPA Ltd	The company had not clearly prescribed maximum/minimum levels of stock of high value stores spares, etc, to keep down the inventory. Stores inventory as on 31.3.1995 represented 17.03 months' of consumption.
2.4.28 Praga Tools Ltd.	Maximum and minimum level of stores & spares had not been fixed.
2.4.29 Rehabilitation Industries Corpn. Ltd.	Maximum and minimum level of stores & spares had not been fixed.
2.4.30 Tyre Corporation of India Ltd.	Stores and spares held as on 31st March 1994 and 1995 represented 158 months and 334 months consumption respectively.
2.4.31 Tannery & Footwear Corporation Of India Ltd.	Minimum and maximum limits of stores & spares had not been fixed.
MINISTRY OF MINES.	
2.4.32 Bharat Aluminium Company Ltd.	Minimum and maximum limits in respect of individual items of stores and spares had not been fixed in order to keep the inventory holdings at minimum and to avoid stockouts except in cases where normal consumption pattern was established. The ABC system of procurement and maintenance followed by the Company was not fully effective.
2.4.33 Hindustan Copper Ltd.	(i) Stock of stores and spares as on 31 March 1995 represented 12 months consumption in respect of ICC, RCP and MCP units and 34 months consumption in TCP unit.

NAME OF THE MINISTRY/COMPANY	AREA FOR IMPROVEMENT.
	(ii) Maximum and minimum limits for stores and spares had not been fixed by the company (KCC and TCP units). (iii) The stock of stores which did not move for more than 3 years as on 31 March 1995 stood at Rs.743 lakhs.
2.4.34 Hindustan Zinc Ltd.	(i) The company had not prescribed the maximum and minimum limits in all cases of stores and spares. Re-order level or the economic order quantity to minimise the inventory carrying cost and loss by stock-outs had not also been specified. (ii) Physical verification of lead (Rs.99.22 lakhs) and rock phosphate slurry (Rs.1.83 lakhs) at Zinc smelter, Debari was not conducted during 1994-95.
2.4.35 National Aluminium Company Ltd.	The material which did not move for over 4 years stood at Rs.3553.79 lakhs.
MINISTRY OF PETROLEUM & NATURAL GAS	
2.4.36 Bharat Petroleum Corpn. Ltd.	(ii) The procedure for identification of obsolete stores and spares items needed to be reviewed. (ii) Two items of spares belonging to highly critical equipments such as HC Gas Compressor, Gas Turbines amounting to Rs.27.90 lakhs and Rs.34.20 lakhs lying in Refinery needed to be carried in stock. (iii) The value of surplus/obsolete stores & spares charged off during 1994-95 amounted to Rs.19.69 crores.
2.4.37 Balmer Lawrie & Co. Ltd.	The stock of inventory was 32 percent of cost of production as on 31 March 1995 (Southern division).

