Report of the Comptroller and Auditor General of India

for the year ended March 1998

Union Government (Commercial)
Comments on Accounts

No.2 of 1999

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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 initially certified by the Statutory Auditors (Chartered Accountants) appointed by the Central Government on the advice of CAG under the Companies Act, 1956 are subjected to supplementary or test audit by officers of CAG. The Companies Act, 1956 empowers CAG to issue directions to the Statutory Auditors on the manner in which the Company's accounts shall be audited. Comments of the CAG supplement the report of the Statutory Auditors.

2. The statutes governing some Corporations and Authorities require their accounts to be audited and reported upon by CAG. In respect of Airports Authority of India, National Highways Authority of India, Inland Waterways Authority of India, and Damodar Valley Corporation, CAG is the sole auditor under the relevant statutes. In respect of Central Warehousing Corporation and Food Corporation of India, CAG has the right to conduct audit independently of the audit conducted by the Chartered Accountants appointed under the statutes governing the two Corporations.

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

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

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

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

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

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

Company or Corporation. The part-time members are appointed by the Government of India (in the respective Ministry or Department controlling the Company or Corporation) with the concurrence of CAG. The CAG also reviews certain specific aspects of functioning of some PSUs outside the mechanism of the Audit Board.

The reports of CAG based on such performance appraisals by the Audit Board and other reviews are issued to the Government as separate reports in addition to the three annual reports.

6. Extracts from the important comments or supplementary audit observations of CAG made on the accounts of Government Companies and other public sector undertakings for the year 1997-98 are given in this Report. A resume of the reports of Statutory Auditors submitted to 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 1997-98 (to the extent received) is also given in this Report.

OVERVIEW

I. Comments on Accounts of Public Sector Undertakings

The number of Central Government Companies including Deemed Government Companies and Corporations for which accounts for 1997-98 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	82	6	349
b) No. of Companies/ Corporations from which accounts were received (upto 15 December 1998)	215	62	4	281
c) No. of Companies/ Corporations the accounts of which were selected or test checked	177	42	4	223
d) No. of Companies/ Corporations the accounts of which were revised as a result of test check and consequently no comments were issued	16	2	0	18
e) No. of Companies/ Corporations the accounts of which were partly revised and comments were issued	7	1	0	8
f) No. of Companies/ Corporations on the accounts of which audit comments were issued	94	18	2	114
g) No. of Companies/ Corporations on the accounts of which no comments were issued	49	17	0	66
h) No. of Companies/ Corporations where audit of accounts was in progress (as on 15 December 1998)	11	4	2	17

II. Revision of Profit or Loss in Account

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 profit/loss shown in the accounts for 1997-98 was as follows:-

(Rupees in lakh)

	No. of Companies	Net Effect
i) Increase in Profit	7	(+) 3710.60
ii) Decrease in Profit	10	(-) 1374.68
iii)Increase in Loss	9	(-) 1990.26
iv)Decrease in Loss	1	(+) 935.42

(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) audited under Companies Act, were of the following nature.

i) On Balance Sheet

Assets as on 31 March 1998 were overstated by Rs.79.58 crore in 12 PSUs and understated by Rs.56.67 crore in 7 PSUs. Similarly liabilities were overstated by Rs.4.48 crore in 2 PSUs and understated by Rs.764.19 crore in 10 PSUs.

(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 1997-98 would have come down by Rs.521.15 crore in 31 PSUs and would have increased by Rs. 3.99 crore in 6 PSUs. Similarly, loss for 1997-98 would have been increased by Rs.168.53 crore in 11 PSUs.

(Paragraph 1.2)

iii) On Capital Erosion

The paid-up capital as on 31 March 1998 had been fully eroded by the accumulated losses in 18 of the PSUs whose accounts were reviewed in test check.

(Paragraph 1.3)

iv) On Inventory

Inventory of raw material, stores, spares and finished goods as on 31 March 1998 was abnormally high as compared to total consumption/sales during the year in respect of 2 PSUs.

(Paragraph 1.3)

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)(a) of the Companies Act, 1956 were of the following nature:-

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

(ii) Some of the Accounting Policies of the companies were not in conformity with the Accounting Standards of the Institute of Chartered Accountants of India.

(iii) Internal Audit system not commensurate with the size and nature of business of PSUs.

(iv) Deficiencies in cost control system.

(v) Inventory held in excess, holding of surplus or obsolete stores and spares or non-fixation of maximum and minimum levels of stock holdings or non-fixation of economic order quantity.

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

(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, 2.7 and 2.8)

CHAPTER 1 :
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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), 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, CAG issues comments upon or supplements the report of the Statutory Auditors. Statutes governing some Corporations require their accounts to be audited by CAG 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 1997-98 were received and audited by CAG are as under:

	Government Companies	Deemed Government Companies	Corporations	Total
(i) No. of PSUs (List given in Appendix I, II and III)	261	82	6	349
(ii) No. of PSUs whose accounts for 1997-98 received for audit (upto 15 December 1998)	215	62	4	281
(iii) No. of PSUs selected for audit	177	42	4	223
(iv) No. of PSUs whose accounts were under audit	11	4	2	17

As a result of test check/supplementary audit of accounts, 23* Government Companies and 3 Deemed Government Companies revised their accounts for 1997-98. Comments were issued on the accounts of 101* Government Companies and 19 Deemed Government Companies for 1997-98. Audit Report on the accounts of 2 Statutory Corporations were also sent to the Government/Corporations.

* Included 7 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 1997-98, the profit for the year in the following Companies increased (+) or decreased (-) as given below:

Name of the Company	Rupees in lakh
1. Neyveli Lignite Corporation Limited	(+)2286.51
2. .Mahanadi Coalfields Limited	(+) 669.00
3. Rashtriya Ispat Nigam Limited	(+) 625.49
4. Bharat Heavy Electricals Limited	(+) 70.88
5. National Mineral Development Corporation Limited	(+) 27.11
6. Vignyan Industries Limited	(+) 25.97
7. Kudremukh Iron and Ore Company Limited	(+) 5.64
8. Northern Coalfields Limited	(-) 301.00
9.Hindustan Aeronautics Limited	(-) 295.00
10.Dredging Corporation of India Limited	(-) 238.51
11.South Eastern Coalfields Limited	(-) 168.34
12.ITI Limited	(-) 146.10
13.MECON (India) Limited	(-) 101.41
14.Coal India Limited	(-) 54.00
15.Mishra Dhatu Nigam Limited	(-) 39.18
16.Bharat Heavy Plates and Vessels Limited	(-) 31.09
17.Bharat Earth Movers Limited	(-) 0.05
Total Increase (+) /decrease (-)	**(+) 3710.60** **(-) 1374.68**

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

Name of the Company	Rupees in lakh
1. Hindustan Shipyard Limited	(+) 935.42
2. Bharat Coking Coal Limited	(-) 688.00
3. Central Coalfields Limited	(-) 419.00
4. Bharat Refractories Limited	(-) 221.64
5. Hindustan Steelworks Construction Limited	(-) 170.43
6. Canbank Financial Services Limited	(-) 167.00
7. Electronic Corporation of India Limited	(-) 153.64
8. Eastern Coalfields Limited	(-) 130.00
9.National Textiles Corporation (WB&ABO) Limited	(-) 24.00
10. Bharat Gold Mines Limited	(-) 16.55
Total Increase (-) /decrease (+)	**(-)1990.26** **(+) 935.42**

1.2 Comments on Balance Sheet and Profit & Loss Account

The comments issued by the Comptroller and Auditor General of India highlight the fact that assets as on 31 March 1998 were overstated by Rs.79.58 crore in 12 PSUs and understated by Rs.56.67 crore in 7 PSUs. Similary liabilities were overstated by Rs.4.48 crore in 2 PSUs and understated by Rs.764.19 crore in 10 PSUs. Besides profit for 1997-98 was overstated by Rs.521.15 crore in 31 PSUs and understated by Rs.3.99 crore in 6 PSUs. Similary loss for 1997-98 was understated by Rs.168.53 crore in 11 PSUs. The following tables give a company-wise break up of the financial implication of comments of the Comptroller and Auditor General of India:

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

Name of the Company	**Rupees in lakh**
1.Mahanagar Telephone Nigam Limited	(+)3826.00
2.Western Coalfields Limited	(+) 561.09
3.Tehri Hydro Development Corporation Limited	(+) 558.00
4.The State Trading Corporation of India Limited	(-)1952.01
5.National Hydro Electric Power Corporation Limited	(-)1739.00
6.Nathpa Jhakri Power Corporation Limited	(-)1673.00
7.National Fertilizers Limited	(-) 898.00
8.Madras Fertilizers Limited	(-) 832.00
9.Others: 7 PSUs 4 PSUs	(-) 863.53 (+) 722.25
Total overstatement(-)/understatement(+)	**(-)7957.54** **(+)5667.34**

(b) Liabilities understated(+)/overstated(-) :

Name of the Company	**Rupees in lakh**
1.Steel Authority of India Limited	(+)36240.00
2.Gilt Securities Trading Corporaton Limited	(+)33154.00
3.Mazagon Dock Limited	(+) 3776.00
4.Hindustan Steelworks Construction Limited	(+) 1170.00
5.Indbank Merchant Banking Services Limited	(+) 789.00
6.Oil & Natural Gas Corporation Limited	(+) 547.00
7.Others: 4 PSUs 2 PSUs	(+) 742.62 (-) 448.38
Total understatement(+)/overstatement(-)	**(+)76418.62** **(-) 448.38**

(c) Profit overstated(-)/understated(+) :

Name of the Company	Rupees in lakh
1. Rural Electrification Corporation Limited	(-)21404.00
2. Indian Oil Corporation Limited	(-) 7038.00
3. Mahanagar Telephone Nigam Limited	(-) 6168.00
4. Gas Authority of India Limited	(-) 6031.00
5. Madras Refineries Limited	(-) 2498.00
6. PNB Capital Services Limited	(-) 1425.00
7. Power Grid Corporation of India Limited	(-) 1177.78
8. Videsh Sanchar Nigam Limited	(-) 1028.00
9. Cochin Refineries Limited	(-) 686.00
10.Bharat Electronics Limited	(-) 628.00
11.BOI Finance Limited	(-) 616.89
12.IBP Co. Limited	(-) 597.59
13.HMT (International) Limited	(-) 510.00
14.Others: 18 PSUs 6 PSUs	(-) 2307.08 (+) 399.24
Total overstated(-)/understated(+)	**(-)52115.34** **(+) 399.24**

(d) Loss understated(-) :

Name of the Company	Rupees in lakh
1. Heavy Engineering Corporation Limited	(-) 6486.00
2. National Building Construction Corporation Limited	(-) 6444.78
3. Indian Iron & Steel Company Limited	(-) 2443.00
4. Others: 8 PSUs	(-) 1479.65
Total understated(-)	**(-)16853.43**

Extracts from some of the important comments issued on the Balance Sheet/Profit and Loss Account of Government Companies for 1997-98 are given below:

MINISTRY OF AGRICULTURE

Department of Agriculture and Co-operation

1.2.1 National Seeds Corporation Limited

The Corporation had shown an amount of Rs.1.37 crore recoverable from Government of India (current year Rs.25.50 lakh) on account of salary and allowances of the staff other than those for the National Seeds Project Monitoring unit, on the basis of an agreement in principle by the Ministry communicated in January 1989 for reimbursement of expenditure to the Corporation. However, no payment had been received on this account.

This had resulted in overstatement of current year's profit by Rs.25.50 lakh and claims recoverable by Rs.1.37 crore.

In reply, the Management stated that the claims were made as per the decision taken by the Ministry.

Department of Atomic Energy

1.2.2 Indian Rare Earths Limited

An amount of Rs.40.86 lakh being a portion of duties paid on ICICI leased assets due to de-bonding was capitalised under the head 'Capital Expenditure not represented by Assets owned by the Company to the extent not written off' in 1996-97 and in 1997-98. Since the Plant and Machinery had been put to use in 1989-90, the amortisation period of five years had already expired. The above expenditure of Rs.40.86 lakh should have been fully written off by 1994-95 in terms of Accounting Policy. This had resulted in overstatement of fixed assets by Rs.24.52 lakh, understatement of profit for the year by Rs.8.17 lakh, and consequent understatement of accumulated loss (as on 31 March 1997) by Rs.32.69 lakh.

The Management accepted the comment.

1.2.3 Uranium Corporation Of India Limited

As per the revised Accounting Policy, depreciation for assets acquired prior to 1 April 1997 was charged on straight line method on opening net book value of these assets as on 1 April 1997 at rates derived at on the basis of the remaining life of assets. This was contrary to the provisions of Accounting Standard-6 which, inter-alia, states that when a change in method of depreciation was made, depreciation should have been recalculated retrospectively in accordance with the new method from the date of the asset coming into use.

The Management stated that as there was no change in the method of depreciation so it had not been recalculated restrospectively from the date of assets coming into use and it was also in tune with para 23 of Accounting Standard-6 which inter-alia stated that where there was a revision of estimated useful life of an asset, the unamortised depreciable amount should be charged over the revised remaining useful life.

The reply is not tenable as during 1997-98, the Company had changed its Accounting Policy for charging depreciation from technical assessment rate to Schedule XIV rate. Moreover, as per para 21 of Accounting Standard-6 a change in the method of providing depreciation should be made only if the adoption of the new method is required by statute or for compliance with an accounting standard etc. In case of such a change, depreciation should be recalculated in accordance with the new method from the date of the asset coming into use.

MINISTRY OF CHEMICALS & FERTILIZERS

Department of Chemicals and Petro-chemicals

1.2.4 Indian Petrochemicals Corporation Limited

Profit had been overstated by Rs.3.44 crore owing to non-charging of one-fifth expenditure of Rs.17.20 crore paid to the Gujarat State Electricity Board for a 220 KVA line energised in March 1997. The amount had been shown under advances recoverable.

The Management replied that accounting adjustment would be made on receipt of statement of accounts from Gujarat State Electricity Board.

While the Company on one hand is operating the line, the element of expenditure connected with the creation of the line is not reflected in its accounts.

Department of Fertilizers

1.2.5 Fertilizer Corporation of India Limited

Sundry debtors included a sum of Rs.60.30 lakh being the recovery of subsidy made by Fertilizer Industry Co-ordination Committee (FICC) on account of supply of sub-standard materials.

The Management stated that the recovery had been made on account of alleged non-standard material at their Orissa Region. The Corporation had neither identified nor declared any stock as non-standard at Orissa. The matter had been taken up with FICC and Agriculture Department of Orissa for obtaining the refund.

Non-adjustment of recovery made by a statutory body is not acceptable and therefore, the claim should have been accounted for.

1.2.6 Hindustan Fertilizers Corporation Limited

Fixed assets included Rs.27.33 lakh in respect of ' Railway Siding ' which was physically not in existence.

Accepting the comments the Management stated that written down value of Metre Gauge Railway Siding at Namrup Unit would be excluded from the year 1998-99 on assessment by the Technical Committee which had already been constituted.

1.2.7 Madras Fertilizers Limited

1. Loss was understated by Rs.30 lakh as expenditure incurred towards a feasibility study on an unsuccessful project during 1989-90 to 1992-93 was treated as capital expenditure instead of revenue expenditure.

The Company stated that it had taken up the matter with the Gas/Oil Companies for the supply of natural gas and there was every chance of the project progressing towards finality.

The reply is not tenable as the Company was not certain about the future of the project.

2. Inventories were overstated by Rs.6.11 crore due to inclusion of finance charges on short term loan in contravention of Accounting Standard 2.

The Management stated that the interest on short term borrowings forms a major item of expenditure directly linked to manufacture and exclusion of the same in inventory valuation would not reflect the correct value of the inventories. According to the Company, inclusion of interest on short term loan and consistency in valuation was maintained as per requirement of Accounting Standard 2.

The contention is not tenable as inclusion of finance charges had inflated the inventory which is not in accordance with Accounting Standard 2.

3(a) Claims recoverable from Fertilizer Industry Co-ordination Committee (FICC) included unrealistic/rejected claims aggregating to Rs.35.53 crore relating to repairs and maintenance, depreciation, interest, pricing subsidy, decontrolled product sales and VI-A pricing subsidies.

The Management stated that claims preferred were realistic, legitimate and FICC did not acknowledge any claim submitted by any unit. Though there was no formal acknowledgement from FICC, the claims were processed by FICC periodically and settled.

The reply is not tenable as there was no definite confirmation or acceptance from FICC in respect of the claims made by the Company. Hence, accounting of these claims as recoverable is not in order.

(b) Claims recoverable included Rs.2.21 crore being the claims made by the Company with Customs Authorities (Rs.1.36 crore), Railways (Rs.30 lakh) and State Bank of India (Rs.55 lakh) which had not been accepted and were pending for more than three years. Inclusion of these unrealisable claims had resulted in overstatement of claims recoverable by Rs.2.21 crore.

The Management stated that all these claims with the Customs Department, Railway and State Bank of India were realisable.

The Company had no documents in support of their claim being considered favourably by Customs Department and Railways. Therefore, recovery of these claims remained doubtful.

1.2.8 National Fertilizers Limited

1. Fixed Assets were overstated by Rs.8.98 crore representing Licence and Know-how fees relating to productive facilities of Ammonia/Urea Plants which were capitalised at Vijaipur Expansion Project. It was to be treated as deferred revenue expenditure.

The Management stated that the Licence and Know-how fees related to the construction facilities of Ammonia/Urea Plants. The fee was one time payment during the total life of the Plant and Machinery and its utility related to the entire life of Plant & Machinery and commissioning thereof. Therefore, the Licence & Know-how fees had correctly been capitalised with Plant & Machinery in the Accounts which was also in line with the practice being followed by the Company/Industry.

The contention of the Management is not tenable as the payment of Licence and Know-how fees relating to productive facilities was required to be treated as deferred revenue expenditure.

2. Interest income was overstated by Rs.69.23 lakh due to accounting of penal interest on the loan taken by Madras Fertilizers Limited. The Company had disputed its liability because the date of commencement of moratorium period was not specifically mentioned in the loan agreement. Since the payment of penal interest had been disputed, its ultimate collection was doubtful and should not have been recognized as income of the Company.

The Management stated that the overdue penal interest amount of Rs.69.23 lakh had been levied in respect of default in repayment of loan by Madras Fertilizers Limited and the same was covered under the loan agreement / repayment schedule conveyed by the Company to Madras Fertilizers Limited. The recovery of overdue interest of Rs.69.23 lakh was not considered doubtful by the Management.

The contention of the Management is not tenable as the Madras Fertilizers Limited had disputed the payment of penal interest on the grounds that loan agreement did not specify commencement of moratorium period.

1.2.9 Rashtriya Chemicals and Fertilizers Limited

The Company had valued 25,33,715 tonnes off specification urea lying at Thal unit at 50 per cent of net realisable value but included the element of retention price subsidy, freight subsidy and additional subsidy which were not payable by Fertilizer Industry Co-ordination Committee on such stock. The Company had also valued off specification stock of 135.818 tonnes of Suphala 15:15:15 and 50.663 tonnes of Suphala 20:20:0 as good stock instead of taking 30 per cent of net realisable value. This had resulted in overvaluation of closing stock of finished goods and overstatement of profit by Rs.50.09 lakh.

The Company noted the comment for future guidance.

MINISTRY OF COAL

1.2.10 Bharat Coking Coal Limited

Loans and advances were overstated by Rs.8.10 crore due to inclusion of advances given to different parties lying unadjusted even after a lapse of 10 to 20 years from the date of payment of the advances.

The Management stated that these related to advances against which supplies had been received in different areas, for which liabilities had been created. The Company had been making constant efforts to reduce the level of advances, which had come down from Rs.152.49 crore in 1990-91 to Rs.57.36 crore in 1997-98. The process of adjusting advance with its corresponding liability was time taking especially because certain old advances required more efforts, which would continue.