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
2.4.38	Biecco Lawrie Ltd.	(i) Maximum and minimum level of stores and spares had not been fixed by the company (ii) The company had no system to obtain confirmation from sub-contractors in respect of materials issued for conversion.
2.4.39	Bongaigaon Refinery & Petrochemicals Ltd.	Maximum and minimum limits of stores and spares had not been prescribed.
2.4.40	Hindustan petroleum Corporation Ltd.	(i) Stock of stores & spares as on 31 March 1995 at Visakh Refinery represented 33 months consumption. (ii) Stores & spares amounting to Rs.670.08 lakhs as on 31 March 1995 had not moved for more than three years (Bombay refinery and marketing Division).
2.4.41	IBP Co. Ltd.	(i) Stock of raw materials, stores and spares which did not move for over four years stood at Rs.62.07 lakhs (Business Group-Chemicals) (ii) Stock of stores and spares as on 31 March 1995 represented 14 months consumption (Business Group-Petroleum).
2.4.42	Indian Additivies Ltd	Stores and spares stock as on 31 March 1995 was equivalent to 30.22 months consumption.
2.4.43	Indian Oil Blending Ltd.	The stock of stores and spares held at the end of 31 March 1995 was 44 months consumption as against 28 months consumption as at the end of 31 March 1994.
MINISTRY OF POWER		
2.4.44	North Eastern Electric Power Corporation Ltd.	No maximum and minimum level for stores and spares etc, had been fixed.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
2.4.45	Tehri Hydro Development Corporation Ltd.	Maximum and minimum levels of inventory had not been fixed.
MINISTRY OF SURFACE TRANSPORT		
2.4.46	Hooghly dock and Port Engineers ltd	Maximum and minimum levels of Stores & Spares had not been fixed.
MINISTRY OF STEEL		
2.4.47	Indian Iron & Steel Co.Ltd.	Maximum/ Minimum/ ordering levels for different types of stores had not been prescribed.
2.4.48	Hindustan Steelworks Construction Ltd.	Maximum/ Minimum/ ordering levels for different types of stores had not been prescribed.
2.4.49	Maharashtra Electrosmelt Ltd.	Maximum and minimum limits of stores and spares had not been fixed.
2.4.50	National Mineral Development Corpn Ltd.	Maximum and minimum level of stores and spares had not been fixed by screening plant, visakhapatnam and Investigation Division Raipur.
2.4.51	Rashtriya Ispat Nigam Ltd.	Stock of stores and spares at the end of 31 March 1995 was equivalent to 21.32 months consumption.
2.4.52	Visvesvaraya Iron & Steel Ltd.	(i) Maximum and minimum limits for stocking of stores and spares had not been fixed for majority of the items. (ii) Non-moving stores and spares held over 3 to 5 years as on 31 March 1995 amounted to Rs.5.83 crores.
MINISTRY OF TEXTILES.		
2.4.53	Cotton Corpn.Of India Ltd.	i) No uniform policy had been adopted by the company for pricing of stores and products or services for sale.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
		(ii) Maximum and minimum level of stores/stocks holding had not been fixed in respect of Delhi office.
2.4.54	Jute Corporation of India Ltd.	The company had no system to determine unserviceable and damaged stock.
2.4.55	North Eastern Handicrafts and Handlooms Development Corporation Ltd	Maximum and minimum limits for stores spares etc. were not fixed.
2.4.56	National Textile Corporation (APKK&M) Ltd.	Maximum and minimum levels of stores had not been recorded in Kerala Laxmi Mills, Yellama Mills and Natraj Mills.
2.4.57	National Textiles Corpn.(UP) Ltd.	Maximum and minimum level of stores & spares had not prescribed in Muir Mills, Kanpur and New Victoria Mills, Kanpur.
DEPARTMENT OF TOURISM		
2.4.58	India Tourism Devp. Corpn. Ltd.	i) No analysis had been made to find out obsolete, redundant and surplus assets is respect of capital goods in hand (Rs.233.23 lakhs) for the last more than 5 years. (ii) Maximum and minimum levels of stores & spares had not been fixed (Regional office -South, Duty Free Shops at Trivandrum and Madras and Laxmi Vilas Palace, Udaipur).

NAME OF MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
2.5 CREDIT CONTROL.		
MINISTRY OF COMMERCE		
2.5.1	India Trade Promotion Organisation	i) There was no regular system to reconcile the accounts of sundry debtors and as such accounts were lying disputed and unconfirmed.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
		ii) Provision of Rs.170.38 lakhs for doubtful debts against sundry debtors of Rs.417.11 lakhs as on 31 March 1995 was on very high side (29 per cent).
MINISTRY OF COAL		
2.5.2	**Bharat Coking Coal Ltd.**	i) Percentage of Sundry Debtors to sales were as high as 58.92% in 1994-95 as against 61.85% in 1993-94 and 60.13% in 1992-93. (ii) Percentage of doubtful debts to sundry debtors was 58.48% in 1994-95.
DEPARTMENT OF FERTILIZERS		
2.5.3	**Hindustan Fertilizers Corporation Ltd.**	Doubtful debts of Rs.65.86 lakhs as on 31 march 1995 were 36.45 per cent of sundry Debtors of Rs.180.64 lakhs.
DEPARTMENT OF HEAVY INDUSTRY		
2.5.4	**Bharat Ophthalmic Glass Ltd.**	The company had no adequate system of clearing sundry debtors resulting in accumulation of debts over 3 years at Rs.106 lakhs as on 31 March 1995. (ii) The unreconciled balance against advance for purchase account stood at Rs.17.37 lakhs as on 31 March 1995.
2.5.5	**Bharat Process And Mechanical Engineers Ltd.**	Percentage of Sundry debtors to sales during 1994-95 was as high as 1518 per cent.
2.5.6	**Hooghly Printing Company Ltd.**	Provision for bad debts represented 31% of the total debts as on 31 March 1995.
2.5.7	**HMT ltd.**	The doubtful debts constituted 97.29 per cent of the total debtors(Specialised Watch Case Division).