1.2.11 Central Coalfields Limited

Fixed assets were overstated due to inclusion of Rs.2.33 crore being the written down value (as on 31 March 1998) of expenditure incurred for development of Magadh Open Cast Project during the period from 1989-90 to 1994-95. The project was being developed for the NTPC`s Super Thermal Power Station which was not likely to come up in the near future. Accordingly, the expenditure of Rs.2.33 crore on advance action under the Project should have been written off instead of being capitalised and depreciated which had resulted in over statement of fixed assets and understatement of loss by Rs.2.33 crore.

The Management stated that coal from Magadh OCP was linked for supply to Super Thermal Power Station (STPS) which was to be constructed in NK Coalfields by NTPC. The STPS was not likely to be commissioned during IXth Plan period and hence, Government had decided to defer development of Magadh OCP. There was no other infrastructural facilities existing for the evacuation of coal from this project. Hence, the advance action proposal for Magadh OCP was dropped with the approval of Board of Directors.

Since the commissioning of STPS was not certain in near future, the expenditure incurred on the advance action for development of Magadh OCP should have been written off.

1.2.12 Eastern Coalfields Limited

An amount of Rs.2.65 crore was paid in October 1995 to the contractor as compensation for reduction in the scope of work for construction of Coal Handling Plant (CHP) at Sonepur Bazari Project which was treated as deferred revenue expenditure and Rs.1.59 crore were charged upto 31 March 1998 being 3/5 of the amount to Profit and Loss Account. As a result, loss was understated by Rs.1.06 crore. This had also resulted in overstatement of Miscellaneous Expenditure to the extent not written off by Rs.1.06 crore.

The Management stated that during construction period a compensation was paid to the contractor for curtailment and modification of CHP at Sonepur Bazari. Since the nature of the expenditure was not normal one, the amortisation of expenditure during the construction period in five equal years was considered prudent.

The reply of the Management is not tenable since no benefit could be derived during succeeding years by giving compensation of Rs.2.65 crore to a contractor. Hence, treating the expenditure as deferred revenue expenditure was not correct.

1.2.13 Western Coalfields Limited

1. Fixed assets (gross block) did not include equipment worth Rs.1.16 crore which were commissioned in 1997-98. This had resulted in overstatement of loans and advances by Rs.1.16 crore and understatement of gross block of fixed assets to the same extent. This had also resulted in understatement of depreciation and overstatement of profit by Rs.1.09 lakh.

While accepting the comment the Management stated that the corrections would be carried out in the next year.

2. Inventories did not include 52860 tonnes of slurry coal stock valuing Rs.5.61 crore.

The Management stated that slurry was a residual item (scrap) left in the slime pond after process of washing of coal. Slurry retrieved during cleaning of pond was accounted for on sale basis.

The reply of the Management is not tenable as the slurry had a sale value, and as such it should have been accounted for in order to exhibit a true and fair view of accounts.

3. Consumption of stores and spares included loss of Rs.55.59 lakh incurred on the sale of obsolete stores and spares during the year. This had resulted in overstatement of consumption of stores and spares by Rs.55.59 lakh.

The Management accepted the comment.

MINISTRY OF COMMERCE

1.2.14 India Trade Promotion Organisation

1. Current liabilities and provisions (Rs.47.25 crore) were understated by Rs.2.73 crore being the grant drawn in excess over expenditure by the erstwhile Trade Development Authority (TDA) before its merger (January 1992) with the Company.

The Management stated that pending finalisation of the terms and conditions of the merger, the excess grant of Rs.2.73 crore drawn by erstwhile TDA prior to its merger had not been accounted for, keeping in view the recommendations of the merger committee that the merged organisation should not be burdened with outstanding grant and that the liability, if any, in this regard would be accounted for on finalisation of terms and conditions of merger.

The reply is not tenable as the grant drawn by erstwhile TDA in excess of the expenditure should have been accounted for as current liability instead of income.

2. Long term investments (Rs.6.80 crore) did not include the contribution made by the Company to the equity of its subsidiary, National Centre for Trade Information (NCTI),

by way of cash (Rs.40.69 lakh) and assets in kind, the value of which had not been determined during the year.

The Management stated that position in this regard had amply been clarified in Notes forming part of the Accounts.

The reply of the Management is not tenable, as explaining the facts in the Note forming part of the Accounts could not remedy the incorrect accounting treatment.

1.2.15 MMTC Limited

1. Stock-in-trade (Rs.222.52 crore) was overstated by Rs.31.62 lakh due to valuation of stock of non-standard urea at rates higher than the realisable value.

The Management stated that the stock valuation had been done at prices prevailing as on 1 April 1998. Part of the stock was committed for sales at lower prices and the shortfall on realisations would be accounted for during 1998-99.

Since Management had accepted that part of the stock was committed for sale at lower prices, the accounting treatment was not in order.

2. Sundry debtors (Rs.194.12 crore) included:

(a) Rs.11.33 crore which were doubtful of recovery.

The Management stated that the amount was due from North Korean government company and was guaranteed by Foreign Trade Bank of Democrative Peoples Republic of Korea and Ministry of Foreign Trade. Therefore, the amount was considered good for recovery.

The reply is not tenable as the Ministry of Commerce had stated (September 1998) that it would not be practicable to realise the payment due from the foreign company.

(b) Rs.5.33 crore pertaining to outstanding dues on account of gold trade for which no provision had been made by the Company for more than 3 years on the ground that the Company was in possession of collateral securities from the parties. The recoverability of these debts was to be assessed in the light of the fact that as against Arbitrators' awards received by the Company for recovery of Rs.4.92 crore upto 1997-98, the Company could recover only Rs.87.66 lakh by 31 March 1998 though the Company was having collateral securities in all the cases. In two cases, collateral securities were found defective by the Arbitrators.

The Management stated that the Company was holding collateral security and in certain cases decrees had been passed in favour of MMTC and the decrees were being executed. The Management added that any shortfall would be accounted for during 1998-99.

The reply of the Management is not tenable as recoverability of dues was not supported by the past experience.

3. Cash and Bank balance (Rs.110.99 crore) was understated by Rs.3.00 crore being the amount of Demand Drafts (DDs) received uptil 31 March 1998 but not accounted for in the books of accounts.

The Management stated that the DDs were received after the banking hours on 31 March 98. However, suitable instructions had been issued to Regional Offices to be more careful.

4. Loans & Advances (Rs.418.64 crore) were overstated by Rs.1.74 crore due to:

i) non-adjustment of insurance claims settled to a lesser amount (Rs.11.93 lakh), non-acceptance (Rs.59.41 lakh) and rejection of claims (Rs.18.19 lakh) by an insurance company;

ii) non-acceptance of claim (Rs.16.47 lakh) in respect of 241.146 MT copper wire bars imported in December 1995, by Container Corporation of India Limited and the insurance company; and

iii) claims (Rs.68.42 lakh) rejected by the supplier and the insurance company in respect of short landing of 44.180 MT of copper wire bars.

The Management accepted the comment stating that the matter regarding insurance claim was being pursued with insurance company and any shortfall on realisation would be accounted for during next year.

5. Current liabilities (Rs.389.83 crore) were understated by Rs.38.62 lakh due to non-inclusion of amount payable as a result of arbitration petition dismissed by the High Court.

The Management noted the comment for compliance.

6. Notes forming part of accounts did not take into account the fact that Central Board of Excise and Customs (CBEC) had reviewed (March 1998) the Order of the Commissioner of Customs exempting MMTC of its liability from the payment of customs duty and penalty on account of default in export of gold relating to Export Oriented Unit (EOU) Scheme (under the powers vested in it vide Section 129D(I) of Customs Act, 1962) and held (Order No.80-R/98 dated 16 March 1998) that the Order of the Commissioner of Customs dated 15 September 1997 was 'not proper and legally correct'. The CBEC, accordingly directed the Commissioner to apply to Central Excise and Gold (Control) Appellate Tribunal for determination of the case on the points specified in its Order. In view of this, the Company had not shown contingent liability to the extent of Rs.7.07 crore on account of customs duty payable in respect of EOU Scheme.

The Management stated that since the Company was not aware of the Order issued by Central Board of Excise and Customs and there was no appeal filed by the Department against the Order of the Commissioner, the contingent liability was not required to be provided.

The reply is not tenable as a mention of the Order of the Central Board of Excise and Customs had been included in the Review of Trade in Gold by MMTC (Para 6.3.7.5 (f)) of C&AG's Report No.3 of 1998 on Union Government (Commercial). As such the Company should have taken note of it and provided for the contingent liability.

1.2.16 National Centre For Trade Information

Out of the total equity contribution in kind of Rs.1.50 crore for the corpus fund of the Company, an amount of Rs.65.85 lakh paid by their joint venture partners had been accounted for under 'Unsecured Loans' instead of a distinct item under 'Share Capital'. This resulted in the understatement of 'Share Capital' and overstatement of 'Unsecured Loans' each by Rs.65.85 lakh. Further, the non-receipt of the balance contribution of Rs.84.15 lakh from the joint venture partners should have also been disclosed in the financial statements.

The Company had not initiated any action for enhancement of its authorised share capital under Section 94 of the Companies Act, 1956 to accommodate the contribution in kind from the joint venture partners in terms of Government of India's decision of 29 July 1994.

The Management noted the audit comment.

1.2.17 Projects and Equipment Corporation of India Limited

Current liabilities & provisions did not include Rs.50.52 lakh being the accrued liability on account of leave encashment payable to the employees as per requirement of Accounting Standard-15. This had resulted in understatement of Provisions by Rs.50.52 lakh and consequential overstatement of Profit.

The Management stated that the total liability as on 31 March 1997 had been apportioned to five years commencing from 1996-97 and the amount represented balance to be absorbed in next three years.

The reply of the Management is not acceptable, as Institute of Chartered Accountants of India had already opined that the accumulated accrued liability towards leave encashment of the staff at the end of the year should be shown as a 'Provision' in the Balance Sheet. Hence, the Company should have created a provision for the liability.

1.2.18 The State Trading Corporation of India Limited

1. Inventories (Rs.169.87 crore) were overstated by:

(i) Rs.24.93 lakh due to valuation of 406.59 MT soya crude oil at net realisable value which was higher than the cost.

The Management noted the comment.

(ii) Rs.1.36 crore due to valuation of 3189.748 MT soya bean meal (SBM) purchase cargo and 7780.015 MT of SBM project cargo at a value higher than realisable value.

The Management stated that the stock, being of good quality, had been correctly valued at the then prevailing market price (being lower than the cost).

The reply of Management is not tenable as the closing stock had to be valued at lower of the net realisable value and cost. The Company was having contracts for a price lower than the price taken for calculating the value of closing stock.

(iii) Rs.40.71 lakh due to valuation of 296.030 MT of damaged SBM purchase cargo and 3966.101 MT of damaged SBM project cargo at the insured value instead of at the realisable value.

The Management stated that over valuation in respect of 515.96 MT to the extent of Rs.19.09 lakh had been noted. The remaining stocks, not being totally damaged, had been valued at insured value lower than the prevailing market price (being lower than the cost).

The reply is not convincing as valuation of closing stock at the rate applied for taking insurance policy into account was not correct and insurance rate was not the correct indication of market value or net realisable value.

(iv) Rs.66.37 lakh due to taking into the inventory of 640.437 MT of soya bean (MP) without physical verification report and acceptance from the party from whom the Company was to get the stock.

The Management stated that the quantity of 640.437 MT had been taken in accounts as stocks as the processor was fully accountable to STC regarding seeds and its products/by-products as per the agreement.

The reply is not tenable as the Management neither made available to audit the physical verification report nor the acceptance from the processor.

2. As the Accounting Policy of the Company did not take into account the direct costs viz. element of exchange fluctuation, freight, clearing and handling charges, demurrage, letter of credit negotiation charges, godown charges and factory expenses to compute the total cost for the purpose of valuation of inventory at the lower of cost and net realisable value, the valuation of RBD Palmolein oil had been understated by Rs.4.88 crore. This resulted in the overstatement of Claims Recoverable from the Government by the same amount.

The Management stated that the closing stock of RBD Palmolein oil had been valued as per the Accounting Policy and the past practice and as such there was no overstatement of Claims Recoverable from the Government.

Reply of the Management is not tenable as Accounting Policy of the Company was in violation of Accounting Standard 2.

3. Sundry debtors (Rs.539.34 crore) were overstated by Rs.16.84 crore due to inclusion of:

a) Rs.15.68 crore being the loss incurred in the import and sale of newsprint due to devaluation of the rupee. As the Company failed to furnish to the Government of India the list of defaulters in respect of which the above amount had been shown recoverable from the latter, the claim of the Company was rejected by the Government.

The Management stated that necessary details had been furnished to the Government and the matter was being followed for recovery of the amount. The dues from the Government being sovereign one had all along been considered as good in the absence of any decision to the contrary by the Committee of Secretaries with whom matter was still pending.

Reply is not convincing as on 5 February 1998, the Ministry of Commerce informed that Ministry of Finance had rejected the Company's proposal for reimbursement of devaluation loss of Rs.15.68 crore on account of import of canalised newsprint. On 2 June 1998, the Ministry of Commerce agreed to reconsider the matter provided the Company furnished a list of defaulters. The list supplied by the Company was of supplier and not of defaulters as asked for by the Ministry.

b) Rs.1.16 crore due from a party who had no resources to repay the amount.

The Management stated that the amount was due from COMARK a multistate apex body of coffee growers, which was likely to get financial assistance from National Co-operative Development Corporation (NCDC) on recommendation of the Government of Karnataka. COMARK had assured that they would settle the Company's dues on release of financial assistance from NCDC.

The standard terms and conditions attached to loans advanced by NCDC, provided that financial assistance given should not be used to extinguish any past liabilities. Thus, COMARK's assurance that Company's claims would be settled on receipt of funds by it, was not dependable.

4. Current liabilities & provisions were understated by Rs.38.49 lakh due to short provision in respect of an arbitration award against the Company. This resulted in overstatement of profit by Rs.38.49 lakh.

The Management stated that the short provision was due to exchange fluctuation and had no effect on profit of the Company as the amount of arbitration award was recoverable from the Government.

The reply is not tenable as the loss of Rs.38.49 lakh due to short provision had crystallised before closure of Balance Sheet and accordingly should have been provided for in accordance with Accounting Standard 5.

5. Overheads (Rs.64.32 crore) did not include liability towards leave encashment payable on retirement to the employees to be accounted for on accrual basis according to actuarial valuation as per Accounting Standard 15. Non-provision in respect of 7 branches, as worked out by Audit, amounted to Rs.1.85 crore. This resulted in overstatement of profit by Rs.1.85 crore in respect of these branches.

The Management noted the comment for review of its accounting policy in the subsequent year.

MINISTRY OF COMMUNICATIONS

Department of Telecommunications

1.2.19 HTL Limited

1. Fixed Assets and depreciation on these assets were overstated by Rs.85.94 lakh and Rs.32.41 lakh respectively due to non-accounting of `MODVAT' credit available on the capital goods added during 1995-96 to 1997-98. The Company stated that the accounting policy would be reviewed while availing `MODVAT' benefit for which permission was awaited from Excise Department. The Company's reply is not tenable as it had violated the Central Excise Rules.

2. Despite Comptroller and Auditor General's comment on the accounts of the Company for the year 1996-97 profit was overstated by Rs.5.82 crore due to accounting of interest burden on Electronic Digital Switching Exchange (Rs.3.32 crore) and inventory loss of Electronic Teleprinter Project (ETP) (Rs.2.50 crore)without any confirmation/acceptance from Department of Telecommunications (DOT).

HTL's contention that the claims were under the consideration of DOT is not acceptable. The accounting of this income is contrary to Accounting Standard 9.

3. Income Tax of Rs.73.24 lakh paid under VDIS 1997 had not been disclosed distinctly. The Company's reply that confidentiality was maintained is not tenable as the true and fair view was not disclosed to shareholders.

1.2.20 ITI Limited

Sundry debtors included Rs.1.96 crore being the balance amount recoverable from M/s Mahanagar Telephone Nigam Limited, New Delhi towards supply of a 30,000 line OCB exchange during 1993-94. The item-wise price approved by MTNL for this exchange was Rs.12.06 crore which was final unless revised downwards by DOT. The Company had, however, accounted sales at Rs.14.02 crore which was the rate subsequently approved by DOT. Since the final rate approved by DOT was higher than the item-wise price approved by MTNL, the Company could not realise the difference amount of Rs.1.96 crore from MTNL. No provision had been made for this doubtful debt of Rs.1.96 crore with consequent overstatement of profit by the same amount.

The Management stated that the requirements of switching equipment both for DOT and MTNL was assessed and a consolidated tender was floated by DOT. No separate tender was floated by MTNL for its requirements in this case. Accordingly, DOT placed an order on ITI to supply to Bangalore 30 K DOT and Janakpuri 30 K MTNL, New Delhi exchanges. Basically the contract was between DOT and ITI. MTNL was also a party to the said contract. Therefore, any subsequent amendments issued and acted upon by the DOT (by payment of additional price) was mandatory in respect of the supplies made to MTNL also against the subject DOT order. In view of the above, the amount was fully realisable from MTNL and hence not provided for.

The reply of the Management is not acceptable as, though tenders were floated and finalised by DOT, orders were placed separately by DOT and MTNL. The reply that orders were placed by DOT for the requirement of MTNL and the contract was between DOT and the Company, was therefore not a fact. MTNL which had refused to make certain payments recommended by DOT had categorically refused to accept the revised claim of the Company.

1.2.21 Mahanagar Telephone Nigam Limited

1. Fixed assets were understated by Rs.38.26 crore due to non-capitalisation of commissioned/completed works relating to Apparatus and Plant, Cable and Lines and Wires which had resulted in overstatement of Capital work-in-progress by Rs 35.76 crore and understatement of Current liabilities by Rs 2.50 crore. This had also resulted in understatement of depreciation by Rs3.40 crore and overstatement of profit by the same amount.

The Management had stated that action would be taken after review.

2. Capital work-in-progress and fixed assets were understated by Rs 5.40 crore and Rs 6.11 crore respectively due to short allocation of establishment charges out of Employees Remuneration and Benefits resulting in understatement of profit by Rs 11.52 crore.

The Management stated that necessary adjustment would be made in the accounts of 1998-99.

3. Sundry debtors were understated by Rs 6.57 crore with corresponding understatement of profit due to excess provision for doubtful debt.

The Management stated that adjustments would be made in the year 1998-99.

4. Balances with scheduled banks were overstated by Rs.6.93 crore due to conversion of foreign currency into Indian Rupee at Banker's selling rate of exchange instead of buying rate prevalent on 31 March 1998. Similarly interest from banks was overstated by Rs 10.93 lakh for the same reason. This had resulted in overstatement of profit by Rs.7.04 crore.

The Management stated that Telegraphic Transfer(TT) selling rate had been uniformly adopted for translation into reporting currency and this was not in contravention of Accounting Standard-11 (Revised).

The reply of the Management is not tenable as the bank converts the foreign currency in Indian Rupees at the Bankers' buying rate and not at selling rate and it would be prudent to be conservative.

5. Current liabilities were understated by Rs 74.19 crore being the liability towards demand issued by Sales Tax authorities for Rs 23.46 crore against the Company for unauthorised use of 'C' forms during the years 1989-1990 to 1992-1993 and Rs 50.73 crore for which the Company had to provide 'C' forms to suppliers on purchases made

during 1993-1994 to 1996-1997. Non-provision of this liability had resulted in overstatement of profit by Rs 74.19 crore.

The Management stated that the matter was sub-judice before Sale Tax authorities. The reply is not tenable and provision ought to have been made as Sales Tax authorities had prohibited the Company from the use of 'C' forms and the Company was in no way engaged in the generation and distribution of electricity.

6. Income from Services with corresponding profit was understated by Rs 1.46 crore as Rs 1.05 crore being rental recoverable from Cellular Operators towards inter-junction charges pertaining to 1997-98 was billed in 1998-99 and Rs 41.24 lakh as proportionate rental charges on leased circuits commissioned during 1997-98 for which one year advance rental charges collected was accounted for in 1998-99.

The Management stated that necessary adjustment would be made in the year 1998-99.

7. The Company did not provide for penal guarantee fee of Rs 2.94 crore payable to Government for the period from 7 September 1995 to 15 March 1997 in respect of VIII-D series bonds worth Rs.193 crore issued by the Company for own use.

The Management stated that it had made payment to DOT on the basis of demand raised by that office. The payment was delayed because DOT had taken up the matter for reconsideration with Ministry of Finance (MOF). While MOF had not agreed to waive 1 per cent Guarantee fee, it had not asked for the penal interest of 1 per cent. DOT made the payment to MOF through book adjustment and claimed the amount from the Company which was duly paid.

The reply is not tenable in view of the MOF reply to DOT asking for the payment of Guarantee fee with penal interest.

8. Expenses under Prior period adjustment did not include Rs 1.74 crore towards Company's share of Guarantee fee payable to the Government wrongly charged to DOT during the year 1996-97 resulting in understatement of current liabilities and overstatement of profit by the same amount.

The Management stated that adjustment would be done in the 1998-99 accounts.

1.2.22 Videsh Sanchar Nigam Limited

Provision for taxation was understated by Rs 10.28 crore attributed to internet revenue not provided for though it was not a deductable item under Section 80 I-A of Income Tax Act 1961. This had resulted in overstatement of profit after tax by Rs 10.28 crore.

The Management stated that as per professional advice from tax consultants profit from Internet services qualifies for benefit under Section 80 IA of the Income Tax Act, 1961.

The reply is not tenable as the benefit under Section 80 IA was permissible for Telecom organisation providing basic or Cellular Service only. Internet services did not fall in the above category. Hence, no tax benefit accrued in the said case.

MINISTRY OF DEFENCE

Department of Defence Production and Supplies

1.2.23 Bharat Dynamics Limited

1. Inventory overstated by Rs.25.77 lakh being the value of material-in-transit. Consequently the value of 'Goods under inspection and in transit' was understated by a similar amount.

The Management noted the comment.

2. Goods under inspection and transit were understated by Rs.25.05 lakh due to non-accounting of goods despatched (ex-works)/received in factory as on 31 March 1998. Consequently this had resulted in understatement of Sundry creditors by a like amount.

The Management noted the comment.

3. Loans and advances were understated by Rs.78.23 lakh being the advances paid to certain suppliers and set-off against the Sundry creditors.

The Management noted the comment.

1.2.24 Bharat Earth Movers Limited

1. Inventories included Rs.96.06 lakh relating to a product whose production had since stopped. The non-provision had resulted in overstatement of inventory and profit by Rs.96.06 lakh.

The Management stated that exercise on the subject items to be used in other current models by minor modifications etc., would be carried out during 1998-99.

The reply of the Management is not tenable as inventories were relating to a closed project and Management wrote off the work-in-progress under this project in the current year. Moreover there was no consumption of these materials during the last 3 to 5 years indicating that same may require extensive modifications and not minor modifications.

2(i) Sales included Rs.4.47 crore being the value of one equipment accounted for as sale without a purchase order from the customer. This had resulted in overstatement of sales and Sundry debtors by Rs.4.47 crore, profit by Rs.1.00 crore and understatement of inventories by Rs.3.47 crore.

The Management stated that sales had been recognised against valid and confirmed Letter of Intent. Sale had been set up on inspection and customer acceptance.

The reply of the Management is not tenable as setting up of sales without a firm order from the customer was not correct and Company had also not received order as on date (October 1998) and equipment was lying at Company's premises.

(ii) Sales also included Rs.46.45 lakh being the service charges for 3 engines overhauled. Since these engines were neither accepted by the customer nor despatched before 31 March 1998, setting up of sale based on invoice had resulted in overstatement of sales and sundry debtors by Rs.46.45 lakh and profit by Rs.27.71 lakh.

The Management stated that sales had been considered only after completion of work and clearance by inspection. Sales proceed had since been realised.

The reply of the Management is not tenable as engines were neither inspected nor accepted by the customer before 31 March 1998.

1.2.25 Bharat Electronics Limited

1. Inventories-work-in-progress (WIP) included certain components under process valued at cost, for the manufacture of 20" and 14" bulbs. As the sale price of the end product was less than the actual cost of manufacture, the value of work-in-progress should have been scaled down to reflect the realisable value in accordance with item 1(ii) of Accounting Policy. This had resulted in overstatement of inventories with a corresponding overstatement of profit by Rs.1.43 crore.

The Management stated that these parts had separate saleable value and hence valued at cost or net realisable value whichever was lower was followed as in earlier years.

The glass parts which were included in WIP did not have any independent market and the material sold as parts was insignificant. Hence, the WIP should have been valued with reference to saleable end product and Company's reply that these parts were having separate sale value is not correct as no market existed to absorb these material.

2. Sundry debtors included an amount of Rs.1.15 crore being the price difference towards supplies made to a customer in March 1996, which remained unsettled as the customer imposed downward adjustment of prices and consequently, the original prices sought for by the Company had not been restored. As the realisation of the amount was doubtful, suitable provision was required to be made. This had resulted in overstatement of Sundry debtors and profit by Rs.1.15 crore.

The Management stated that this matter was being pursued with the customer (a Central Government Department) and the debt was expected to be realised in the current year. Also an overall provision of Rs.14.29 crore existed in the accounts to take care of any contingency.

The reply of the Company is not tenable as no documents were made available to audit to show that the debt was realisable.

3. Sales included an amount of Rs.33.33 lakh being the sales set up against the billed amount of Rs.3.33 lakh. This had resulted in overstatement of sales and profit by Rs.30 lakh.

The Management stated that systems were being streamlined to avoid such errors.

4. No provision was made towards the liquidated damages deducted by the customer amounting to Rs.51.65 lakh and likely disallowances amounting to Rs.2.88 crore, which was not in conformity with item 2(v) of the Accounting Policy, according to which provision was to be made even towards likely disallowances by customers, including liquidated damages. This resulted in overstatement of profit with a corresponding overstatement of Sundry debtors by Rs.3.40 crore.

The Management stated that the parties were Government customers and the cases were being followed up and were expected to be realised wherever the liquidated damages had been deducted.

The reply is not acceptable as non-provision of liquidated damages was against the declared Accounting policy of the Company.

1.2.26 Mazagon Dock Limited

1. Current liabilities included Rs.37.76 crore towards interest accrued and due on Government of India loans as on 31 March 1998, which should have been included under Unsecured loans as required under Schedule VI of the Companies Act, 1956, which resulted in understatement of Unsecured loans and overstatement of Current liabilities by Rs.37.76 crore.

The Management stated that the interest including the interest for the period 1997-98 had been exhibited as current liabilities anticipating Government's approval for MDL's proposal for capital restructuring envisaging conversion of Government loan into redeemable non-cumulative preference shares and as soon as the approval was received, appropriate accounting would be carried out in the accounts for the year 1998-99.

The reply is not tenable as the interest accrued and due on Government loan could not be classified as Current liabilities.

2. Interest earned in foreign exchange on short term deposits made through foreign currency accounts amounting to Rs.1.26 crore (US $ 335554) had not been indicated as earnings in foreign exchange as required under Schedule VI of the Companies Act, 1956.

The Company replied that the amount was not earned on account of any foreign exchange transaction or export but was on Short Term Foreign Currency Deposits for which a suitable amendment to their existing accounting policy would be made during 1998-99.

The reply is not tenable as the interest earned on Short Term Foreign Currency Deposits indicated earnings in foreign currency.

Department of Electronics

1.2.27 Semiconductor Complex Limited

1. Sundry debtors was overstated by Rs.41.37 lakh due to:

i) Charging of overdue interest(Rs.34.57 lakh) in respect of goods supplied to M/s. Electronics Systems Punjab Limited(ESPL) which was not payable by the party in terms of the agreement dated 1 April 1994.

ii) Non-provision of Rs.6.80 lakh for defective supplies made to M/s. Armament Research Development Establishment, Pune.

Consequently, profit had been overstated by Rs.41.37 lakh.

The Management noted the audit comment.

2. Sundry debtors included Rs.9.46 crore recoverable from M/s. UPTRON India Limited on account of principal and interest accrued for material supplied by the Company upto December 1994. This amount was not released by M/s. UPTRON India Limited, due to a financial crisis. M/s. UPTRON India Limited had been referred to Board for Industrial and Financial Reconstruction (BIFR) in December 1994. This fact had not been disclosed in the accounts.

The Management stated that they had been consistently following up with M/s. UPTRON India Limited, for the recovery of the outstanding amount.

3. Interest income included an amount of Rs.30 lakh accrued on fixed deposits/certificate of deposits relating to unutilised funds received from Government of India as equity specifically for VLSI Project (Very Large Scale Integrated circuits).

The Management stated that the Company had been consistently following the practice of crediting the interest earned on unutilised equity to other revenue as SCL was carrying out its commercial operations while the VLSI Project was under implementation.

The reply is not tenable as interest earned on project fund was to be deducted from the project cost instead of treating it as income.

MINISTRY OF FINANCE

Department of Economic Affairs (Banking Division)

1.2.28 BOB Housing Finance Corporation Limited

Dividend tax amounting to Rs.9.12 lakh on the proposed dividend had been shown above the line by way of provision for Income Tax in contravention of the recommendations of ICAI. This had resulted in overstatement of provision for Income Tax by Rs.9.12 lakh and understatement of Appropriations to the same extent.

The contention of the Management that the Companies had a choice to disclose and present the Corporate Dividend Tax (CDT) either below the line or disclose alongwith the normal income tax provision for the year above the line is not tenable as recommendation of the ICAI for depicting the CDT below the line were to be ensured by the Statutory Auditors of the Company. As further stated by the Management that depiction either way did not affect the profit available for appropriation and total provision of Income Tax payable by the Company, is not relevant.

1.2.29 BOI Finance Limited

1. Investments had been overvalued by Rs.5.29 crore as permanent diminution in the value had not been provided for. This had resulted in overstatement of profit to that extent.

The Management stated that provision for diminution in value of long term investment was not considered necessary as they had informed RBI & SEBI that the application for registration as Non Banking Financial Company (NBFC) was withdrawn by them.

The reply is not tenable because, Accounting Standard 13 stipulates that permanent diminution in value in long term investment is to be made irrespective of investments being made in NBFC or not.

2. Debit balance in prior period adjustment (net) of Rs.2.40 crore included sub-brokerage/incentive on BOI issue of Rs.87.89 lakh paid in excess of the provision made in 1996-97. Since the provision made in 1996-97 was a correct estimate based on the information available at that time, in accordance with Accounting Standard 5, the excess payment should have been treated as current year's expenditure and not as prior period adjustment. This had resulted in overstatement of prior period adjustment (net) and profit for the year by Rs.87.89 lakh.

The Management stated that since treating the excess payment of sub-brokerage/incentive on BOI issue over the provision as current year's expenditure would have overstated the brokerage paid and would not have shown a true picture of this year's profit and loss, it was considered more appropriate to show this item under prior period adjustment account.

The reply is not tenable since the provision made in 1996-97 was a correct estimate based on the information available at that time, the excess payment should have been treated as current year's expenditure as per Accounting Standard 5 and not as prior period expenditure.

1.2.30 Gilt Securities Trading Corporation Limited

As per the significant accounting policies on valuation of current assets, repoed securities outstanding at the end of the year were considered as company's own securities. However, in working out stock in trade, the repoed securities amounting to Rs.331.54 crore outstanding at the close of the year had been deducted from the total securities which had resulted in understatement of Current Assets – stock in trade by Rs.331.54 crore and corresponding understatement of current liabilities.

The Management replied that Repo transactions involve physical transfer of securities as in the case of outright transactions. Hence repoed securities amounting to Rs.331.54 crore outstanding at the close of the year had been deducted from the total securities in working out stock in trade in order to reflect the correct position of stock standing in the name of the Company.

The reply is not tenable because the Company instead of adjusting the figure, should have shown Rs.331.54 crore (payable to RBI under Repo) under Current Liabilities on Call/Repo Borrowings. The adjustment made by the Company by way of reduction of Rs.331.54 crore from stock in trade was not correct.

1.2.31 IDBI Investment Management Company Limited

The Company had neither ascertained nor provided for liability on account of retirement benefits (gratuity and leave salary) on actuarial basis in contravention of Accounting Standard-15.

The Management stated that the liability in respect of leave encashment benefits could not be ascertained unless application for encashment of leave was lodged with the Company since there was uncertainty over employees act of either availment or encashment of leave. Further, as none of the employee had put in qualifying period of service to be eligible to gratuity benefit, there was no liability outstanding on account of gratuity on the Balance Sheet date and provision was not made in this regard.

The reply of the company is not acceptable as Accounting Standard-15 is mandatory.

1.2.32 Infund Management Limited

The Company had not accounted for increase of Authorised Share Capital from Rs.10 crore to Rs.55 crore in terms of Special Resolution passed in Extra Ordinary General Meeting held on 17 March 1998, even though capital issue registration expenses amounting to Rs.22.50 lakh were paid to Government of India before 31 March 1998.

The Management accepted the comment.

1.2.33 Indbank Merchant Banking Services Limited

1. No provision had been made for diminution in market value in respect of investment in 47 companies in their quoted shares valuing Rs.18.39 crore having market value of Rs.2.50 crore only, on the ground that diminution was of temporary nature. The Company stated that the classification, valuation and disclosure of investments was in accordance with the Accounting Standards and Reserve Bank of India's guidelines and hence no provision was considered necessary.

The Company's reply is not tenable as according to Accounting Standard 13 and RBI guidelines for non-banking financial companies reduction in value for long term investments was to be considered and adequate provisions should have been made in the accounts. The value of investments in that 47 companies had declined to a major extent which could not be treated as of a temporary nature.

2. The provision for non performing assets did not include Rs.2.92 crore representing the provisions required to be made in respect of three non-performing assets under hire purchase agreement as per prudential norms for non banking financial companies issued by Reserve Bank of India.

The Company stated that for the purpose of provisioning against these accounts the principal outstanding as overdues had been taken into account and hence no additional provision was considered.

The Company's reply is not acceptable as provision was required to be made as per the prudential norms for non-banking financial companies and notification dated 12 May 1998 issued by Reserve Bank of India.

3. The Company had not made provision beyond 10 per cent for three Inter Corporate Deposits (ICDs) amounting to Rs.4.14 crore inspite of the fact that these ICDs had been persistently rolled over and in respect of one ICD amounting to Rs.1.50 crore no provision had been made.

The Company contended that provision of 10 per cent on the outstandings made was adequate and no further provision was required. The Company further stated that the provision suggested in respect of an ICD against the bought out deal entered into and the balance outstanding comprises the non-converted portion to be recovered and it did not fall under the classification of non-performing assets. The reply is not acceptable as provision for these ICDs had to be made beyond 10 per cent as these ICDs do not fall under the category of sub-standard assets but fall under other categories of assets.

1.2.34 PNB Capital Services Limited

Income was overstated by Rs.14.25 crore as the Company had accounted for Lease Equalisation Charge (LEC) as prior period adjustment due to change in its accounting policy of leasing finance in compliance with NBFC prudential norms (RBI) directions, 1998 instead of charging the same in the current year's profit and loss account. As a result the profit for the current year stands overstated by this amount.

The reply of the Management that amount of Rs.14.25 crore relating to the period 1994-95 to 1996-97 was a prior period item is not correct as the opinion of the Expert Advisory Committee of the ICAI on which this view had been based was the opinion given prior to the revised Accounting Standard – 5 which had been made mandatory with effect from 1 April 1996. The reply of the Management that there would have been no impact on the balance of profit and loss account carried to Balance Sheet even if the accounting treatment suggested in the comments of the Comptroller and Auditor General of India was followed, is not correct.

1.2.35 United India Insurance Company Limited

1.(i) Profit was understated by Rs.77 lakh due to non-inclusion of additional premium recoverable from New India Assurance Company towards loaded premium on staff medi-claim scheme despite the demand raised by the Company.

(ii) Profit was overstated by Rs.1.30 crore and Sundry debtors understated by Rs.65.01 lakh with consequent understatement of liability by Rs.1.95 crore as loaded premium payable to Oriental Insurance Company towards staff medi claim scheme was not included under expenses of Management.

The Company stated that in the absence of a decision at industry level for recovery of additional premium, provision for the same was not made as the matter was being pursued and necessary action would be taken during the next year.

The reply is not tenable as the Company had made provision for necessary loading of the premium in their accounts for 1996-97 in view of a comment raised by the Comptroller and Auditor General of India in this respect on the accounts of the Company for the year 1995-96.

2. Loans included Rs.5.82 crore being the interest accrued but not due (Rs.3.22 crore) and interest receivable for the year 1998-99 (Rs.2.60 crore) on certificate of deposits, bills re-discounting and commercial papers made during the year. This had resulted in overstatement of loans (Rs.5.82 crore) and Sundry creditors (Rs.2.60 crore).

The Company stated that their short term money market instruments such as commercial papers, certificate of deposits, etc. were accounted for at their face value which represented their cost and was according to the standard practice of accounting such instruments.

The reply is not tenable. Instead of valuing at cost, the investments in bills re-discounting scheme, certificate of deposit and commercial papers had been valued at maturity value. Further the Company treated the portion of interest receivable at a future date as interest received in advance and created a corresponding liability in the accounts. As no interest was received in advance both the liabilities and the assets were overstated.

MINISTRY OF HUMAN RESOURCE DEVELOPMENT

1.2.36 Educational Consultants India Limited

1. Income from Operations (Rs.31.08 crore) did not include Rs.21.36 lakh being the income due to the Company as per the provisions of the relevant contract. This had resulted in understatement of profit and overstatement of current liabilities by Rs.21.36 lakh.

The Management accepted the comment and stated that adjustments, if any required, would be made during the year 1998-99.

2. The Company had erroneously booked an expenditure of Rs.27.10 lakh and an income of Rs.29.09 lakh though bill submitted by the sub-contractor for Rs.57.40 lakh had not been verified. The recognition of profit without receipt and approval of proper bills was not justified. This had resulted in the understatement of work-in-progress and other liabilities by Rs.57.40 lakh, overstatement of expenditure by Rs.27.10 lakh, income by Rs.29.09 lakh and profit by Rs.1.99 lakh.

The Management accepted the comment by stating that accounting policy dealing with recognition of income would be reviewed during the year 1998-99.

MINISTRY OF INDUSTRY

Department of Heavy Industry

1.2.37 Bharat Heavy Electricals Limited

The profit was overstated by Rs.3.96 crore due to non-provision for additional statutory liability on account of gratuity following enhancement in its ceiling to Rs.3.50 lakh with effect from 24 September 1997.

The Company stated that the Gazette Notification on the payment of Gratuity (Amendment) Act, 1998 was issued by Ministry of Law, Justice & Company Affairs on June 23, 1998, increasing the limit for gratuity payment to Rs.3.50 lakh. The Company further stated that the office memorandum was issued in this behalf by Government of India, Ministry of Industry, Department of Public Enterprises on July 27, 1998 and the Board of Directors of BHEL was informed of this increase on August 27, 1998 and this would be accounted for in the financial year 1998-99.

The reply is not tenable because it was an important event after the balance sheet date (31 March 1998) but before the approval of the Company's accounts by the Board of Directors on 1 July 1998. Further, although the notification was issued on 23 June 1998, it took retrospective effect from 24 September 1997. Therefore, the liability on this account should have been provided for during 1997-98. This being a significant event having bearing on the accounts for the year, ought to have been taken into account by the Management in terms of Accounting Standard – 4.