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
2.5.8	Jessop & Co. Ltd.	Provision for bad debts represented 67% of the total debts .
2.5.9	Mandya National Paper Mills Ltd.	The company had not worked out any plan to repay its loans of Rs.29.96 crores to the Holding Company as the company is passing through financial crisis because of suspension of production for want of adequate working funds.
2.5.10	Nagaland Pulp & Paper Company Ltd.	Provision for bad debts represented 50% of total debts as on 31 March 1995
2.5.11	Weighbird India Ltd	Though Sales had decreased but the percentage of debtors to sales had increased from 99 percent in 1993-94 to 111 per cent in 1994-95.
MINISTRY OF PETROLEUM & NATURAL GAS		
2.5.12	Bharat Petroleum Corporation Ltd.	Inter-oil company balances amounting to Rs.8.79 crores payable and Rs.3.85 crores recoverable were outstanding for over 3 years as on 31 March 1995.
2.5.13	Hindustan Petroleum Corporation Ltd.	Inter-oil Company debit balances amounting to Rs.8.92 crores were outstanding for over three years as on 31 March 1995.
MINISTRY OF SURFACE TRANSPORT		
2.5.14	Hooghly Dock and Port Engineers Ltd.	Percentage of sundry debtors as on 31.3.1995 to sales was as high as 158 percent.
MINISTRY OF TEXTILES		
2.5.15	National Textile Corpn.(Gujarat) Limited	(i) Confirmation of balances from debtors and parties to whom advances had been given had not been obtained. (ii) Doubtful debts amounted to 54.23% of the debtors as at

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
		the end of 31 March 1995.
2.5.16	National Textile Corpn.(South Maharashtra) Limited	Doubtful debts amounted to 61.88% of the debtors as at the end of 31 March 1995. In one unit (Jupiter Textile Mills), it was as high as 99.77%.
DEPARTMENT OF TOURISM		
2.5.17	India Tourism Development Corpn. Ltd.	Confirmation from sundry debtors had not been obtained in Units at Hotel Ashoka Aurangabad, Airport Restaurant and Aurangabad unit of ATT.
2.6	LIABILITIES AND LOANS	
DEPARTMENT OF ATOMIC ENERGY		
2.6.1	Indian Rare Earths Ltd.	Repayment of loan instalments amounting to Rs.51.45 crores due on 31 March 1995 had not been made.
DEPARTMENT OF CHEMICALS & PETROCHEMICALS		
2.6.2	Hindustan Insecticides Ltd.	The company had not made any arrangements for repayment of long term loan taken from Government of India amounting to Rs.30.80 crores.
MINISTRY OF CIVIL AVIATION		
2.6.3	Hotel Corporation of India Ltd.	The percentage of loan defaulted to the total loans was 92% as at end 31 March 1995. Percentage of interest and penal interest defaulted to the loans as at 31 March 1995 was 106.68%.
DEPARTMENT OF FERTILIZERS		
2.6.4	Hindustan Fertilizers Corporation Limited	Repayment of principal loan of Rs.1313.16 crores and payment of interest/penal interest of Rs.164.07 crores had not been made as the company was

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
		incurring cash losses consistently.
2.6.5	**Projects & Development India Ltd.**	Percentage of Government of India Loans defaulted for repayment was 69.93 percent and penal interest/interest not paid was 112.83 per cent as on 31 March 1995.
DEPARTMENT OF HEAVY INDUSTRY		
2.6.6	**Bharat Brakes & Valves Ltd.**	Interest and penal interest due but not paid on unsecured loan as on 31 March 1995 represented 107% of the loans.
2.6.7	**Bharat Heavy Plates & Vessels Ltd.**	The company had defaulted in repayment of loans of Rs.17.73 crores, payment of interest of Rs.11.68 crores and penal interest of Rs.13.65 crores as on 31 March 1995.
2.6.8	**Bharat Process & Mechanical Engineers Ltd.**	Percentage of interest and Penal interest to loans was 117.56% during 1994-95.
2.6.9	**Bharat ophthalmic Glass Ltd.**	Interest and penal interest due but not paid on unsecured loans as on 31 March 1995 represented 36% of the loans.
2.6.10	**Braithwaite & Co. Ltd.**	Interest and penal interest due but not paid on unsecured loan as on 31 March 1995 represented 135% of the loans.
2.6.11	**Bridge and Roof Co. Ltd.**	Interest and penal interest due but not paid on unsecured loans as on 31 March 1995 represented 207% and 35% respectively of the loans.
2.6.12	**HMT Ltd.**	(i) Watch Factory,Tumkur defaulted in repayment of IDBI,IFCI and ICICI term loans. The instalments due for payment and interest accrued and due on these loans as on 31 March 1995 amounted to Rs.375.44 lakhs and Rs.161.47 lakhs respectively.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
		(ii) Watch Factory(I&II) had also become defaulter in repayment of IDBI loan that fell due on 31 March 1995(Rs.250 lakhs) and interest accrued and due (Rs.218.85 lakhs) as on that date.
2.6.13	**Heavy Engineering Corporation Ltd.**	The Company had not made any payment of interest and penal interest during the last 3 years.
2.6.14	**Jessop & Company Ltd.**	Interest and penal interest due but not paid on unsecured loan as on 31 march 1995 represented 204% of the loans.
2.6.15	**Nagaland Pulp & Paper Company Ltd.**	Interest and penal interest due but not paid on unsecured loans as on 31 March 1995 represented 43% of the loans.
2.6.16	**National Instruments Limited**	(i)Interest and penal interest due but not paid on unsecured loan as on 31 March 1995 represented 48% of the loans. (ii) Some of the creditors had filed legal cases against the company for recovery of dues.
2.6.17	**Tungabhadra Steel Products Ltd.**	(i) The percentage of loans defaulted for repayments during the last 3 years ending 31 March 1995 was 70 percent, 77 per cent and 81 per cent respectively. (ii) The percentage of interest and penal interest not paid as a percentage of loans was 118 per cent, 152 percent and 187 percent during the last 3 years ending 1994-95 respectively.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
2.6.18	Tyre Corporation Of India Ltd.	Interest and penal interest due but not paid on unsecured loan as on 31 March 1995 represented 60% of the loans.
MINISTRY OF MINES		
2.6.19	Hindustan Copper Ltd.	Interest and penal interest due but not paid on unsecured loans as on 31 march 1995 represented 14% of the loans.
MINISTRY OF STEEL		
2.6.20	Rashtriya Ispat Nigam Ltd.	Default in repayment of loans and interest and penal interest was Rs.70 crores and Rs.96.98 crores respectively.
MINISTRY OF SURFACE TRANSPORT		
2.6.21	Hooghly Dock and Port Engineers Ltd.	Due to cash losses since inception of the company, the repayment of loans could not be made.
2.6.22	Hindustan Shipyard Ltd.	Percentage of default in repayment of loans and interest & penal interest to the total loans as on 31 March 1995 was 45.53 per cent and 59.86 per cent respectively.
MINISTRY OF TEXTILES		
2.6.23	National Textile Corporation (South Maharashtra) Ltd.	i) The outstanding loans taken from the Financial Institutions amounted to Rs.1390.50 lakhs as at 31 March 1995.As against this,the amount of loan repayments defaulted was Rs.1088.99 lakhs.The percentage of loan defaulted was 78.32%. ii) The amount of interest defaulted on total loan was Rs.821.55 lakhs as at 31 March, 1995. The percentage of interest defaulted to total loans was 59.08%.
2.6.24	National Textile Corporation (North Maharashtra) Ltd.	The outstanding loans taken from the Financial Institutions amounted to Rs.633.96 lakhs as

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
		at 31 March, 1995. As against this, the amount of loan repayment defaulted was Rs.618.37 lakhs. The percentage of loan defaulted was 97.54%.
2.6.25	**National Textile Corporation (Gujarat) Ltd.**	The amount of defaulted loan was Rs.21898.06 lakhs as at 31 March 1995. Amount of interest defaulted was Rs.8770.88 lakhs
2.6.26	**National Textile Corporation (APKK&M) Ltd.**	(i) For the last 2 years, long term loans were not repaid by Kerala Laxmi Mills. (ii) Repayment of Principal and interest had not been made to Holding Company(Alagappa Mills).

2.7 GENERAL

DEPARTMENT OF CHEMICALS & PETROCHEMICALS

2.7.1	**Pyrites Phosphates & Chemicals Ltd.**	(i) Proper records for the generation, disposal and quantity in hand of the scrap material had not been maintained and were accounted for only on its disposal. (ii) Mines Development expenses and Fertilizer Project Expenses of Rs.694.39 lakhs of Saladipur unit included a net expenditure of Rs.523.73 lakhs (including a loss of Rs.29.47 lakhs for the year) which were predominantly of a revenue nature had been capitalised though the development of mines had since been completed in March 1979.

MINISTRY OF COAL

2.7.2	**Neyveli Lignite Corporation Ltd.**	618 Executives of the company had been identified as surplus.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
DEPARTMENT OF ENVIRONMENT AND FORESTS		
2.7.3	**Andaman and Nicobar Islands Forests and Plantation Development Corpn.Ltd.**	No norms had been fixed for consumption of raw material and energy (Palam oil Division).
DEPARTMENT OF HEAVY INDUSTRY		
2.7.4	**Nagaland Pulp & paper Co. Ltd.**	Production in the Company was totally suspended from October 1992.
MINISTRY OF PETROLEUM & NATURAL GAS		
2.7.5	**Hindustan petroleum Corporation Ltd.**	The production of lubricant oils & greases during 1994-95 was only 66% of the installed capacity.
2.7.6	**Oil & Natural Gas Corporation Ltd.**	In four projects in two Regions (WRBC & SRBC), the number of exploratory wells in progress was 111 (value Rs.354.38 crores). 100 out of these had already been completed (value Rs.319.66 crores) but the wells continued to remain under Exploratory Wells-in-Progress, while in three projects reasons were not available in one project the completed wells were shown as "in progress" as the technical status had not been decided.
MINISTRY OF STEEL		
2.7.7	**Visvesvaraya Iron & Steel Ltd.**	Nine Plants (written down value-Rs.1.72 crores) phased out between 1975 and 1993 were awaiting disposal.