1.2.38 Bharat Wagon & Engineering Company Limited

Employees' remuneration and benefits did not include a provision of liability for Rs.1.37 crore on account of wage revision of employees due from January 1997.

The Management stated the quantum of wage revision was not available. However, suitable disclosure had been made.

Reply of the Management is not acceptable as the provision of liability for wage revision was required to be made based on past experience.

1.2.39 Burn Standard Company Limited

The loss for the year was understated by Rs.2.67 crore due to under-provision of interest on Government of India loan.

The Management stated that the entire interest including penal interest was likely to be waived of as per the BIFR scheme under finalisation.

The Management's reply is not tenable on the ground that in absence of a formal approval from the Government of India, interest on loan should have been provided for.

1.2.40 Heavy Engineering Corporation Limited

The loss of Rs.77.01 crore for the year would further increase by Rs.64.86 crore in view of :-

1. i). Inclusion of unconfirmed escalation claim of Rs.0.86 crore relating to work of Continuous Casting Plant/Raw Material Handling System Phase-II Modernisation of Rourkela Steel Plant.

The Management stated that the claims were accounted for as per contractual terms and upto the agreed delivery date.

The reply is not tenable as the escalation claims pertained to the period beyond contractual completion date and also the claims were neither accepted nor confirmed by the customer.

ii). Short-provision of Central Industrial Security Force expenses on account of pay revision etc. for Rs.3.90 crore.

The Management stated that necessary accounting adjustment would be made after review and reconciliation.

iii). Non-provision of Rs.41.47 crore on account of electricity dues payable to Bihar State Electricity Board (BSEB) accepted by the Company and incorporated in the rehabilitation scheme sanctioned by BIFR and approved by the Government.

The Management stated that the matter was yet to be sorted out with BSEB.

iv). Non-provision of Rs.17.06 crore on account of counter guarantee fee for the period from 1995-96 to 1997-98 not waived of by the Government.

The Management stated that this was as per approved revival plan by BIFR. The Government had been approached for necessary adjustment.

v). Non-provision of liabilities of Rs.1.57 crore on account of risk purchase/inadmissible claims already deducted/disallowed by the client.

The Management stated that cases for risk purchase and disallowed bills were being pursued with the customer for realisation.

The reply is not tenable as the customers had already deducted/disallowed the amount towards risk purchase.

2. Inventories included unidentified and unusable imported stores and spares amounting to Rs.1.83 crore for which no provision had been made.

The Management stated that the items were identifiable and available in stores. The imported spares were in good condition.

The reply is not acceptable as no authenticated documents had been produced in support of management's statement regarding physical existence of inventory.

1.2.41 HMT Limited

1. Share Holders' Funds-Capital Suspense represented loans amounting to Rs.15.60 crore, received from Government of India during 1996-97 and 1997-98 transferred to Capital Suspense pending specific approval of the Government for conversion of loans into equity. Consequently, this had also resulted in understatement of interest and loss by Rs.1.60 crore.

The Management stated that the same had been appropriately disclosed in Explanatory Note 6 to the Accounts. The terms of the loan, inter-alia, included the right of the Government to convert the loan into equity. In view of the high incidence of interest affecting the Company's financial performance, request for waiver of interest and conversion of loan into equity were under consideration of Government of India.

The reply of the Company is not tenable as accounting for the loans under 'Capital Suspense' without specific approval from Government of India for conversion of the same into equity was not in order. Till such time, the same should have been kept under 'Government of India Loans' and interest thereon amounting to Rs.1.60 crore should have been provided.

2. Sundry debtors included Rs.7.69 crore disallowed by customers towards liquidated damages and interest on advances as per the terms of the contract for delayed supplies. Out of this, an amount of Rs.3.26 crore was more than 3 years old which was doubtful of recovery.

The Management stated that request for waiver of liquidated damages and interest on advance was being pursued and an amount of Rs.2.63 lakh had since been waived/received. Disclosure had been made in the Explanatory Note 12.2 to the Accounts.

The reply is not acceptable as out of the disallowed amount of Rs.7.69 crore an amount of Rs.2.63 lakh only which was negligible had since been waived/received.

3. Advances recoverable in cash or in kind for the value to be received included Rs.25.00 crore being the grants accounted for in 1996-97 as receivable from Government of India for which approval/sanction was yet to be received.

The Management stated that a specific request to release the said amount had been made by Department of Heavy Industry to the Secretary, Department of Expenditure, Ministry of Finance in January 1998.

The reply is not acceptable as sanction was yet to be accorded by the Government of India for grant of Rs.25.00 crore.

4. Current liabilities & provisions did not include :

(a) Rs.50.24 lakh being the extra expenditure claimed by a customer under risk purchase clause as per contractual terms.

The Management stated that GAIL, which is a Government of India company, had been requested not to enforce the 'risk purchase clause' as the delay in effecting supplies was unavoidable.

The reply is not tenable as the risk purchase clause was a contractual obligation which had been accepted by the Company.

(b) arrears of rental charges amounting to Rs.26.04 lakh for cable hired and payable, as per agreement, for the period from 11 June 1988 to 31 March 1998.

The Management stated that the claim was not as per the agreed terms which was unilaterally and arbitrarily being imposed and therefore, contested.

The Management's reply is not acceptable as the DOT had not withdrawn the claim for arrears and was sending its demand at revised rates.

(c) Rs.21.06 lakh being the anomaly in arrears payable to employees.

The Management noted the comment.

As a result of (a), (b) and (c) above there was understatement of liabilities and loss by Rs.97.34 lakh.

1.2.42 HMT Bearings Limited

Cheques on hand and in-transit included an amount of Rs.10.24 lakh representing cheques received from two parties in April 1998 but accounted for in 1997-98. This had resulted in overstatement of Cash and Bank balance and understatement of Sundry debtors by the same amount.

The Management noted the comment.

1.2.43 HMT (International) Limited

1. The provision for doubtful debts did not include Rs.2.20 crore being the dues pertaining to instalments for the period from 1 April 1994 to 31 March 1997 and recoverable from a foreign customer in respect of an export contract which was not covered by Export Credit Guarantee Corporation. While the uncovered interest upto 31 March 1997 shown under claims recoverable was considered as doubtful and provided for during 1996-97 and written-off during 1997-98, no provision had been made for these instalments which were also doubtful of recovery. This had resulted in overstatement of Sundry debtors and profit by Rs.2.20 crore.

The Management stated that the provision for interest recognised as revenue had been fully made and instalments due towards principal considered doubtful had also been duly provided. The matter had been referred to Ministry of Commerce, Government of India for intervention and early realisation of the amount. Debt was covered by Sovereign Guarantee issued by the Government of Ethiopia.

The reply of the Management is not acceptable as it was silent on why different accounting treatment had been followed in respect of interest and instalments.

2. Advances recoverable in cash or in kind or for value to be received included Rs.2.90 crore being bank guarantee encashed in April 1995 by a foreign customer against non-performance of the contract by the Company. No provision had been made for the amount although the amount was doubtful of recovery. This had resulted in overstatement of loans and advances and profit by Rs.2.90 crore.

The Management stated that the Company had fully complied with its obligation under the contract as far as supplies were concerned, the Company was unable to discharge its obligations under "Services" part on account of force majeure conditions. The matter was being pursued and efforts were being made to realise the amount.

The reply of the Management is not acceptable as it failed to perform the obligations under 'Services'. Realisability of debts pending for more than three years was doubtful.

1.2.44 Hindustan Newsprint Limited

While fixing the annual lease rent for the two machines leased to the holding company, the Company also passed on the income tax benefits on depreciation and interest charges to the holding company. This aspect was prejudicial to the interest of the Company, it had not been brought out in the Auditors' Report contrary to the requirement of Paragraph

4 A (vii) of Manufacturing and Other Companies (Auditors' Report) Order (MAOCARO), 1988.

The Statutory Auditors stated that in their opinion transaction between Hindustan Paper Corporation Limited and Hindustan Newsprint Limited was not prejudicial to the interest of the Company. The lease rent was fixed after considering the impact of transferring the tax benefit to the lessee Company and hence it was not reported by them.

This is not tenable as the transaction was prejudicial to the interest of the Company as HNL is a subsidiary of HPC and the transaction needs to be reported as per MAOCARO.

1.2.45 Mining & Allied Machinery Corporation Limited

1. The value of the Finished Products and work-in-progress had been overstated and the loss understated to the extent of Rs.23.91 lakh, representing the difference in value of finished products/work-in-progress and that of scrap due to inclusion of value of materials for which sale orders were cancelled or withdrawn, contrary to the provisions of Accounting Policy.

The Management stated that this would be valued at scrap rate in the accounts for the year 1998-99.

2. The report of the Statutory Auditors regarding provision of Rs.1.04 crore on account of liquidated damages was not factually correct. The amount should be Rs.37.14 lakh.

1.2.46 National Bicycle Corporation of India Limited

The Company had neither ascertained nor provided for liability on account of retirement benefits (gratuity and leave salary) and encashment of leave on actuarial basis, which was in contravention of Accounting Standard-15.

The Management stated that the basis of calculation in accordance with actuarial valuation had been noted for future compliance.

1.2.47 Scooters India Limited

1. Interest income was overstated by Rs.48.44 lakh on account of interest income earned on unutilised amount of National Renewal Fund (NRF) grant. As the unutilised grant of NRF pertained to Government of India interest income therefrom was to be credited to unutilised grant instead of treating it as Company's income. Consequently, the profit of the Company had been overstated by Rs.48.44 lakh.

The Management stated that Government of India had not put any condition as to crediting of interest on unutilised grants.

The contention of the Management does not conform to normal accounting treatment of such income.

2. Gratuity was overstated by Rs.64.06 lakh as the amount paid to LIC on account of group gratuity scheme for the period 1 April 1998 to 30 September 1998 had been

charged in the current year instead of accounting it as prepaid expenses under the head "Current Assets, Loans and Advances". Consequently, profit as well as current assets, loans and advances had been understated by Rs.64.06 lakh.

The Management noted the comment.

Department of Small Scale Industries, Agro and Rural Industries

1.2.48 National Small Industries Corporation Limited

1. Fixed assets-Buildings (Rs.5.82 crore) included Rs.76.39 lakh, being the value of the total lease rental payable in 99 years in respect of a building, for which the agreement with the lessor was in the nature of taking the building on rent. Thus, the inclusion of the above building as the Company's assets was not justified. This had resulted in overstatement of fixed assets (gross block) by Rs.76.39 lakh and accumulated depreciation by Rs.5.54 lakh with corresponding overstatement of current liabilities by Rs.70.85 lakh.

The Management stated that the comment would be referred to the Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI) for seeking their opinion and the advice would accordingly be implemented in consultation with audit.

The reply of the Management is not convincing as the agreement with the lessor was in the nature of taking the building on rent only.

2. The Company had accounted for Rs.31.44 crore, being the normal and penal interest due from defaulting customers, by creating a Penal Interest Suspense Account for the amount, in violation of the opinion given by the ICAI on the subject. This had resulted in overstatement of Sundry debtors (gross) and Penal Interest Suspense Account by Rs.31.44 crore.

The Management contended that the policy followed by the Company had no impact on the profitability/ assets and liabilities of the Company and that Accounting Standard (AS)-9 issued by ICAI did not deal with revenues arising from hire purchase and lease agreements. The Management stated that the guidelines issued by ICAI for giving effect of uncertainty and revenue recognition under AS-9 were being followed by the Company. The Management added that the opinion given by the Expert Advisory Committee represented the opinion of the members of the Committee and did not necessarily represent the opinion of the Council of the Institute and as such its compliance was not mandatory in nature.

The reply of the Management that the opinion of the Expert Advisory Committee of ICAI was advisory in nature is not tenable as AS-9 prohibits debiting the account of the debtors from whom realisation was doubtful and thus the accounting treatment adopted by the Company is not in order.

3. Net Operating Profit (Rs.3.99 crore) was overstated by Rs.3.25 crore due to:

(i) Accounting of the full amount (Rs.2.46 crore) of deficit incurred on promotional activities recoverable from the Government without reducing the profits earned in commercial activities as per the directions of the Government of India.

The Management stated that the directions given by Government of India in September 1960 stated that the promotional schemes shall be financed in the form of reimbursement of the actual expenditure incurred by the Company and such reimbursement would be made to the Company taking into account the profit, if any, made by the Company in its commercial activities. Since the overall result of promotional and commerical activities was a loss, the full amount of deficits incurred on promotional activities had been accounted for as recoverable from the Government.

The Management added that the Committee on Public Enterprises also recommended in its Report for reimbursement of entire amount incurred on promotional activities and that till 1985-86 the Government had been reimbursing the deficits of promotional schemes without adjusting the profits of commercial activities. Therefore, the entire amount of excess expenditure incurred on promotional activities was receivable from the Government of India.

As per Government order (September 1960) the deficit in promotional activities should be adjusted against the profit in commercial activities. The balance amount of deficit would be re-imbursed by Government. The company has shown the full amount of deficit as recoverable from Government which is against the directions of the Government.

(ii) Non-provision of full amount in respect of untraceable debtors of Rs.79.29 lakh.

The Management stated that as the provision was made on the total amount of debtors falling under different age groups, the amount of provisions made was considered adequate and that a similar observation made by audit during the audit of accounts for 1995-96 had been settled by accepting the above mentioned reply.

Reply of the Management is not tenable as neither the party from whom the amount was receivable nor the machine was traceable, hence provision for doubtful debtors should have been made.

MINISTRY OF PETROLEUM AND NATURAL GAS

1.2.49 Bongaigaon Refinery and Petrochemicals Limited

The profit had been overstated by Rs.2.32 crore due to (i) non-provision for doubtful debts (Rs.1.92 crore) and (ii) non-adjustment of credit in respect of claims of parties (Rs.40.07 lakh).

The Management stated that necessary provision had been made as per policy of the Company in the accounts after a Committee of functional directors had scrutinised the outstanding debtors and advised several actions to recover/adjust the debtors balances. Scrutiny of other balances on case to case basis was underway and necessary action would be taken in due course.

The contention of the Management is not tenable as according to the findings of the Committee these debts were not recoverable.

1.2.50 Cochin Refineries Limited

1. Loans and advances were overstated by Rs.3.33 crore due to inclusion of Modvat credit receivable on capital goods which had not been accounted for in the basic Central Excise records since 1994-95. Fixed assets had also been understated to the same extent. The Statutory Auditor made a qualification on this account in his revised report after the irregular accounting was pointed out by Government Audit.

The Company stated that Modvat credit receivable was accounted under loans and advances pending completion of Excise formalities.

The irregularity was also commented upon by the Comptroller and Auditor General of India on the accounts of the Company for the year 1996-97. In so far as the accounting of Modvat credit of Central Excise duty is concerned, accounting in the financial books follows and does not precede accounting in the Central Excise records. In this case, the Company had not accounted the Modvat credits in the Central Excise records since 1994-95 and thereby eluded such credit being rejected formally by the Central Excise Department. Hence the view taken by the Management is untenable.

2. Profit had been overstated by Rs.6.86 crore due to excess claim lodged with Oil Co-ordination Committee (OCC) in respect of crude oil in transit. This was done by accounting for crude in transit in the average inventory held in excess of 21 days thruput reckoned for calculation of return on additional working capital.

The Company stated that the crude in transit was included consistently in the inventory for the purpose of claiming the return on additional working capital from OCC. Moreover, the relevant clarification from the OCC to the Company was received after the accounts of the Company were adopted by the Board of Directors on 15 May 1998. Hence, the liability on account of the above could not be recognised in the accounts.

The contention of the Management is not acceptable because OCC had not come out with any new basis for framing claims but only restated a position which should have been known to the Company.

1.2.51 Gas Authority Of India Limited

The interest income of Rs.60.31 crore earned during the year on Gas Pool Money of Rs.333.83 crore which belonged to the Government had not been shown as payable to the Government. This resulted in understatement of Current liabilities and provisions and overstatement of profit to this extent.

The Management stated that in accordance with the Ministry's instructions, a separate account for Gas Pool Money had been maintained in the Company's books of accounts and the amount accrued thereto and the disbursements made therefrom had been periodically intimated to the Ministry.

The contention of the Management is not tenable because it did not explain why interest earned on the Gas Pool Money was included in its income statement.

1.2.52 IBP Co. Limited

1. Profit had been overstated by Rs.5.53 crore due to non-provision of doubtful debts being tank hire charges due from Indian Oil Corporation Limited (IOCL) for the period 1991-92 to 1993-94.

The Management stated that the tanks were continuing to be used by IOCL. Since the matter had been referred to the Ministry of Petroleum & Natural Gas for resolution necessary adjustment in the accounts would be made only after final settlement of the issue.

The contention of the Management is not acceptable as its agreement with IOCL had expired in 1985-86 and recovery of these debts was doubtful.

2. Profit had been overstated by Rs.44.59 lakh due to accounting of lease rental on tank wagons as its own income whereas according to Administered Pricing Mechanism the same was to be surrendered to Industry Pool Account.

The Management stated that the lease rental receivable from Railways was accounted for in the year of receipt and would be surrendered to Industry Pool Account as and when the marketing margin was to be finalised by Oil Co-ordination Committee (OCC) through margin updation exercise for 1997-98.

The Management's contention is not acceptable because as per margin updation scheme of OCC, the Company gets return on investment in tank wagons and therefore lease rental on tank wagons is to be surrendered to OCC.

3. Profit had been understated by Rs.57.53 lakh due to non-accounting of claims recoverable from OCC towards increase in railway rent for Shakurbasti and Gorakhpur depots for which liability had been provided in the accounts.

The Management stated that the practice of accounting for claims relating to increase in Railway rent after receipt of approval from OCC was being followed by the Company on a consistent basis.

Contention of the Management is not acceptable as this practice had violated the concept of accrual basis of accounting.

4. As per Government's instructions referred to in OCC letter No. 4005 dated 12 January 1998, updation of costs and margins of Oil Companies was to be carried out on annual basis with effect from 1 April 1996. The Company had taken credit for Rs.48.18 crore in the accounts of 1997-98 based on the estimated incremental margins recoverable from

Industry Oil Pool Account for 1996-97. However, no such estimate had been prepared and accounted for in respect of the year 1997-98.

The Management stated that OCC had already undertaken the task of fixation of marketing margin for the year 1996-97 based on audited data submitted to them. In respect of 1997-98 OCC was yet to commence such an exercise.

The Management's contention is not acceptable in view of the OCC letter No. 4005 dated 12 January 1998 which provided for updation of margins on annual basis which had not been done.

1.2.53 Indian Oil Corporation Limited

Net claim from Industry Pool Account included Rs.70.38 crore being the return on additional working capital claimed from OCC by treating the crude-in-transit as crude held in refineries. As the amount was not recoverable from OCC this resulted in overstatement of profit for the year and claims recoverable by Rs.70.38 crore.

The Management stated that additional working capital claim in respect of crude oil in stock for more than 21 days was being claimed by reckoning both crude in stock and crude in transit consistently and had also been approved and admitted by OCC. However, OCC vide letter dated 25 June 1998 had advised that the above claim should be re-worked out by excluding crude in transit. The above decision of OCC was received after the adoption of accounts by the Board and completion of statutory audit. Further, this issue had been taken up on industry basis with the Ministry for review of the decision. Therefore, in their view, there was no overstatement of profit.

The contention of the Management is not acceptable because OCC had not come out with any new basis for framing claims but only restated a position which should have been known to the Company

1.2.54 Madras Refineries Limited

1. Capital work-in-progress had been overstated by Rs.5.26 crore due to incorrect inclusion of expenditure on consultancy and other fees incurred on an abandoned project. As this expenditure could not be reclaimed, profit for the year was also overstated by Rs.5.26 crore.