NAME OF THE MINISTRY/COMPANY		AREA FOR IMPROVEMENT.
MINISTRY OF TEXTILES		
2.7.8	**National Textile Corporation (North Maharashtra) Ltd.**	One 4 tonnes capacity coal boiler costing Rs.12.09 lakhs was lying uninstalled since 1987 in Vidharba Mills, a unit of the Company.
2.7.9	**National Textile Corporation (APKK&M) Ltd.**	Norms for energy consumption had not been fixed in Kerala Laxmi Mills and Alagappa Mills.

New Delhi

07 MAR 1996

(B.P.MATHUR)
Deputy Comptroller & Auditor General-cum-Chairman, Audit Board

Countersigned

(C.G. SOMIAH)
Comptroller & Auditor General of India

New Delhi

- 7 MAR 1996

APPENDIX

APPENDIX I

List of Central Government Companies

MINISTRY OF AGRICULTURE

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

DEPARTMENT OF ATOMIC ENERGY

3. Electronics Corporation of India Limited.
4. Indian Rare Earths Limited.
5. Nuclear Power Corporation Limited.
6. Uranium Corporation of India Limited.

DEPARTMENT OF BIO-TECHNOLOGY

7. Bharat Immunologicals & Biologicals Limited.

DEPARMTMENT OF CHEMICALS AND PETROCHEMICALS

8. Bengal Chemicals and Pharmaceuticals Limited.
9. Bengal Immunity Limited.
10. Bihar Drugs & Organic Chemicals Ltd.
11. Hindustan Antibiotics Limited.
12. Hindustan Fluro Carbons Limited.
13. Hindustan Insecticides Limited.
14. Hindustan Organic Chemicals Limited.
15. Indian Drugs and Pharmaceuticals Limited.
16. IDPL Tamil Nadu(Pvt.) Ltd.
17. Indian Petrochemicals Corporation Limited.
18. Karnataka Antibiotics and Pharmaceuticals Limited.
19. Maharashtra Antibiotics and Pharmaceuticals Limited.
20. Manipur State Drugs and Pharmaceuticals Limited.
21. Orissa Drugs and Chemicals Limited.
22. Rajasthan Drugs and Pharmaecuticals Limited.
23. Smith Stanistreet Pharmaceuticals Limited.
24. The Southern Pesticides Corporation Limited.
25. U.P.Drugs and Pharmaceuticals Company Limited.

MINISTRY OF CIVIL AVIATION & TOURISM

26. Air India Ltd.
27. Air India Charters Ltd.
28. Airlines Allied Services Ltd.
29. Assam Ashok Hotel Corporation Limited.
30. Hotel Corporation of India Ltd..
31. Donyo Polo Ashok Hotel Corporation Limited.
32. Indian Airlines Ltd.
33. Indo-Hokke Hotels Ltd.
34. India Tourism Development Corporation Limited.
35. Madhya Pradesh Ashok Hotel Corporation Limited.
36. Pawan Hans Limited.
37. Pondichery Ashok Hotel Corporation Limited.
38. Ranchi Ashok Bihar Hotel Corporation Limited.

39. Utkal Ashok Hotel Corporation Limited.
40. Vayudoot Ltd.

MINISTRY OF COAL

41. Bharat Coking Coal Limited.
42. Central Coalfields Limited.
43. Central Mine Planning and Design Institute Limited.
44. Coal India Limited.
45. Eastern Coalfields Limited.
46. Mahanadi Coalfields Ltd.
47. Neyveli Lignite Corporation Limited.
48. Northern Coalfields Limited.
49. South Eastern Coalfields Limited.
50. Western Coalfields Limited.

MINISTRY OF COMMERCE

51. India Trade Promotion Organisation Limited.
52. Export Credit and Guarantee Corporation of India Ltd.
53. The Mica Trading Corporation of India Limited.
54. MMTC Limited.
55. National Centre For Trade Information Ltd.
56. The Projects and Equipments Corporation of India Ltd.
57. Spices Trading Corporation Limited.
58. The State Trading Corporation of India Limited.
59. Tea Trading Corporation of India Limited.

MINISTRY OF COMMUNICATIONS

60. Hindustan Teleprinters Limited.
61. ITI Limited.
62. Intelligent Communication Systems India Limited.
63. Mahanagar Telephone Nigam Limited.
64. Telecommunication Consultants(India) Limited.
65. Videsh Sanchar Nigam Limited.

DEPARTMENT OF DEFENCE PRODUCTION & SUPPLIES

66. Bharat Dynamics Limited.
67. Bharat Earth Movers Limited.
68. Bharat Electronics Limited.
69. Garden Reach Shipbuilders and Engineers Limited.
70. Goa Shipyard Limited.
71. Hindustan Aeronautics Limited.
72. Mazagon Dock Limited.
73. Mishra Dhatu Nigam Limited.
74. Vignyan Industries Limited.