The Company stated that expenditure incurred on the project would be effectively utilised for expansion and other ongoing projects and expenditure requiring write off would be minimal and such sum shall be charged off in future.

The reply is not tenable as the total project cost was estimated at Rs.8.78 crore and expenditure incurred in connection with procurement of materials for Rs.3.52 crore was identified for use in other projects, when the project was shelved based on Board's decision during November 1997. The balance expenditure of Rs.5.26 crore being consultancy and other fees which could not be utilised in any other project had to be written off by the Company.

2. Profit and Loss Account was incorrectly debited by Rs.10 lakh owing to irregular payment of excise duty to comply with the request made by central excise authorities without clearance of products.

The Company had noted the comment for future reference.

3. Profit had been overstated by Rs.3.01 crore as the Company had irregularly availed Modvat credit on captively consumed Low Sulphur Heavy Stock (LSHS) during the period March 1994 to March 1998 although no duty was to be levied on the final product Naphtha.

The Company stated that they had already contested the issue with the Central Excise Department and liability if any would be recognised on the final disposal of appeal preferred with Central Excise Appellate Authorities.

Under the self removal procedure the onus of adherence to Central Excise procedure rests with the Company. Excise duty credit for Modvat had been taken in violation of rules. Therefore the reply of the Company is not acceptable.

4. Profit had been overstated by Rs.16.71 crore due to incorrect inclusion of crude in transit for the purpose of reckoning the return on additional working capital.

The Company stated that the crude in transit was consistently included as a part of inventory for the purpose of claiming return. However, as the communication dated 25 June 1998 from OCC conveying the decision of the Ministry of Petroleum and Natural Gas stating that crude in transit could not be treated as crude in the refinery was received after the accounts of the Company were adopted by the Board of Directors on 11 May 1998 and audited by that date. Hence, the liability on account of the above was not recognised in the accounts.

The contention of the Management is not acceptable because OCC had not come out with any new basis for framing claims but only restated a position which should have been known to the Company

1.2.55 Oil and Natural Gas Corporation Limited

1. (a) Producing properties (net) included Rs 70.70 crore being the gross value of properties created in respect of certain areas from where production was either nil or very low (below 2000 MT/year) and (b) Value of producing properties also included Rs 10.64 crore in respect of five exploratory areas from where production had not yet commenced.

The Management stated that it created producing properties, in accordance with their Accounting policy, for those areas where commercial production had commenced. It had also agreed to make necessary accounting adjustments in respect of certain exploratory wells erroneously included under producing properties.

The disclosed accounting policy of ONGC is not appropriate as it had resulted in creation of producing properties even for those areas with very small or intermittent production, which were not commercially and economically viable.

2. Exploratory wells-in-progress included Rs 180.13 crore being the cost of 31 wells completed during the year 1986-87 to 1994-95 which had remaining unexploited.

The Management stated that these wells could not be exploited due to various reasons such as insufficient infrastructure, lack of demand, continued exploratory work in nearby areas etc. and techno-economic review of such wells was a continuous process to determine their suitability for commercial exploitation.

ONGC had been showing the completed wells under exploratory wells in progress in an open ended manner, without any time norm. In certain cases, wells completed as far back as 10 years were being carried over as wells in progress.

3. Interest accrued included Rs 37.74 crore on account of interest remaining unpaid on loans totalling Rs 31.85 crore, repayable by four companies during the period from 1989 to 1992; two of these were sick and one was referred to BIFR.

The Management stated that the matter had been taken up with these companies. In respect of one company, where ONGC Board in principle had agreed for rescheduling of principal and interest alongwith waiver of penal interest, it would carry out necessary accounting adjustments during the year 1998-99.

4. Loans and advances included Rs 33.83 crore on account of interest on advance payment to a PSU, for which there was no contractual liability on the latter.

The Management stated that ONGC had adjusted Rs 20.50 crore towards interest on advance payment from outstanding dues to the PSU and had been further pursuing for recovery of the balance amount of Rs 13.33 crore.

The contention of the Management is not tenable as the liability of interest and penal interest from PSU was not a contractual liability, hence could not be recognised until and unless accepted by the concerned PSU.

5. Current liabilities during the year were understated by Rs 5.47 crore on account of following:

(a) Rs 3.27 crore due to non-provision of enhanced water charges payable to a State Government.

(b) Rs 2.20 crore on account of under provision of quarterly incentive to employees for the last quarter of the year 1997-98.

The Management stated that (a) Government of Gujarat had enhanced the rates of water charges separately for industrial as well as drinking water. ONGC had made the payment of bill, which treated the total quantity as industrial while it was for both industrial and drinking purposes. It had taken up the matter with State Government and (b) it would carry out necessary adjustment in 1998-99 for Rs 2.20 crore, being the amount of incentive to employees.

The State Government on several occasions, had turned down the Company's request for levy of water charges as per the bifurcation given by the Company as it did not have separate meter to differentiate the water supplied for drinking purpose and for industrial use.

6. Income during the year was overstated by Rs 4.41 crore on account of following:

Foreign exchange gain on repayment of loan - Rs 1.16 crore and income earned during construction of an asset - Rs 3.25 crore.

The Management agreed to carry out the necessary accounting adjustments in 1998-99.

7. Expenditure during the year was understated by Rs 293.93 crore on account of following:

a) Expenses/provisions relating to gratuity/crude oil conditioning charges/idle rig cost/ Research & Development expenses-Rs.56.05 crore.

The Management, in most of the cases, accepted to carry out necessary accounting adjustment in 1998-99.

b) Adoption of lower rate of depreciation (15.33 per cent instead of 30 per cent) in respect of process platforms-Rs.156.80 crore

The Management stated that the offshore process platform was akin to continuous process plant and as such depreciation was correctly provided at the rate of 15.33 per cent as per relevant provision of the Companies Act.

Schedule XIV of the Companies Act did not prescribe any special rates for "Offshore Platforms". While the Company charged 30 per cent depreciation on production platform it was not appropriate that it charged 15 per cent depreciation on the process platform, as both of these platforms had equal length of life in offshore field operation and accordingly should attract the same rate of depreciation.

c) Following Straight Line Method (SLM) of depreciation as against written down value method on exchange loss capitalised-Rs.18.25 crore.

The Management stated that it charged depreciation on additions due to exchange fluctuations prospectively over the remaining useful life of the asset.

The Company provided depreciation on the asset at a particular rate (Written Down Value Rate) and on the exchange loss capitalised at a different rate (SLM basis). This inconsistency led to charging depreciation at two different rates on each portion of the same asset.

d) Interest/cost of arbitration paid to a contractor, which had been incorrectly capitalised-Rs.4.98 crore.

The Management stated that components of cost of a fixed asset included interest, administration and other general overhead which were specifically attributable to construction of a project or to the acquisition of a fixed asset.

Interest payment as per arbitration award was in the nature of damages for delayed payment towards work done by the contractor. This could not be equated with the normal interest payments, which would naturally form part of the capital cost.

e) Non-provision in respect of unserviceable/surplus/obsolete/defective/items identified as lost, fraudulent payment, service charges, settled insurance claims, rejected tanker hire charges etc-Rs.57.85 crore.

The Management stated that it did not make provision for unserviceable/surplus/ obsolete/defective items mentioned by Audit as it was making efforts to utilise them in future. As regards fraudulent payment, it replied that CBI investigation was in progress. In respect of service charges the amount was to be recovered from Gas Authority of India Limited. For rejected tanker hire charges, Management stated that they would recover it from the Ministry. It also stated that for the balance items it would provide in the accounts next year.

ONGC purchased these obsolete/surplus/defective items during the years 1983 to 1987. The chance of using them is remote. The CBI case is regarding fraudulent payment against fake bills in the year 1995-96, against which no recovery could be effected. GAIL had not agreed to ONGC's claim since last 6 years. The Ministry categorically rejected Joint Venture contractor's (in which ONGC is a partner) claim of tanker hire charges.

1.2.56 Oil India Limited

The Notes to Accounts did not disclose the unamortized balance of past cost being carried forward and the full value of the consideration to be received by the Company under the production sharing contract with the Joint Venture contractor for parting with 60 per cent share of oil expected to be produced from Kharsang Oilfield.

The Management stated that the disclosure of unamortised balance of past cost being carried forward and the full value of consideration to be received by the Company under the production sharing contract was neither a requirement under the Companies Act, 1956 nor was mandatory as per the standard accounting practices. Hence, the same had not been disclosed.

The reply is not acceptable as this fact was significant and should have been disclosed in the accounts.

MINISTRY OF POWER

1.2.57 National Hydroelectric Power Corporation Limited

1. Depreciation charged on original assets/equipment used during construction period was not reduced from the gross block of these original assets/equipment at the time of capitalisation on commencement of commercial operation of the respective projects. During the year 1997-98, the Company reduced the gross block in Chamera I and

Tanakpur but did not reduce the gross block of Rs15.66 crore relating to Salal II which resulted in overstatement of gross block of fixed assets and provision for depreciation by Rs.15.66 crore.

The gross block in respect of Baira Siul, Loktak and Salal Project Stage I which were commissioned in 1982, 1985 and 1987 were also overstated due to non-reduction of depreciation charged on the original assets/equipment from the gross block of these assets/equipment. Further the Chamera I project transferred the construction equipment of Rs.7.68 crore to other projects during the period 1 May 1994 to 31 March 1997 on which depreciation of Rs.6.47 crore was charged during construction stage. However the amount of depreciation was not reduced which resulted in overstatement of gross block and provision for depreciation by Rs.6.47 crore.

The Management stated that rectification for Baira Siul, Loktak, and Salal Project Stage I was not done as these were commissioned in 1982, 1985 and 1987 respectively. It further stated that the adjustment for Chamera I Project would be done during 1998-99.

The reply of the Management is not tenable as two set of principles can not be applied.

2. Inventories included Rs.1.73 crore on account of fixed assets pending issue as capital store. This had resulted in overstatement of current assets, loans and advances by Rs.1.73 crore and understatement of fixed capital expenditure to the same extent.

The Management's contention that construction stores and advances normally reflect items which were required for the purpose of construction and assets issued under operational requirements were shown under inventory is not correct because the assets were purchased for capitalisation in operation projects and the advances were also of capital nature.

3. Loans and advances included Rs.31.14 lakh recoverable from suppliers due to non-supply of 'C' Forms to them. This resulted in overstatement of loans and advances as well as profit by Rs.31.14 lakh. The Management accepted the comment.

4. Generation, administration and other expenses included Rs.48.72 lakh on account of exchange rate variation on items procured out of foreign loans and lost during transit.

The Management stated that the loss during construction had been capitalised and accordingly exchange rate variation on such adjustments had been allocated. The reply is not tenable as loss incurred on items lost during transit was recouped from the Insurance Company. Further no such asset existed as on date.

5. The Company had been following the depreciation rates as prescribed in the notification under Electricity (Supply) Act 1948 and not as prescribed in Schedule XIV of Companies Act, 1956. In respect of Chamera I Project, the Company did not depreciate Exchange Rate Variation allocated on fixed assets retrospectively. This resulted in understatement of depreciation and overstatement of profit by Rs.2.06 crore. The contention of the Company that it was following only the rate of depreciation as prescribed in the Electricity (Supply) Act, 1948 whereas the accounts were maintained

under Companies Act, 1956 is not correct as the Company is governed by the Electricity (Supply) Act, 1948.

1.2.58 Nathpa Jhakri Power Corporation Limited

1. Advances for capital works were overstated by Rs.16.73 crore on account of Exchange Rate Variation (ERV) on advances given in foreign currency calculated at closing rate instead of the fixed rate already agreed upon in the contract in accordance with the accounting policy which was contrary to Accounting Standard – 11.

The Company noted the comment.

2.Advances for capital works were overstated by Rs.4.42 crore, although the advance was actually released on 7 July 1998. This had also resulted in overstatement of current liabilities and provisions.

The Company noted the comment.

1.2.59 National Thermal Power Corporation Limited

Despite the comment of the Comptroller and Auditor General of India on the accounts for the year ended 31 March 1997, the Company, pending final decision in the matter, had not provided for interest of Rs.18.36 crore payable on bonds to Canara Bank (cumulative interest : Rs.96.07 crore) and interest income of Rs.12.96 crore (cumulative interest : Rs.67.81 crore) on deposits had also not been accounted for.

The contention of Management that provision for interest on bonds as well as on deposits had not been made in the accounts as they had been cancelled with due approval, is not tenable because the cancellation of bonds had not been accepted by the Bank and the final decision of the Committee on Disputes of Government of India, to whom the matter was referred, was still awaited.

1.2.60 Power Grid Corporation of India Limited

1. Due to non-payment of deposits totalling Rs.112.06 crore, placed by the Company with Andhra Bank Financial Services Limited (ABFSL) and Canara Bank Financial Services Limited (CANFINA), on due dates by ABFSL and CANFINA to the Company, the latter forfeited bonds of Rs.124.20 crore by crediting to capital reserve (Rs.112.06 crore) and to front and fee (Rs.12.14 crore). The subject matter of dispute between the Company and ABFSL/CANFINA, Canara Bank etc. was referred to Committee on Disputes of Government of India. Pending decision on the reference, provision for interest payable of Rs.19.27 crore on bonds (cumulative interest : Rs.116.80 crore) and interest income of Rs.14.24 crore (cumulative interest : Rs.86.28 crore) on the deposits had not been accounted for in the accounts. Inspite of the comments of the Comptroller and Auditor General of India during the last three years ended 31 March 1997 that depiction of an external liability as 'Capital reserve' was distortion of accounts, the Company exhibited a sum of Rs.112.06 crore as capital reserve.

The contention of the Management that accounting of bonds under "Capital reserve" was appropriate is not acceptable as the Company had not realised any capital profit from redemption/disposal of bonds.

2. Profit for the year before tax (Rs.422.06 crore) was overstated by Rs.10.79 crore due to inclusion of element of interest (Rs.21.78 crore) and actual rupee liability on account of exchange rate variation (Rs.1.50 crore) instead of Rs.11.70 crore and Rs.0.79 crore respectively, based upon the actual dates of commercial commissioning of poles I (October 1997) and II (March 1998) of HVDC, Chanderpur.

The contention of Management that adjustment, if any, would be carried after receipt of tariff/notification from the Ministry of Power is not acceptable because interest element based upon the actual dates of commercial commissioning of the poles should have been accounted for in the accounts.

3. Profit for the year before tax (Rs.422.06 crore) was overstated by Rs.98.78 lakh due to inclusion of element of interest on working capital for 2 months receivable instead of 1.5 months as provided for in the agreement between the Company and the Eastern Regional Electricity Board (EREB) constituents.

The contention of the Management that interest on working capital for 2 months receivable had been considered as per norms and factors mentioned in notification dated 16 December 1997 issued by the Ministry of Power is not acceptable as agreement between the Company and the EREB provided for inclusion of elements of interest on working capital for 1.5 months receivable.

1.2.61 Rural Electrification Corporation Limited

Loans and Advances were overstated by Rs.214.04 crore because the provision had not been made on the non-performing assets of Rs.738.40 crore as per the directions of the Reserve Bank of India. Consequently, profit for the year had been overstated by Rs.214.04 crore.

The Management stated that provisioning for loans secured by the State Government guarantees was not considered necessary because the respective State Government had not repudiated the guarantees given by them against these loans.

The contention of the Management is not tenable as Reserve Bank of India had not granted any exemption to the Company from the application of its directions relative to the depiction of non-performing assets.

1.2.62 Tehri Hydro Development Corporation Limited

1. Loans and Advances were overstated by Rs.5.58 crore as the Company had not adjusted the advance given to the contractors against cost of work done by them though the relevant claims had already been recommended for adjustment. Consequently, Capital work-in-progress had been understated to the extent of Rs.5.58 crore.

The Management stated that necessary accounting entries for the amount of the claims finally found admissible would be incorporated in the accounts for the year 1998-99.

2. Miscellaneous expenses were understated by Rs.37.03 lakh being the amount payable to the Ministry of Home Affairs towards supervision charges, arrears of pay, etc. for the personnel of Central Industrial Security Force who were posted in the project site.

The Management stated that the liability on this account could not be ascertained for want of intimation from the concerned department.

MINISTRY OF RAILWAYS

1.2.63 Container Corporation Of India Limited

Provision amounting to Rs.1.62 crore written back during the year had been added to the profit after tax. This should have been accounted for as part of current year's earnings. This had resulted in understatement of profit after depreciation by Rs.1.62 crore.

The reply of the Management that the addition of provision written back was as per the past practice, which was duly reviewed by Comptroller and Auditor General of India during the previous financial year 1996-97, is not tenable because it did not preclude issue of comment by the latter on any accounting matter which had not been commented upon in the previous years.

The Management further stated that tax on such provisions written back had been duly calculated while arriving at the amount of income tax provision for the year and, as such, net profit for the year had been correctly computed and shown. The contention of the Management is not correct as the comment pertained to understatement of profit after depreciation whereas the Management had made a reference to the 'profit after tax'. Regarding presentation of prior period adjustments and writing back of provisions in accounts, the Management stated that the same would be reviewed by the Company.

1.2.64 IRCON International Limited

Work receipts included Rs.2.61 crore (expenditure Rs.2.26 crore, profit element Rs.0.35 crore) on account of Raniganj remodelling works undertaken by the Company for Damodar Valley Corporation (DVC). The DVC had disputed the inclusion of profit element in the above claim. This had resulted in overstatement of work receipts as well as profit by Rs.0.35 crore.

The Management stated that the matter was under discussion with the client and the same was expected to be settled soon. Accounting adjustment required, if any, would be made by the Company during 1998-99.

1.2.65 Wagon India Limited

Current liabilities and provisions did not include the liability on account of leave encashment amounting to Rs.6.38 lakh payable to the employees, thereby contravening the Accounting Standard-15 and the accrual principles as laid down in Section 209(3)(b) of the Companies Act, 1956. This had resulted in understatement of Current liabilities by Rs.6.38 lakh and understatement of loss to the same extent.

The Management accepted the comment.

MINISTRY OF SCIENCE AND TECHNOLOGY

Department Of Science And Industrial Research

1.2.66 Central Electronics Limited

Interest (Rs.37.76 lakh) included interest income of Rs.15.84 lakh accrued on Term Deposits being the unspent amount of grant received from the Government of India.

The Management accepted the comment.

Department of Space

1.2.67 Antrix Corporation Limited

The direct expenditure in profit and loss account represented amounts paid/payable to Indian Space Research Organisation and its Centres at mutually agreed upon pre-determined rates against sales (shown as earnings amounting to Rs.14.98 crore). As no inventory/cost records were maintained by the Company, the material and other elements of cost included in direct expenditure were not susceptible to verification in audit.

The Management did not offer any remarks.

MINISTRY OF STEEL & MINES

Department of Steel

1.2.68 Ferro Scrap Nigam Limited

1. Employees' remuneration and benefits did not include Rs.35.79 lakh being the provision of 2.5 per cent on other consequential benefits of the employees like CPF, leave encashment, gratuity etc. on account of wage revision due from January 1997. This had resulted in overstatement of profit for the year by the same extent.

The Management stated that the provision had been made as per interim relief paid during the last pay revision in 1994-95.

The reply is not tenable as the provision had not been made in line with other PSUs.

2. Sundry debtors included escalation claims of Rs.2.19 crore pending for more than 3 years and not acknowledged as debts by Rashtriya Ispat Nigam Limited (RINL) Vizag.

The Management stated that the amount had been billed to RINL as per provision in long term agreement. Hence a separate acknowledgement was not required.

The reply is not acceptable as the escalation bills were not admitted. Further the amount was doubtful as the financial position of the client was not sound.