DEPARTMENT OF ELECTRONICS

75. CMC Limited.
76. Electronics Trade and Technology Development Corporation Limited.
77. Semiconductors Complex Limited.

DEPARTMENT OF ENVIRONMENT AND FOREST

78. Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.

DEPARTMENT OF FERTILIZERS

79. The Fertilizer Corporation of India Limited.
80. The Fertilizer and Chemicals Travancore Limited.
81. Hindustan Fertilizer Corporation Limited.
82. Madras Fertilizers Limited.
83. National Fertilizers Limited.
84. Paradeep Phosphates Limited.
85. The Projects and Development India Limited.
86. Pyrites, Phosphates and Chemicals Limited.
87. Rashtriya Chemicals and Fertilizers Limited.

MINISTRY OF FINANCE

88. General Insurance Corporation of India Limited.
89. Industrial Credit Company Limited.
90. National Insurance Company Limited.
91. New India Assuarance Company Limited.
92. Oriental Insurance Company Limited.
93. United India Insurance Company Limited.
94. Zenith Securities and Investments Limited.

MINISTRY OF FOOD PROCESSING INDUSTRIES

95. Hindustan Vegetable Oils Corporation Limited.
96. Lakshadeep Development Corporation Limited.
97. Modern Food Industries (India) Limited.
98. North Eastern Regional Agricultural Marketing Corporation Limited.

MINISTRY OF HOME AFFAIRS

Union Territory of Chandigarh

99. Chandigarh Child and Women Development Corporation Ltd.
100. Chandigarh Industrial and Tourism Development Corp.Ltd.
101. Chandigarh Scheduled Castes Financial and Development Corporation Limited.

Union Territory of Goa

102. Goa Meat Complex Limited.
103. Omnibus Industrial Development Corpn. of Daman and Diu and Dadar Nagar Haveli Limited
104. Dadra Nagar Haveli,Daman and Diu SC & ST Finance Development Corporation Ltd.

DEPARTMENT OF HEALTH & FAMILY WELFARE

105. Hindustan Latex Limited.
106. Hospital Services Consultancy Corporation (India) Ltd.
107. Indian Medicines And Pharmaceuticals Corporation Ltd.

DEPARTMENT OF HEAVY INDUSTRY

108. Andrew Yule and Company Limited.
109. Bharat Bhari Udyog Limited.
110. Bharat Brakes and Valves Limited.
111. Bharat Heavy Electricals Limited.
112. Bharat Heavy Plate and Vessels Limited.
113. Bharat Leather Corporation Limited.
114. Bharat Ophthalmic Glass Limited.
115. Bharat Process and Mechanical Engineers Limited.
116. Bharat Pumps and Compressors Limited.
117. Bharat Wagon and Engineering Company Limited.
118. Bharat Yantra Nigam Limited.
119. Bridge and Roof Company (India) Limited.
120. Braithwaite and Company Limited.
121. Braithwaite Burn Jessop Construction Corporation Ltd.
122. Burn Standard Company Limited.
123. Cement Corporation of India Limited.
124. Cycle Corporation of India Limited.
125. Damodar Cement and Slag Limited.
126. Engineering Projects (India) Limited.
127. HMT (International) Limited.
128. HMT Limited.
129. Heavy Engineering Corporation Limited.
130. Hindustan Cables Limited.
131. Hindustan Newsprint Limited.
132. Hindustan Paper Corporation Limited.
133. Hindustan Photo Films Manufacturing Company Limited.
134. Hindustan Salts Limited.
135. HMT Bearings Limited.
136. Hooghly Printing Company Limited.
137. Instrumentation Limited.
138. Jessop and Company Limited.
139. Lagan Jute Machinery Company Limited.
140. The Mandya National Paper Mills Limited.
141. Mining and Allied Machinery Corporation Limited.
142. Nagaland Pulp and Paper Company Limited.
143. National Bicycle Corporation Limited.
144. The National Industrial Development Corporation Ltd.
145. National Instruments Limited.
146. NEPA Limited.
147. Praga Tools Limited.
148. Rajasthan Electronics and Instruments Limited.
149. Rehabilitation Industries Corporation Limited.
150. Reyrolde Burn Limited.
151. Richardson and Cruddas (1972) Limited.
152. Sambhar Salts Limited.
153. Scooters India Limited.
154. Swadeshi Mining and Manufacturing Corporation Limited.
155. Tannery and Footwear Corporation of India Limited.
156. Triveni Structurals Limited.
157. Tungabhadra Steel Products Limited.
158. Tyre Corporation of India limited.
159. Weighbird (India) Limited.

MINISTRY OF HUMAN RESOURCES DEVELOPMENT

160. Educational Consultants (India) Limited.

DEPARTMENT OF INDUSTRIAL DEVELOPMENT

161. The National Small Industries Corporation of India Limited

MINISTRY OF INFORMATION & BROADCASTING

162. Broadcast Engineering Consultants Ltd.

163. National Film Development Corporation Limited.

MINISTRY OF MINES

164. Bharat Aluminium Company Limited.
165. Bharat Gold Mines Limited.
166. Hindustan Copper Limited.
167. Hindustan Zinc Limited.
168. Mineral Exploration Corporation Limited.
169. National Aluminium Company Limited.

DEPARTMENT OF NON-CONVENTIONAL ENERGY SOURCES

170. India Renewable Energy Development Agency Limited.

DEPARTMENT OF PETROLEUM & NATURAL GAS

171. Balmer Lawrie and Company Limited.
172. Bharat Petroleum Corporation Limited.
173. Biecco Lawrie Limited.
174. Bongaigon Refinery and Petrochemicals Limited.
175. Certification Engineers International Ltd.
176. Cochin Refineries Limited.
177. Engineers India Limited.
178. Gas Authority of India Limited.
179. Hindustan Petroleum Corporation Limited.
180. IBP Company Limited.
181. Indian Additivies Limited.
182. Indian Oil Blending Limited.
183. Indian Oil Corporation Limited.
184. Lubrizol India Limited.
185. Madras Refineries Limited.
186. Numaligarh Refineries Ltd.
187. Oil India Limited.
188. Oil & natural Gas Corporation Ltd.

189. ONGC Videsh Ltd.

DEPARTMENT OF POWER

190. Nathpa Jhakari Power Corporation Limited.
191. National Hydro-Electric Power Corporation Limited.

192. North Eastern Electric Power Corporation Limited.
193. Power Grid Corporation of India Limited.
194. National Thermal Power Corporation Limited.
195. Power Finance Corporation Limited.
196. Rural Electrification Corporation Limited.
197. Tehri Hydro Development Corporation Limited.

MINISTRY OF RAILWAYS

198. Container Corporation Limited.
199. Indian Railway Construction Company Limited.
200. Indian Railway Fianance Corporation Limited.
201. Konkan Railway Corporation Limited (1990-91).
202. Rail India Technical and Economic Services Limited.

DEPARTMENT OF SCIENTIFIC & INDUSTRIAL RESEARCH

203. Central Electronics LImited.
204. National Research Development Corporation of India Ltd.

DEPARTMENT OF SMALL INDUSTRIES AND AGRO & RURAL INDUSTRIES

205 Andaman and Nicobar Inland Integrated Limited.

DEPARTMENT OF SPACE

206. Antrix Corporation Limited

MINISTRY OF STEEL

207. Bharat Refractories Limited.
208. Ferro Scrap Nigam Limited.
209. Hindustan Steelworks Construction Limited.
210. IISCO Ujjain Pipe and Foundry Company Limited.
211. Indian Firebricks and Insulation Company Limited.
212. Indian Iron and Steel Company Limited.
213. J&K Mineral Development Corporation Limited.
214. Kudremukh Iron Ore Company Limited.
215. Maharashtra Electrosmelt Limited.
216. Manganese Ore (India) Limited.
217. MSTC Limited.
218. Metallurgical and Engineering Consultants (India) Ltd.
219. National Mineral Development Corporation Limited.
220. Rashtriya Ispat Nigam Limited.
221. Sponge Iron India Limited.
222. Steel Authority of India Limited.
223. Visvesvaraya Iron & Steel Limited.

MINISTRY OF SURFACE TRANSPORT

224. Central Inland Water Transport Corporation Limited.
225. Cochin Shipyard Limited.
226. Dredging Corporation of India Limited.
227. Hindustan Shipyard Limited.
228. Hooghly Dock and Port Engineers Limited.

229. Indian Road Construction Corporation Limited.
230. The Shipping Corporation of India Limited.

MINISTRY OF TEXTILES

231. Bird Jute and Exports Limited.
232. The British India Corporation Limited.
233. Brushware Limited.
234. Cawnpore Textiles Limited.
235. Central Cottage Industries Corporation of India Ltd.
236. The Cotton Corporation of India Limited.
237. The Elgin Mills Company Limited.
238. The Handicrafts and Handlooms Export Corporation of India Limited.
239. Jute Corporation of India Limited.
240. National Handloom Development Corporation Limited.
241. National Jute Manufactures Corporation Limited.
242. National Textile Corporation Limited, New Delhi.
243. North Eastern Handicrafts and Handlooms Development Corporation Limited.
244. National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited.
245. National Textile Corporation (Delhi, Punjab and Rajasthan) Limited.
246. National Textile Corporation (Gujarat) Limited.
247. National Textile Corporation (Madhya Pradesh) Limited.
248. National Textile Corporation (Maharashtra North) Limited
249. National Textile Corporation (South Maharashtra) Limited
250. National Textile Corporation (Tamil Nadu and Pondicherry) Limited.
251. National Textile Corporation (Uttar Pradesh) Limited.
252. National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited.