1.2.69 Hindustan Steelworks Construction Limited

1. An amount of Rs.1.77 crore was deducted at source by the clients from contract receipts of 16 units towards sales tax and deposited with Sales Tax Authority. The Company had neither filed any sales tax return nor provided any liability for the amount. Further, provision had not been made towards sales tax payable on contract receipts of 3 units amounting to Rs.18.49 lakh. Due to non-provision of this liability, the net loss for the year had been understated to the extent of Rs.1.96 crore.

The Management stated that the Company had already filed sales tax returns for the units. The detailed position, however, was being ascertained and the appropriate action would be taken during 1998-99 (including 3 units).

2. Liability towards leave encashment had not been assessed on actuarial basis as required under Accounting Standard-15. Estimated amount of such liability worked out to Rs.11.70 crore for which no provision had been made in the accounts.

The Management stated that this had been disclosed in Notes on Accounts.

The Management reply is not acceptable as the Company had not complied with the requirement of Accounting Standard-15.

1.2.70 Indian Iron and Steel Company Limited

The Net loss of Rs.395.15 crore for the year would be increased due to (i) non-provision for wage revision in respect of steel employees due from January 1997 (Rs.20.69 crore) and (ii) colliery employees due from July 1996 (Rs.3.74 crore)

The Management stated that pending finalisation of the wage agreement with employees the impact thereof was not ascertainable.

The reply is not acceptable in view of the fact that the Company had in the past made such provision on ad hoc basis.

1.2.71 Maharashtra Elektrosmelt Limited

During the year, the Company changed their accounting policy regarding leave salary encashment from actuarial basis to actual basis, which was in violation of the mandatory provision of Accounting Standard 15. By adopting the new policy the Company had written back Rs.47.92 lakh provided as liability for leave encashment upto 1996-97 and also not provided for liability of Rs.9 lakh (approx.) for the current year 1997-98. This had resulted in overstatement of profit for the year by Rs.34.89 lakh.

The Management stated that provision would be made only on actual availment of leave and that appropriate disclosure had been made in Notes on Accounts.

The reply is not acceptable since the liability is to be provided on acturial basis in terms of the mandatory provisions of Accounting Standard-15 and a mere disclosure is not sufficient.

1.2.72 MECON (India) Limited

1. Income from services rendered including sale/supply had been overstated by Rs.8.10 crore due to inclusion of liquidated damages set aside by the client.

The Management stated that the quantum of liquidated damages was yet to be decided.

The reply is not tenable as the quantum of liquidated damages was mutually agreed upon by the Company and the client.

2. Payments to and Provision for Employees had been understated by Rs.5.05 crore on account of non-provision of liability towards wage revision effective from January 1997.

The Management stated that extent of liability was not ascertainable pending finalisation of wage agreement.

The reply of the Management is not acceptable as provision was required to be made on the basis of past experience. Moreover, Board of Directors also agreed to pay Rs.5.05 crore.

3. Current assets, loans and advances had been overstated by Rs.1.00 crore on account of outstanding advances against the sub-contractors in respect of completed jobs.

The Management stated that the outstanding debit and credit balance in respect of completed jobs would be reconciled during 1998-99.

4. Current assets, loans and advances included an amount of Rs.2.23 crore withheld (shown as recoverable) towards risk and purchase cost and weight variation for which no provision had been made.

The Management stated that adjustments would be carried out during 1998-99.

1.2.73 Steel Authority of India Limited

1. Employees' remuneration and benefits were understand by Rs.362.40 crore due to:-

(i) Non-provision of liabilities in respect of wage revision-Rs.194.48 crore.

The Management stated that the pending finalisation of wage agreement with employees, the impact thereof was not ascertainable.

The Management's reply is not acceptable in view of the fact that the revised wages were due for payment with effect from 1 January 1997 and the Company had in the past made such provision on ad-hoc basis.

(ii) Non-provision of liabilities in respect of (a) leave encashment – Rs.158.16 crore and (b) voluntary retirement scheme – Rs.9.76 crore.

The Management stated that liability towards leave encashment was recognised and provided for only when the encashment was allowed by the management and VRS were accounted for on cash basis.

The Management's reply is not acceptable as the practice followed by the Company was in contravention of Accounting Standard and also against the concept of accounting on accrual basis specified in the Companies Act, 1956.

2. There was an under-charge of depreciation and other expenses to the extent of Rs.140.25 crore due to delayed capitalisation/non-capitalisation of certain units at Rourkela and Durgapur Steel Plant.

The Management stated that the units had been capitalised in line with recognised accounting policy and practice consistently followed by the Company.

The Management's contention is not acceptable as the units/plants were ready for commercial production and the actual production was more than 50 per cent of the installed capacity/planned production.

3. There was an overvaluation of inventories by Rs.33.75 crore due to:-

(i) Adoption of higher rates for valuation of iron ore fines, iron skull scrap and reconditioned spares-Rs.21.95 crore.

(ii) Valuation of off-grade limestone not acceptable to steel plants and having no immediate market demand – Rs.7.01 crore.

(iii) Valuation of pig iron (shown as addition to the physically verified stock) and imported coking coal lying embeded at Haldia/Vizag ports – Rs.4.79 crore.

The contention of the Management that valuation was made as per the consistent accounting practice being followed by the Company is not acceptable.

4.(i) No provision was made for obsolete stores and spares, escalation payments and dismantling expenditure – Rs.4.02 crore.

The Management stated that provision was not made as the stores and spares in question were not declared obsolete/surplus and the escalation claims were received after the cut off date. The expenditure on dismantling of existing assets was capitalised as per accounting policy of the Company.

The reply of the Management is not acceptable as stores and spares were lying idle for more than 3 years, liability for escalation claim was known to the Management and dismantling expenditure did not increase the performance or capacity of the asset.

(ii) There was under charge of expenditure by Rs.5.77 crore due to capitalisation of revenue expenditure.

The Management's contention that the expenditure were of capital nature is not tenable as iron ore and fines found short during physical verification, repair and maintenance expenses and expenditure on Research & Development activities were of revenue nature and should not have been capitalised.

1.2.74 Visvesvaraya Iron and Steel Limited

1. Accounting Policy of the Company regarding leave liability was in violation of Accounting Standard-15. Non-creation of leave encashment liability upto 31 March 1998 amounting to Rs.1.72 crore had resulted in understatement of liabilities and loss to that extent.

The Management stated that leave was not a matter of right. As leave was meant to be availed of, employees had been advised to plan their leave in advance while in service and also immediately before superannuation. Liability towards leave encashment would accrue only when leave was not allowed to be availed of by the Company. Therefore, liability towards leave encashment was recognised and provided for only when encashment was allowed by the Management. Appropriate disclosure had been made in the Notes on Accounts.

The reply of the Management is not acceptable as the provision for terminal benefits on acturial basis is mandatory as per Accounting Standard 15.

2. Inventories were overstated by Rs.8.09 crore due to accounting of the quantity of unprocessed skull scrap at 62736 MT as against 37423 MT.

The Management stated that unprocessed scrap inventory of 62736 tonnes was based on technical assessments carried out in earlier years. There had been no fresh assessment in the current year. The recorded unprocessed skull scrap was available for further processing, recovery and disposal.

The reply of the Management is not tenable as technical assessment had not considered the scrap excavated and processed as per January 1993 contract and the Company estimated only 30,000 M.T of scrap in December 1997. Hence the scrap balance worked out to 37,423 M.T only.

3. Loss and current liabilities were understated by Rs.1.89 crore due to:

a) The Company taking credit for rebate in demand charges amounting to Rs.1.76 crore in contravention of Government of Karnataka order dated 26 July 1996.

b) short accounting of interest of Rs.12.56 lakh on the amount mentioned above at (a).

The Management stated that as per agreement between SAIL/VISL and KEB/KPCL, supply of power and tariff for power from Kadra, shall be effective from 1 June 1996 whether or not the unit was commissioned and billing demand shall have the rebate as per the agreement. Bills had been correctly admitted by the Company as per the agreement.

The reply of the Management is not tenable. As per Government of Karnataka order (ibid) taking credit before commissioning of Kadra Project was not correct.

MINISTRY OF TEXTILES

1.2.75 The Handicrafts and Handlooms Exports Corporation of India Limited

Sales (Rs.318.28 crore) were overstated by Rs.44.04 crore due to inclusion of sale of gold and silver jewellery effected by the Company's associates in exhibitions and fairs held abroad. Similarly, purchases had been overstated by Rs.40.46 crore. The accounting of these transactions as its own sales and purchases at gross value instead of accounting for service charges of Rs.3.58 crore only was in violation of the guidelines issued by the Government and Accounting Standard-9.

The Management stated that the matter was proposed to be referred to the Government/Institute of Chartered Accountants of India.

The reply of the Management is not acceptable as booking of purchases and sales of gold/silver jewellery effected by the associates as its own was in violation of the guidelines of the Government and Accounting Standard-9.

MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT

Department of Urban Development

1.2.76 National Buildings Construction Corporation Limited

1. Unsecured loans (Rs.216.05 crore) included Rs.101.13 crore and Rs.114.92 crore, being the principal amount of loans taken by the Company and interest accrued and due thereon respectively, but not paid by it as at 31 March 1998. The Company had also not provided for penal interest of Rs.46.87 crore, payable due to default in repayment of Government loan and interest thereon. This had resulted in understatement of loss to the extent of Rs.46.87 crore.

The Management stated that the matter relating to waiver of interest (Rs.46.87 crore) on overdue Government loan was under consideration of the Government.

The reply of the Management is not tenable as pending sanction of the Government, the treatment given by the Company was not in order.

2. The Company had not provided for foreseeable loss in respect of contracts on which such loss was expected in its financial statements as stipulated in Accounting Standard 7. Accordingly, foreseeable loss aggregating Rs.12.86 crore had not been provided for in the accounts, resulting in understatement of provisions and loss for the year by Rs.12.86 crore.

The Management contended that the Company was regularly evaluating and closely monitoring the financial status of the projects under execution and was initiating necessary corrective and preventive steps to curtail/reduce the cost as might be required. The Management added that estimated profitability was also maintained by realising claims through arbitration or otherwise and hence provision of foreseeable loss during the currency of the contract was not considered necessary.

The contention of the Management is not tenable as compliance of the Accounting Standard-7 is mandatory.

3. Sundry debtors (Rs.271.75 crore) included Rs.90.78 lakh in respect of projects which had been completed and closed during the period from 1975-76 to 1992-93. As no pursuance had so far (September 1998) been made after the closing of these projects, the chances of recovering the dues were remote. However, no provision had been made for doubtful debts resulting in overstatement of Sundry debtors by Rs.90.78 lakh and understatement of provision for doubtful debts with a consequent understatement of loss by Rs.90.78 lakh.

The Management stated that no provision for doubtful debts had been made as the debts due were from Government Departments/PSUs and were considered good.

The contention of the Management is not tenable as it failed to realise the dues from 1975-76 to 1992-93 even after a regular follow-up. Provision should have been made to meet any eventuality of non-recovery of dues.

4. Accounting policy of the Company allowed to include in value of work done, claims not expressly provided for in the contract and claims not accepted by the client in respect of extra work/extra items, in violation of Accounting Standard-7. This had resulted in overstatement of value of work done and Sundry debtors by Rs.3.81 crore and understatement of loss by the same amount.

The Management stated that the accounting policy was being followed consistently over the years by the Company.

Reply of the Management is not acceptable as the accounting policy was in violation of Accounting Standard-7.

REVIEW OF ACCOUNTS

NAME OF THE MINISTRY COMPANY	BRIEF COMMENTS

Department of Atomic Energy

1.3.1 Indian Rare Earths Limited	The percentage of stock of stores, spares, etc. at the end of the year to consumption of stores, spares etc. during the year was 373.12 per cent.
1.3.2 Nuclear Power Corporation of India Limited	The percentage of Sundry debtors to sales was 107.04 per cent due to amount recoverable from the State Electricity Boards.

MINISTRY OF CHEMICAL & FERTILIZERS

Department of Chemicals and Petro-chemicals

1.3.3. Hindustan Organic Chemicals Limited

(i) The current ratio of the Company was 2.47:1.

(ii) The Debt equity ratio was 4.18:1.

Department of Fertilizers

1.3.4. Fertilizer Corporation of India Limited

(i) The accumulated loss (Rs.4218.60 crore) upto 31 March 1998 had completely eroded the paid up capital and borrowed fund and was 596.06 per cent of the paid up capital as against 513.21 per cent as on 31 March 1997.

(ii) The net worth of the Company was negative consecutively for last 3 years and it was (-) Rs.4.96 per rupee of paid up capital in 1997-98.

(iii) The debts were as high as 232.91 per cent of equity in 1997-98.

1.3.5. Hindustan Fertilizer Corporation Limited

(i) The accumulated loss of the Company up to 31 March 1998 (Rs.4278.53 crore) had completely eroded the paid-up capital and borrowed fund and was 586.82 per cent of paid up capital as against 512.01 per cent as on 31 March 1997.

(ii) The net worth of the Company was consecutively negative for the last three years and was (-) Rs.4.88 per rupee of paid up capital as on 31 March 1998 as against (-) Rs.4.14 as on 31 March 1997.

(iii) The debts of the Company was as high as 210.76 per cent of the equity as on 31 March 1998.

(iv) The current assets, loans and advances were as low as 6.67 per cent of current liabilities and provision (including interest accrued and due on loans) as on 31 March 1998 as against 7.69 per cent as on 31 March 1997.

(v) Sundry debtors was 32.50 per cent of Sales as on 31 March 1998 as against 24.46 per cent as on 31 March 1997.

MINISTRY OF COAL

1.3.6 Bharat Coking Coal Limited

(i) The net worth of the Company was consecutively negative for the last three years and was (-) Rs.0.20 per rupee of paid-up capital as on 31 March 1998 as against (-) Rs.0.40 as on 31 March 1997.

(ii) The accumulated loss of Rs.1654.49 crore of the Company upto 31 March 1998 had completely eroded the paid-up capital and had eaten up a sizeable portion of borrowings.

1.3.7 Central Coalfields Limited

(i) The Company incurred loss consecutively in the last three years and the same was Rs.85.67 crore on 1997-98 as against Rs.15.52 crore on 1996-97.

(ii) Debt equity percentage was 188.12 in 1997-98 as against 72.61 in 1996-97.

(iii) Sundry debtors as on 31 March 1998 were as high as 45.36 per cent of Sales as against 43.83 per cent during the previous year.

1.3.8. Eastern Coalfields Limited

(i) The accumulated loss of Rs.1728.60 crore of the Company upto 31 March 1998 had completely eroded its paid-up capital. The Company incurred a loss of Rs.533.77 crore in 1997-98 as against Rs.338.23 crore in previous year.

(ii) Sundry debtors as on 31 March 1998 were as high as 36.28 per cent of sales as against 32.17 per cent as on 31 March 1997.

MINISTRY OF COMMUNICATIONS

1.3.9. ITI Limited

The Company could show a profit of Rs.16.97 crore even after providing Rs.32.70 crore towards interim relief and the likely liability on wage revision to its employees mainly on account of the following reasons :

(i) Withdrawal of liability provided in the previous years due to change in the accounting policy in respect of leave salary from actual to actuarial valuation-Rs.20.75 crore.(Previous year-Nil).

(ii) Compensation received towards ICP claims-Rs.13.55 crore(Previous year Rs.9.82 crore).

(iii) Compensation from C-DOT-Rs.15.56 crore(Previous year-Nil).

(iv) Compensation towards E10B materials-Rs.8.87 crore(Previous year-Nil).

(v) Reimbursement of interest from DOT-Rs.9.00 crore(Previous year-Nil).

(vi) Increased compensation for the loss incurred by Srinagar unit-Rs.10.94 crore(Previous year-Rs.2.05 crore).

MINISTRY OF DEFENCE

Department of Defence Production & Supplies

1.3.10. Bharat Dynamics Limited

The profit before tax for the year amounting to Rs.63.46 crore included an amount of Rs.32.17 crore in respect of interest income on short term deposits/ loans / sundry advances/ other deposits advanced by the Company to some PSUs etc.

1.3.11. Goa Shipyard Limited

(i) The earning per share (in Rupees) came down from Rs.25.84 in 1995-96 to Rs.7.42 in 1997-98.

(ii) The stock materials increased to 35 months' consumption for production requirement of 1997-98 compared to 13 months' in 1996-97 and 9 months in 1995-96.

(iii) The work-in-progress increased to 23 months' value of production 1997-98 as compared to 17 months' in 1995-96 and 6 months' in 1996-97.

(iv) The percentage of debtors to sales increased from 1.68 in 1995-96 and 1.67 in 1996-97 to 8.49 in 1997-98 due to substantial decrease in sales.

MINISTRY OF INDUSTRY

1.3.12 Bharat Bhari Udyog Nigam Limited

The Company invested Rs.111.30 crore in five subsidiary companies which had eroded their entire paid-up capital and their accumulated loss were Rs.1044.06 crore as on 31 March 1997.

1.3.13 Braithwaite & Co. Limited

The net worth of the Company was negative (Rs.9.83 crore) as on 31 March 1998 and, therefore, eroded the entire paid-up capital of the Company.

1.3.14 Burn Standard Company Limited

The net worth of the Company as on 31 March 1998 was negative at Rs.505.48 crore and thereby eroded the entire paid-up capital of the Company.

1.3.15 Engineering Projects (India) Limited

Accumulated loss eroded the paid-up capital and reserves and surplus fully as on 31 March 1998.

1.3.16. HMT Limited

(i) Net worth declined continuously as the free reserves were progressively eroded by the losses suffered by the Company from the year 1992-93 onwards. During 1995-96, the entire reserves were wiped out including specific reserves like Debenture Redemption Reserve and Bond Redemption Reserve.

(ii) The loss for the year (Rs.29.14 crore) would have been much higher but for the profit of Rs.30.30 crore on sale of land and buildings and non-accountal of interest on Government of India loans amounting to Rs.1.60 crore pending approval for the conversion of loan into equity and waiver of outstanding interest.

(iii) The dues from Government departments and private parties constituted 13 per cent and 77 per cent of the total Sundry debtors respectively.

1.3.17. Heavy Engineering Corporation Limited

(i) The accumulated loss of Rs.1008.16 crore indicated the complete erosion of the paid up capital of Rs.437.87 crore as on 31 March 1998.

(ii) The current liabilities of Rs.422.36 crore had not only eroded the current assets of Rs.353.81 crore but had also eaten up value of fixed assets to the extent of negative working capital.

(iii) Sundry debtors as on 31 March 1998 was 103.67 per cent of the total Sales as compared to 76.07 per cent as on 31 March 1997.

1.3.18. Jessop & Co. Limited

(i) The net worth of the Company as on 31 March 1998 was negative at Rs.187.12 crore and thereby eroded the entire paid-up capital of the Company.

(ii) The Sundry debtors as on 31 March 1998 had gone upto 60 per cent of the total sales as against 42 per cent as on 31 March 1997 which indicated deterioration in realisation of debts.

1.3.19. Mining and Allied Machinery Corporation Limited

(i) The accumulated loss of Rs.720.74 crore as on 31 March 1998 had completely eroded the paid up capital and borrowings of the Company.

(ii) The net worth of the Company declined sharply from (-) Rs.13.67 to (-) 17.39 per rupee of paid-up capital from 1996-97 to 1997-98.

(iii) The debt equity percentage as on 31 March 1998 increased to 445.00 from 398.43 as on 31 March 1997.

(iv) Sundry debtors as on 31 March 1998 grew up proportionately to 194.19 per cent of Sales from 111.51 per cent as on 31 March 1997.

1.3.20. Nagaland Pulp and Paper Company Limited

The accumulated loss of Rs.146.37 crore as on 31 March 1998 was 122 per cent of the paid-up capital.

1.3.21. Richardson & Cruddas (1972) Limited

(i) The current ratio (current assets to current liabilities and provisions and interest accrued and due but excluding provision for gratuity) was 172 per cent.