MINISTRY OF URBAN DEVELOPMENT

253. Hindustan Prefab Limited.
254. Housing and Urban Development Corporation Limited.
255. National Buildings Construction Corporation Limited.

MINISTRY OF WATER RESOURCES

256. Rashtriya Pariyojana Nirman Nigam Limited.
257. Water and Power Consultancy Services (India) Limited.

DEPARTMENT OF WELFARE

258. Artificial Limbs Manufacturing Corporation of India Ltd

259. National Scheduled Castes and Scheduled Tribes Development Finance Corporation Limited.
260. National Backward Finance Corpn. Ltd.
261. National Minorties Development & Finance Corp.Ltd.

APPENDIX II

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

DEPARTMENT OF BIO-TECHNOLOGY

1. Indian Vaccines Limited.

MINISTRY OF COMMERCE

2. India Tea and Restaurants Limited.

MINISTRY OF FINANCE

3. Agricultural Finance Corporation Limited.
4. Andhra Bank Financial Services Ltd.
5. AB Homes Finance Ltd
6. All Bank Finance Limited.
7. BOB Cards Ltd.
8. BOB Housing Finance Limited.
9. BOB Fiscal Services Limited.(under liquidation from 25.9.1990).
10. BOI Assets Management Ltd.
11. BOI Finance Limited.
12. BOB Assets Management Co. Ltd
13. Canbank Computers Ltd.
14. Canbank Factors Limited.
15. Canbank Financial Services Limited.
16. Central Bank Home Finance Limited.
17. Central Bank Executor & Trustee Company Limited.
18. Canbank Investment Management Finance Ltd.
19. Canbank Ventures Ltd.
20. Discount and Finance House of India Limited.
21. IDBI Capital Services Ltd.
22. Ind Bank Housing Limited.
23. Ind Bank Merchant Banking Services Limited.
24. Indfund Management Ltd.
25. PNB Assets Management Ltd.
26. PNB Housing Finance Corporation Limited.
27. PNB Capital Services Limited.
28. Reserve Bank Note Mudran Pvt.Ltd
29. Securities Trading Corporation of India Ltd.

MINISTRY OF HOME AFFAIRS

(Union Territory Of Andaman & Nicobar)

30. Andaman Fisheries Limited.

DEPARTMENT OF INDUSTRIAL DEVELOPMENT

31. Accumeasures (Punjab) Limited

32. Allied International Products Limited (Under Liquidation).
33. Andhra Pradesh Industrial and Technical Consultancy Organisation Limited.
34. Ashok Paper Mills Limited.
35. Becker Grey and Company (1930) Limited.
36. Bihar Industrial and Technical Consultancy Organisation Limited.
37. Derco Cooling Coils Limited.
38. Excellsior Plants Corporation Limited (Under liquidation from 1976-77 onwards).
39 Gangavati Sugars Limited.
40. Industrial and Technical Consultancy Organisation of Tamil Nadu Limited.
41. J&K Industrial and Technical Consultancy Organisation Limited.
42. Kerala Industrial and Technical Consultancy Organisation Limited.
43. Madan Industries Limited.
44. Maharashtra Industrial and Technical Consultancy Organisation Limited.
45. Nalanda Ceramics and Industries Limited.
46. North Eastern Industrial and Technical Consultancy Organisation Limited.
47. Orissa Industrial and Technical Consultancy Organisation Limited.
48. Ruby Rubber Works Limited.(Under liquidation)
49. Shyam Properties Limited.
50. U.P.Industrial Consultants Limited.
51. Wagon India Limited.
52. West Bengal Consultancy Organisation Limited.

MINISTRY OF MINES

53. North Bengal Dolomite Limited.

DEPARTMENT OF POWER

54. Dishergarh Power Supply Company Limited.

MINISTRY OF STEEL

55. Bishra Lime Stone Company Limited.

MINISTRY OF TEXTILES

56. Kohinoor Mills Company Limited.
57. Textile Processing Corporation of India Limited.(Under liquidation)

APPENDIX III

List of Central Statutory Corporations under the audit of CAG

MINISTRY OF CIVIL AVIATION AND TOURISM

1. International Airports Authority of India
2. National Airports Authority of India

MINISTRY OF FOOD

3. Central Warehousing Corporation
4. Food Corporation of India

DEPARTMENT OF POWER

5. Damodar Valley Corporation

MINISTRY OF SURFACE TRANSPORT

6. Delhi Transport Corporation
7. Inland Waterways Authority of India
8. National Highways Authority of India

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