(ii) The accumulated loss of Rs.51.35 crore as on 31 March 1998 was 93.64 per cent of the paid up capital of the Company.

MINISTRY OF POWER

1.3.22. North Eastern Electric Power Corporation Limited

Sundry debtors of Rs.235.80 crore as on 31 March 1998 were 132 per cent of the sales.

MINISTRY OF PETROLEUM AND NATURAL GAS

1.3.23. Cochin Refineries Limited

No bonus shares had ever been issued by the Company though the Reserves and Surplus were 11.51 times of the paid-up-capital. Despite an increase in Reserves and Surplus by Rs.196.14 crore, the Company had not taken steps to create Dividend equalisation fund to meet future eventualities or to issue bonus shares.

MINISTRY OF STEEL & MINES

Department of Mines

1.3.24. Bharat Gold Mines Limited

(i) The Company had been meeting its working capital requirements mainly out of borrowed funds from Government of India, inter-corporate loans and cash credit from banks.

(ii) The Company had been sustaining loss year after year and the capital employed and net worth were also negative.

(iii) The accumulated loss had completely eroded the paid-up capital and reserves and surplus.

(iv) The production of gold during 1997-98 was 514 KGs compared to a target of 650 KGs.

Department of Steel

1.3.25. Bharat Refractories Limited

(i) The cumulative loss of Rs.89.89 crore (including pre-acquisition loss of Rs.22.31 crore of IFICO upto 30 September 1997) as on 31 March 1998 represented 86.52 percent of the paid up capital.

(ii) Debts outstanding for 3 years or more against the Government companies /undertakings were Rs.1.74 crore and against Private parties were Rs.1.42 crore as on 31 March 1998.

(iii) The Sundry debtors as on 31 March 1998 were 50.13 per cent of total sales as against 36.52 per cent of total sales of 1996-97.

1.3.26. Hindustan Steelworks Construction Limited

(i) The accumulated loss of Rs.110.70 crore as on 31 March 1998 represented 55.08 times of the paid-up capital and thereby eroded the entire paid-up capital.

(ii) The Sundry debtors as on 31 March 1998 were 129.03 per cent of the total contract receipts.

(iii) No physical verification of the stock valuing Rs.2.68 crore lying in Libya has been conducted since 1988-89.

1.3.27. Indian Iron and Steel Company Limited

(i) The cumulative loss of Rs.1556.21 crore as on 31 March 1998 represented 401.43 percent of paid up capital of Rs.387.67 crore.

(ii) Investment included Rs.3 crore invested in its fully owned subsidiary company IISCO Ujjain Pipes & Foundry Company Limited which had accumulated loss of Rs.15.14 crore as on 31 March 1996, was referred to BIFR in March 1994 and went into liquidation on 10 July 1997. The Company had made full provision against such investment.

1.3.28. Maharashtra Elektrosmelt Limited

(i) The earning per share of the Company was only Rs.0.45 as against a face value of Rs.10.

(ii) The stock of finished products had increased from Rs.6.05 crore in 1995-96 to Rs.14.75 crore in 1996-97 and to Rs.20.47 crore in 1997-98. The increase in stock was mainly due to generation of excess fine as compared to earlier years.

1.3.29. MSTC Limited

(i) Sundry debtors of Rs.45.27 crore as on 31 March 1998 were 208 per cent of sales.

(ii) The percentage of doubtful debts to sales was 10.77 per cent during 1997-98.

1.3.30 National Mineral Development Corporation Limited

The profit before tax for the year amounting to Rs.216.67 crore included an amount of

Rs.26.16 crore in respect of interest income on deposits with banks and loans to PSUs and other financial institutions.

1.3.31 Rashtriya Ispat Nigam Limited

The profit for the period (October 1997 to March 1998) of Rs.29.53 crore was arrived at after writing back Rs.235.85 crore being interest on Government of India loans provided in earlier years consequent on conversion of loans into share capital retrospectively.

1.3.32 Steel Authority of India Limited

(i) The debt equity ratio increased from 1.49:1 in 1995-96 to 2.24:1 in 1997-98 which indicated that the Company was more dependent on borrowed funds.

(ii) 78.5 per cent of the funds borrowed during the year were utilised for servicing of debts.

(iii) Stock of semifinished products was as high as 36 per cent of total sales resulting in blocking of working capital.

(iv) The percentage of cost of sales to net sales realisation increased from 94.88 in 1996-97 to 98.77 in 1997-98.

1.3.33 Visvesvaraya Iron and Steel Limited

(i) Sundry debtors constituted 75.82 per cent of the quick assets and so the Company was likely to face liquidity problems if the debtors were not collected regularly.

(ii) Loss for the year should be viewed in the light of the following (a) concessional power tariff of Rs.8.78 crore.(b) subsidy in power charges - Rs.0.28 crore (c) wage revision liability not provided for - Rs.1.89 crore and (d) leave encashment liability not provided for Rs.- 1.25 crore.

(iii) The loss for the year decreased by Rs.17.90 crore due to (a) decrease in interest and finance charges - Rs.29.76 crore, (b) profit on sale of fixed assets

- Rs.0.82 crore, (c) withdrawal of liability created towards wage revision existing as on 31 March 1997 - Rs.1.48 crore, and non provision of liability for the year 1997-98, (d) withdrawal of leave encashment liability existing as on 31 March 1997 - Rs.0.47 crore and non-provision of liability for the year 1997-98 and (e) Inclusion of interest on working capital as part of cost of production resulting in higher valuation of inventories and consequent reduction in losses - Rs.0.56 crore.

MINISTRY OF SURFACE TRANSPORT

1.3.34 Dredging Corporation of India Limited

The profit for the year amounting to Rs 72.78 crore included an amount of Rs.22.86 crore being the non-operational income of interest on fixed deposits with Banks.

1.3.35 Hindustan Shipyard Limited

The accumulated loss of Rs.1056.03 crore as on 31 March 1998 had eroded the entire paid-up capital (Rs.90.81 crore).

1.3.36 Shipping Corporation of India Limited

The percentage of Sundry debtors to operating earnings had increased from 10.75 in 1995-96 to 16.63 in 1996-97 and to 22.17 in 1997-98.

MINISTRY OF TEXTILES

1.3.37 Cotton Corporation of India Limited

The current ratio of the Company was 545 per cent.

1.3.38 NTC(APKK&M) Limited

(i) The Company had been sustaining loss year after year and the capital employed and net worth were also negative.

(ii) The accumulated losses had completely eroded the paid up capital and reserves and surplus.

(iii) The Company had been meeting its

working capital requirements mainly out of borrowed funds from the holding company and cash credit from bank.

(iv) The poor performance of the Company during 1997-98 was due to (i) curtailed operation by the Company due to shortage of working capital, (ii) increase in idle wages and other fixed expenses due to closure/partial operations of the Mills, (iii) increase in input cost of raw material, power and fuel, employees' remuneration and benefits due to implementation of Vth Pay Commission with effect from 1 January 1996 and borrowing cost, (iv) operations were also affected due to VRS introduced since 1996 and charging of VRS benefits and (v) prolonged recession in yarn market and reduction in market price of yarn.

(v) Company's value of production declined by Rs.30.41 crore (i.e. around 17.89 per cent) compared to previous year. Due to shortage of working capital, the Company reduced its production activities in most of its mills. Sales also declined by Rs.37.79 crore compared to the previous year with both sale of cloth as well as yarn declining sharply.

MINISTRY OF URBAN AFFAIRS & EMPLOYMENT

Department of Urban Development

1.3.39 National Buildings Construction Corporation Limited

Accumulated loss had fully eroded the paid-up capital and free reserves and had eaten into the borrowed funds to the extent of Rs.117.55 crore as on 31 March 1998.

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

The Statutory Auditors (Chartered Accountants) report upon the possibility of improvement in certain aspects of the accounts of Government Companies in accordance with the directions issued by the Comptroller and Auditor General of India to them under Section 619(3)(a) of the Companies Act, 1956.

Out of the 261 Central Government Companies and 82 Deemed Government Companies as at the end of 31 March 1998, a resume of illustrative major comments for the year 1997-98 on possible improvement in the accounts of some of the Companies is given below:-

NAME OF THE MINISTRY/COMPANY	AREA FOR IMPROVEMENT

2.1 System of Financial Control and Accounts

MINISTRY OF AGRICULTURE

Department of Agriculture and Co-operation

2.1.1 National Seeds Corporation Limited	Recording of receipts and expenditure (a) no separate stock records were kept for seeds on which subsidies were recoverable from Government of India, (b) stock and sales statement had not been reconciled and (c) plant log books had not been maintained properly at most of the processing plants.

Department of Atomic Energy

2.1.2 Uranium Corporation of India Limited	(i)	Receipt, issue and transfer vouchers having no pre-printed serial numbers were open to misuse.
	(ii)	At some units, a large number of issue and transfer vouchers were not valued and accounted for.
	(iii)	Provision in Memorandum of Association and delegation of power was violated in granting loan to other Companies.

MINISTRY OF CHEMICALS AND FERTILIZERS

Department of Chemicals and Petro-Chemicals

2.1.3. Bengal Chemicals and Pharmaceuticals Limited	Difference between control and subsidiary accounts for Sundry debtors and creditors needed scrutiny and adjustment.
2.1.4. Hindustan Insecticides Limited	The credit obtained from banks were not always necessary since the Company had paid commitment charges for non-utilisation of credit limit. Management of working capital was also very poor.

MINISTRY OF COAL

2.1.5. Central Coalfields Limited	(i)	Accounting of TA/LTC advances, demurrage, escalation claim, liquidated damage, insurance, railway claim etc. were not made on accrual basis.
	(ii)	Reconciliation of balances with subsidiaries of holding Company was never done.
	(iii)	Procedure for procurement and disposal of stores had enough scope of improvement.
2.1.6. Coal India Limited	(i)	Adjustment of advances with corresponding liabilities needed to be expedited.
	(ii)	Confirmation of balances in respect of debtors, claims and advances should be expedited.

2.1.7. Northern Coalfields Limited	Bank reconciliation was not undertaken on a regular basis during the accounting year 1997-98 in respect of Khadia Area.

MINISTRY OF COMMUNICATIONS

Department of Telecommunications

2.1.8. ITI Limited	(i)	Inter Unit accounts were reconciled only annually. It should be done quarterly/half yearly.

(ii) Certain old cheques lying in Bank Reconciliation Statement as not having been credited/debited by the Bank were to be pursued and settled.

2.1.9. Mahanagar Telephone Nigam Limited

(i) Controls on revenue billing, billing and certification for service connections, control over revenue from unmanned PCOs and for timely deposit and realisation of dues from subscribers and accounting of items outstanding in bank reconciliation statements is required to be strengthened.

(ii) At the Delhi unit materials purchased were sometimes directly charged to maintenance without recording these as receipt and issue in the stock ledger. At the Mumbai unit system of maintenance of records of consumption, its allocation and documentation for inter-project and inter-purpose transfer of materials needed to be strengthened.

(iii) Deficiencies in classification of expenditure during construction were noticed due to accounting on the basis of delayed intimation of completed project works and inadequate records/information regarding unsanctioned capital works and those executed through civil and electrical wings of DOT in Delhi.

(iv) Bank reconciliation statements, carried outstanding debit and credit entries aggregating Rs.1.16 crore and Rs.2.33 crore respectively which were not accounted for in the absence of supporting particulars. Vigorous follow up was required by the Company to clear these unadjusted entries.

(v) Frequency of reconciliation of control accounts and subsidiary accounts needed to be increased. Delhi unit was not maintaining sub-ledgers except in some areas. In respect of Mumbai unit, either work registers were not maintained or not updated. Subsidiary ledgers for Sundry creditors were not maintained at Mumbai unit. In respect of telephone revenue, there was no system of periodic reconciliation of Sundry debtors, deposits, etc.

(vi) The cost of stores and materials issued was charged to the project or revenue job for which it was initially issued without adjustment for subsequent transfer of stores and material between different projects/purposes.

2.1.10. Videsh Sanchar Nigam Limited

(i) The control accounts and subsidiary records relating to Traffic Debtors/Creditors were not reconciled regularly as a result certain old balances were lying in suspense account at Northern Region.

(ii) Proper stock records for imported materials were not maintained at Arvi Branch and Northern Region which created loopholes in the system as well as gave chances for pilferage of stocks.

(iii) There was no proper internal accounting control in maintenance of accounts which led to (a) maintaining unclassified accounts (b) non-maintenance of proper records or register for various services and (c) failure to maintain contract register.

MINISTRY OF DEFENCE

Department of Defence Production & Supplies

2.1.11. Bharat Earth Movers Limited

(i) There was ample scope for efficient management of the credits obtained by the Company, so that the cost of credit was brought down to levels obtaining in other Public Sector Undertakings. This would go a long way in improving the profitability of the Company.

(ii) The gains arising out of translation of current assets and current liabilities as on 31 March 1998 had been ignored and only losses arising out of such transactions were recognised. Had such gains been recognised, the charge to Profit and Loss account would have been lower by Rs.1.84 crore and profits higher by similar amount. This was not in conformity with the Accounting Standard-11.

(iii) Due to non-recognition of uncertainty as regards the collectability of Sundry debtors upto 1993-94, profit was overstated by Rs.6.78 crore. This was not in conformity with Accounting Standard-9.

2.1.12. Mishra Dhatu Nigam Limited

(i) The Company was following cash system of accounting in respect of Income from sale of unserviceable scrap/unserviceable stores, export incentives and L.T.C encashment. Regarding booking of sales, the Company was following its own Accounting Policy which was not in conformity with the Accounting Standard-9 of the Institute of Chartered Accountants of India. Further expenditure and income under Research & Development was not separately disclosed in the Profit and Loss account except by way of a note.

(ii) The Accounting Policies on revenue recognition and accounting on cash basis were not in conformity with the Accounting Standards of the Institute of Chartered Accountants of India. Accordingly, sales were prematurely booked to the extent of Rs.14.04 crore.

2.1.13. Vignyan Industries Limited

Delegation of financial powers were made in February 1985 and with the passage of time, monetary limits prescribed appeared to be low.

MINISTRY OF FINANCE

2.1.14. General Insurance Corporation of India Limited

There was no system of obtaining confirmation of year end balances from the parties having debit/credit balances. The corporation had no premium deposits, sundry deposits and agents balances.

2.1.15. Oriental Insurance Company Limited

There was no system at Divisional Offices for reconciliation/analysis and confirmation in respect of Agents balances.

2.1.16. The New India Assurance Company Limited

There was no system at the Divisional Offices regarding :

(i) Reconciliation of refund premium/agents premium agents commission control account.

(ii) Maintenance of salvage registers showing collection of salvage at the time of payment of claims and its non-disposal for many years.

(iii) Maintenance of claims register, fixed assets register and surveyor allotment register etc.

MINISTRY OF FOOD PROCESSING INDUSTRIES

2.1.17. Modern Food Industries (India) Limited

Accounting policy did not provide for valuation of work-in-progress.

MINISTRY OF HEALTH AND FAMILY WELFARE

2.1.18. Hindustan Latex Limited

(i) The system of drawing the periodical trial balance was not satisfactory.

(ii) Purchases were not accounted as and when material were received and passed on to the stores. Material consumption was accounted at the year end. At Akkulam Plant, local purchase of material against imprest cash was not accounted in time.

(iii) Bank accounts of the Company were not reconciled on trial basis in time at Nirodh Factory, Trivandrum and at Akkulam Unit. Delay in accounting inter-unit transfers, interest and loan charges was noticed.

MINISTRY OF INDUSTRY

2.1.19. Bharat Brakes & Valves Limited

The control accounts and subsidiary accounts were not reconciled.

2.1.20. Bharat Heavy Electricals Limited

(i) There was no system of periodic preparation of trial balance at Goindwal Unit.

(ii) A bank account maintained at New Delhi under the centralised cash management scheme had very old unadjusted outstanding entries as at 31 March 1998 as under:

(a) Credit of Rs.32.62 lakh and debits of Rs.5.85 crore made by the Company in the bank account.

(b) Debits of Rs.4.29 crore and credits of Rs.4.68 crore made by the bank in the Company's account at the Goindwal Unit.

(iii) Profit on inter-unit transfer of material had not been reduced from the inventory valuation at the close of the year and the consequential overstatement of inventory and profit for the year, not having been worked out, remained unascertained.

(iv) The accounting policy on revenue recognition was not strictly in accordance with the Accounting Standard.

2.1.21. Bridge & Roof Co.(India) Limited

The control accounts and subsidiary accounts were not reconciled regularly.

2.1.22. Engineering Projects (India) Limited

(i) The trial balances in some of the closed projects were being prepared at the end of the year during the course of the audit.

(ii) The amount of provisions was not being deducted from sundry debtors in consonance with the requirements of Schedule VI of the Companies Act, 1956.

(iii) In case of some of the contracts, particularly in the case of closed contracts, the inter office balances were not reconciled regularly for timely adjustment of differences, if any.

(iv) In some of the projects individual accounts of suppliers were not maintained, rendering it difficult to control the outstandings in different accounts.

(v) The investments were valued at cost instead of carrying cost.

2.1.23. Heavy Engineering Corporation Limited

Value of work-in-progress and finished goods included items valued at Rs.1.40 crore against closed, cancelled and old orders pending transfer to stores and also Rs.1.50 crore valued at realisable price (net) against the sales returns, which were lying in stock as on 31 March 1997.

2.1.24. National Bicycle Corporation of India Limited

(i) In the case of Ghaziabad Unit, reconciliation of bank account was done at the end of the year only. However, in respect of bank accounts, bank statements and balance confirmation were not available.

(ii) Fixed Assets Register had not been maintained upto date for both Mumbai and Ghaziabad units.

2.1.25. National Small Industries Corporation Limited

Bank reconciliation was made on yearly basis in general. In respect of four inoperative accounts at R.O. Gurgaon and one at Head office bank reconciliation was not being done.

Following Accounting Policies were not in conformity with mandatory requirements:

(i) Accounting Policy on treatment of certain expenses/income on cash basis, not in accordance with the provisions of Section 209 of the Companies Act, 1956.

(ii) Accounting Policy No.3 (ii) on debtors/receivables that were shown secured on the basis of original value of security instead of present market/realisable value of such securities.

(iii) Accounting Policy No. 4 (ii) rergarding non–conversion of foreign exchange liability on the prevailing exchange rates as at the end of the year.

2.1.26. Praga Tools Limited

1996-97- (i) Sales Accounting Department was not allocating certain receipts bill wise and was classifying them as unlinked credits. This had created problem in identifying the extent to which these bills were outstanding and the reasons for the short payment by the customers. A proper co-ordination between the Marketing Department and the Sales Accounting Department is required.

(ii) There was no proper reconciliation between the Cash department and the Compilation department during the course of the year. Only at the end of the year the Compilation department was collecting the details of unpaid/partly paid bills and bringing them to the books.

(iii) The accounts were in arrear. The journal entries were not being sent to the compilation section regularly by various sections in the Accounts department.

(iv) There was a lot of delay in forwarding the journal vouchers by various sections like, Purchase Accounts Section, Sales Accounts Section, Cash Accounts Section, Pay Bill Accounts Section, Cash Section etc. to the Compilation Section which was resulting in delay in compiling the accounts of the company.

(v) In view of the fact that some heads under Sundry creditors were showing a debit balance for a number of years the Company should undertake a thorough review of the balances under Sundry creditors and rectify the position.

(vi) No efforts were made to ascertain whether the stocks transferred to the Marketing offices situated throughout the country have been actually delivered to the customer though the Company has a system of reconciling the inter-office accounts.

(vii) The Company has not maintained the subsidiary ledgers for Miscellaneous Advances paid to contractors, employee related advances, unpaid wages and salary recoveries. Other control accounts are reconciled with the subsidiary ledgers at the end of the year.

(viii) The Company has not followed the Accounting Standards, viz., Valuation of Inventories (AS-2), Staff and Workmen retirement benefits (AS-15), MODVAT benefits utilised in advances of consumption of material (Guidance Note) and Liability towards Excise Duty on the finished goods in stock (Guidance Note).

(ix) Separate accounts were not maintained division-wise and no segment-wise profit and loss statements were prepared.

(x) The Company had been resorting to the practice of accounting sales without matching production and/or despatches from several years. Even during the year 1996-97 the Company had resorted to this practice. The Company reversed these transactions for a value of more than Rs.21 crore accumulated over a period of years.

MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES

2.1.27. Indian Renewable Energy Development Agency Limited

(i) In some cases amounts received from the borrowers on account of interest and instalments towards repayment of principal had not been allocated as per the directions of the borrower/terms of loan agreement.

(ii) The accounting policy in respect of certain types of income/expenditure was not in conformity with the Accounting Standard issued by the Institute of Chartered Accountants of India.

MINISTRY OF PETROLEUM AND NATURAL GAS

2.1.28. Biecco Lawrie Limited

The system of accounting for return inwards was not adequate.

2.1.29. Cochin Refineries Limited

The Company had not accounted an income of Rs.47.86 crore being income towards arrears of refining costs and margins for the earlier years, as well as for the current year which was not in accordance with the mandatory accounting standards and which had the effect of reducing the profit for the current year by Rs.47.86 crore with a consequential effect on the net worth.

2.1.30. Engineers India Limited

Accounting policy No 3 of the Company was not in conformity with Accounting Standard-11 issued by the Institute of Chartered Accountants of India. Gains due to exchange fluctuations to the extent of Rs. 4.37 crore had not been accounted for.

2.1.31. ONGC Limited

Updating of control accounts and subsidiary accounts and the reconciliation process needed to be strengthened including inventories and fixed assets.

MINISTRY OF POWER

21.32. National Hydro Electric Power Corporation Limited

Priced stores ledgers were not reconciled in case of Dulhasti and Kurichu projects with financial books.

2.1.33. Power Grid Corporation of India Limited

The procurement and disposal of stores were recorded at unit level whereas priced stores ledger was maintained at Regional level. The priced stores ledger should be maintained at unit level instead of at Regional level for effective management and control of stores.

2.1.34. Rural Electrification Corporation Limited

(i) The Company was not properly maintaining scheme-wise loan registers. The scheme-wise loan ledgers being maintained by the Company did not contain the particulars of interest debited, penal interest debited, principal repayment due etc.

(ii) The Guidance Note issued by the Institute of Chartered Accountants of India with regard to accounting of leasing income had not been adhered to by the Company.

MINISTRY OF RAILWAYS

2.1.35. Container Corporation of India Limited

Freight and handling income/expenses, ground rent and wharfage were accounted on cash basis which was contrary to Accounting Standard-1 as issued by Institute of Chartered Accountants of India.

21.36. Indian Railway Finance Corporation	(i)	The Company was not following the system of preparing Trial Balance at regular intervals.
	(ii)	The bank accounts were not being reconciled regularly with bank statements.

Department of Science and Technology

2.1.37. National Research Development Corporation Limited	(i)	The Company did not have readily available information with regard to amount receivable on account of royalty. A strong follow up system for timely submission of returns and recovery of amounts from the licensees was required.
	(ii)	Trial balances were drawn periodically, two or three times in a year and not at monthly intervals.
	(iii)	Reconciliation of cheques deposited but not credited was pending for various bank accounts.
		The accounting policies for accounting of premia, disclosure fee, interest on delayed payment of royalty, subscription for magazines and legal charges of the Company were not in accordance with the Accounting Standards.

MINISTRY OF STEEL AND MINES

Department of Mines

2.1.38. Bharat Gold Mines Limited	Certain expenditure and income were booked on cash basis. This was not in accordance with the requirement of Accounting Standard 15 issued by the Institute of Chartered Accountants of India.
2.1.39. Hindustan Zinc Limited	Priced store ledger was not maintained up to date at Tundoo, Vishakapatnam.

2.1.40. Mineral Exploration Corporation Limited	The fixed assets records were incomplete as regards location of the assets (Nagpur HQ, Ranchi areas)

Department of Steel

2.1.41. Hindustan Steel Works Construction Limited	No unit of the Company had maintained any subsidiary ledger of the Sundry debtors broken up into work orders.
2.1.42. Kudremukh Iron Ore Company Limited	The Company's surplus stores were showing an increasing trend and the value of such surplus stores as on 31 March 1998 was Rs. 5.65 crore. The Company should take appropriate steps to dispose of the surplus stores and should maintain stock at optimum level.
2.1.43. MECON (India) Limited	(i) Advances to suppliers and sub-contractors included some old balances and value of steel and other materials, required reconciliation, adjustment and confirmation of the parties.
	(ii) The Company had neither obtained nor specified the procedure for obtaining balance confirmation regarding outstanding invoices from clients and amount payable under Sundry creditors to its vendors.
2.1.44. MSTC Limited	(i) The reconciliation of subsidiary ledger relating to earnest money deposit of Western Regional Office, Mumbai had not been done.
	(ii) System of monitoring the timely recovery of outstanding dues needed further improvement.
2.1.45. Steel Authority of India Limited	Interest on funds borrowed for working capital requirement was considered as a part of cost for valuation of semi/finished stock resulting in increase in profit by Rs.159.78 crore.

2.1.46. Visvesvaraya Iron and Steel Limited

(i) There was a change in the method of accounting of leave encashment, which was not in conformity with Accounting Standard (AS-15) prescribed by ICAI and consequent write back of liability of Rs.47.23 lakh created as at 31 March 1997.

(ii) There was a change in the method of valuation of finished/semi-finished stocks, which was not in conformity with the Accounting Standard (AS-2) prescribed by ICAI, resulting in reduction in loss by Rs. 56.25 lakh.

MINISTRY OF SURFACE TRANSPORT

2.1.47. Hindustan Shipyard Limited

(i) The Company was not following the Accounting Standard 7 dealing with accounting for construction contracts in totality. As a result of such deviation from the Accounting Standard the future loss that were not accounted for as on 31 March 1998 amounted to Rs.53.64 crore.

(ii) The Company was also not providing for leave salary accrued as at the end of the accounting year as required by the Accounting Standard 15. The estimated amount is about Rs.3.45 crore.

2.1.48. Hooghly Dock and Port Engineers Limited

(i) The Company had not drawn up any periodical trial balance.

(ii) The Company did not have any manual or other instructions laying down the detailed accounting procedure and specifying the duties and responsibilities of different officers.

MINISTRY OF TEXTILES

2.1.49. Handicrafts and Handlooms Exports Corporation of India Limited

The booking of purchases and sales of gold/silver and jewellery items in fairs abroad, made with the help of business associates as its own purchases/sales was not as per the Accounting Standard-9.

2.1.50. National Handloom Development Corporation Limited

(i) The procedure for monitoring of rates of yarn (including Silk) purchases and updation of approved list of suppliers of yarn needed to be strengthened in the Regional Office, Calcutta.

(ii) Credit balances were lying in the accounts of Calcutta Unit. Such idle credit balances could have been transferred to Head office for proper utilisation and reducing overall interest burden of the Company.

2.1.51. National Textile Corporation (WBABO) Limited

(i) The Company did not prepare periodical Trial Balance at Unit level.

(ii) There were deficiencies in maintaining Fixed Assets records.

(iii) There was no proper system of recovery of loans and advances.

MINISTRY OF TOURISM

2.1.52. India Tourism Development Corporation Limited

(i) Inter unit accounts were reconciled at the year-end only in Headquarters units, Ashok Hotel New Delhi, Hotel Ashok Bangalore, Ashok Tours and Travels Bangalore, Airport Restaurant Bangalore.

(ii) Subsidiary ledgers were completed in Airport Ashok Restaurant New Delhi during the course of audit.

(iii) Control ledgers were not reconciled in case of Hotel Kalinga Ashok. In Hotel Janpath, it was reconciled during the course of audit.

(iv) Encashment certificates issued to customers for, inter-alia, recording of foreign currencies received towards settlement of bills did not contain the details of bill numbers, dates, room numbers etc. in Hotel Janpath.

(v) The individual acknowledgement/MCs and challans were not checked daily by an officer other than the cashier and the writer of sub ledgers. This had already resulted in financial irregularities aggregating Rs.19.50 lakh during the period October 1995 to June 1996. Further, bank reconciliation statements were not prepared every month in Hotel Janpath.

(vi) System of internal control required improvement with an inbuilt system of internal check in Hotel Ashok, New Delhi. In case of Kalinga Ashok Hotel, Bhuvaneshwar, Airport Restaurant and Flight Kitchen, Calcutta, Hotel Airport Ashok, Calcutta, Hotel Janpath, Western Court Delhi, Ashok Travels Service Station, Delhi, Ashok Tours and Travels (Travel Agency), Delhi, Ashok Tours and Travels (Transport), New Delhi, Kanishka Hotel, Hotel Varanasi Ashok, Ashok Tours and Travels, Patna, Laxmi Vilas Palace, Hotel Bodhgaya Ashok and Ashok Yatri Niwas Delhi. The Trial Balances were being prepared at the end of the year.

(vii) Accounts were not written up on day to day basis in Ashok Tours Travels, Varanasi and Hotel Ashok, Varanasi.

(viii) Accounts were compiled during the course of audit in Samrat Hotel and Airport Ashok Restaurant, New Delhi.

MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT

2.1.53. National Buildings Construction Corporation Limited

(i) In closed units, bank accounts were maintained to facilitate adjustment of payments from clients. Reconciliation of such accounts was not available.

(ii) Contrary to AS-7 issued by the Institute of Chartered Accountants of India, the Company had not provided foreseeable loss/expected expenditure during the unexpired maintenance period in respect of projects.

(iii) In certain cases, extra/substituted items and cost escalation claims were recognised as value of work done without evidence of final acceptability by the client.

MINISTRY OF WELFARE

2.1.54. National Minorities Development Finance Corporation Limited

(i) The Company was not maintaining control and subsidiary accounts.

(ii) The Company had no system of identifying non-performing loans and advances and accordingly not following the RBI Guidelines as prescribed for Non-banking finance companies.

(iii) The Company had no proper mechanism to see that the loans given to SCAs for beneficiaries were being utilised for the purpose for which sanction was given.

2.1.55. National Backward Classes Finance and Development Corporation Limited

The Company was not maintaining subsidiary account. Scheme-wise loan register was also not being maintained.

2.2 Assets and Investments

MINISTRY OF AGRICULTURE

Department of Agriculture and Co-operation

2.2.1. National Seeds Corporation Limited

(i) Assets register had not been maintained at Bhopal Unit.

(ii) Assets registers did not give the item–wise value and situation of each asset.

Department of Atomic Energy

2.2.2. Nuclear Power Corporation of India Limited	The Madras Unit had not maintained fixed assets register in the manner required under provisions of Companies Act, 1956.

MINISTRY OF CHEMICALS AND FERTILIZERS

Department of Chemicals and Petro-chemicals

2.2.3. Bengal Chemicals and Pharmaceuticals Limited	Deficiences noticed in maintenance of fixed assets register, adjustment of deposits, adjustment of old balances of debtors, preparation of internal audit report etc. needed to be regularised.

Department of Fertilizers

2.2.4. Hindustan Fertilizer Corporation Limited	Appropriate actions were not taken for recovery of long outstanding dues in some cases (Durgapur, Barauni).

MINISTRY OF COAL

2.2.5. Central Coalfields Limited	(i)	There were some lapses in recovery of outstanding advances of substantial amount.
	(ii)	In Argada area, huge cash balances were being maintained regularly without depositing the same into bank, situated in the adjacent premises.

MINISTRY OF COMMUNICATIONS

Department of Telecommunications

2.2.6. ITI Limited

The fixed assets registers were maintained at two places i.e. particulars of location and description were maintained at respective production/civil department, and particular of cost of acquisition, depreciation thereon and disposal of assets were maintained by Accounts Department. Though physical verification of fixed assets had been conducted, reconciliation with financial books was stated to be in progress in Bangalore Complex, Network System Plant and MC Plant. In these plants, cost details of certain old assets and fully depreciated were also not available.

2.2.7. Mahanagar Telephone Nigam Limited

(i) The fixed assets records maintained by the Company required to be updated.

(ii) The procedures and follow up for recovery of outstanding dues needed to be improved.

2.2.8. Videsh Sanchar Nigam Limited

(i) There was no proper monitoring system of charging interest in the case of debtors of foreign administration or private operating agencies who were not making payments in time. Due to this, large amounts were outstanding at the close of the year and interest had also not been charged on the same.

(ii) There was no system of charging interest in case of non-settlement traffic dues from DOT and/or other private parties.

MINISTRY OF FINANCE

2.2.9. Oriemtal Insurance Company Limited

In number of Divisional Offices, fixed assets register was neither being maintained properly nor reconciled with financial books.

MINISTRY OF HEALTH AND FAMILY WELFARE

2.2.10. Hindustan Latex Limited

(i) Fixed assets register was not maintained properly and reconciliation with the financial books also was not done except at Kanagala Unit.

	(ii)	In the case of imprest cash, the system of verification was to be made more effective.

MINISTRY OF INDUSTRY

2.2.11. Bharat Brakes & Valves Limited	The system should be strengthened to expedite the recovery of outstanding dues.	
2.2.12. Bridge & Roof Co. (India) Limited	(i)	Reconciliation of fixed asset register with financial accounts was not done.
	(ii)	The system of recovering outstanding debts needed to be strengthened.
2.2.13. Engineering Projects (India) Limited	(i)	Despite the fact that Rs.5.58 crore had been deducted by the client of the Company towards liquidated damages, the amount was being kept under Sundry debtors
	(ii)	Cash and imprest balances were not physically verified during the year on regular basis by an authorised officer at some of the contract sites.
	(iii)	The Company had defaulted in repayment of loans to Government of India during the last three years ended 31 March 1998.
2.2.14. HMT Limited	The debts of high value were outstanding for a long period in Machine Tool Marketing Division, Bangalore.	
2.2.15. Heavy Engineering Corporation Limited	No physical verification of fixed assets including land, building and township assets had been made during the last three years ended 31 March 1998. This was in violation of provisions of MAOCARO.	
2.2.16. HMT (International) Limited	The Company should strengthen its system of collecting debts.	
2.2.17. Jessop & Co. Limited	System of monitoring the timely recovery of outstanding debts needed to be strengthened.	

2.2.18. National Bicycle Corporation of India Limited

Certain bank accounts and properties acquired by the Company at the time of nationalisation were still in the name of 'Hind Cycles Limited" and had not been transferred as yet in the Company's name.

Also the "Take over suspense Account" to the tune of Rs.55.78 lakh was remaining unadjusted even after 18 years of nationalisation.

2.2.19. National Small Industries Corporation Limited

(i) System of monitoring for debtors/receivables was not adhered to in full. As a result the debtors/ receivables were outstanding for long and the rate of recovery was low.

(ii) No system was followed for physical verification of imprest on a regular/ periodical basis.

(iii) The Company did not have any laid down investment policy.

(iv) There was deterioration in the market value of investments vis-à-vis the previous year by Rs.1.14 crore.

(v) At the Regional Office, Gurgaon cheques obtained from parties were returned unpaid but in all such cases, appropriate action had not been initiated by the Company.

(vi) Norms adopted by the Company for making provision had been found inadequate.

(vii) The Company had not fixed any norms for loss/ wastage of raw material, storage and material-in-transit

(viii) Sundry debtors pertaining to hire purchase, leasing and/or marketing activities were subject to confirmations and monitoring/recovery aspects thereof was deficient. Norms of provisioning adopted by the Company had been found inadequate.

2.2.20. Praga Tools Limited

1996-97 - (i) The functions of the Committee constituted for recovery of debts appears to be inadequate. Due to inclusion of unsubstantiated sales and thereby receivables, there was lot of confusion with regard to actual receivables. No efforts were made to recover/rectify the debit balances in sundry creditors accounts.

(ii) There was no evidence to show that any authorised officers physically verified the imprest balances.

MINISTRY OF PETROLEUM AND NATURAL GAS

2.2.21. Cochin Refineries Limited

Assets acquired on turnkey basis in respect of refinery construction contract, quantitative particulars and cost of certain assets were not available. The Company had made a provision of Rs.7.88 crore during the year as there was a permanent diminution in the value of its long term investments in Cochin Refineries Balmer Lawrie Limited and the same was also reflected in the books of accounts.

2.2.22. Cochin Refineries Balmer Lawrie Limited

As per Internal Auditors Report, none of the senior officer was signing the cash book in acknowledgement of having verified the physical cash balance.

2.2.23. Engineers India Limited

(i) The common expenses were not distinctly allocated to each job and profit/loss on each job was not being worked out separately.

(ii) There had been delays in some recoveries which were mainly from Government Departments and other PSUs .

MINISTRY OF PLANNING AND PROGRAMME IMPLEMENTATION

2.2.24. National Informatics Centre Services Inc.

(i) Assets had not been given identification numbers.

(ii) Signatures of persons to whom computers/furniture etc. had been issued in the office, were not taken on the asset registers.

(iii) No investment policy had been laid down by the Company during the year.

MINISTRY OF POWER

2.2.25. National Hydro Electric Power Corporation Limited

(i) In case of Tanakpur project, register maintained did not indicate the location and identification mark of fixed assets.

(ii) In case of Chamera I project, there was an outstanding amount of Rs.4.77 crore against contracts in respect of material issued to contractor (Rs.2.72 crore) and advance for contractor (Rs.2.05 crore) against which no security existed.

MINISTRY OF RAILWAYS

2.2.26. Indian Railway Finance Corporation Limited

The Company did not maintain assets register giving all the details.

Department of Science and Technology

2.2.27. National Research Development Corporation of India Limited

(i) The Company had not made sincere efforts for recovery of long outstanding development loan (Rs.17.08 lakh) from M/s Hyderabad Carbon & Chemical Limited, Sundry debtors (Rs. 78.93 lakh) outstanding for more than three years.

(ii) Loans & advances included development loans and interest amounting to Rs.60.47 lakh outstanding for more than three years.

(iii) Rs.19.34 lakh receivable on account of royalty, advertisement charges, technical know how charges and development loan were doubtful of recovery.

(iv) The Company had participated in the equity share capital of its licensees. The amount of said investment as on 31 March 1998 was Rs.1.5 crore. In the absence of latest audited annual accounts of these licensees, it was not possible to ascertain the ultimate realisable value and accordingly diminution, if any, of such investments. The Company had invested Rs. 15.67 lakh in the equity share capital of Magno Mining Company Limited, which had gone into liquidation.

MINISTRY OF STEEL AND MINES

Department of Mines

2.2.28. Bharat Gold Mines Limited

The Company did not have a system of monitoring the timely recovery of outstanding dues. There existed several balances that were outstanding for a period of more than three years.

Department of Steel

2.2.29. Kudremukh Iron Ore Company Limited

The following inter-corporate loans/deposits made in earlier years were pending recovery.

(i) Inter-corporate deposits amounting to Rs.53.40 crore which were due for repayment in October 1992 were pending and outstanding as on 31 March 1998 with Andhra Bank Financial Services Limited. The interest accrued and due on these deposits upto the due date was Rs. 2.97 crore.

(ii) Inter-corporate loan amounting to Rs. 18 crore was due and outstanding as on 31 March 1998 with M/s. Hindustan Photo Films Manufacturing Company Limited. The Company had considered the loan as good (for recovery even though the said company had been referred to BIFR).

2.2.30. MECON (India) Limited

The outstanding dues under different heads like liquidated damages deducted by clients, claims recoverable from sub-contractors, sundry debtors required close monitoring.

2.2.31. Steel Authority of India Limited

(i) Shortfall in value of long term investments in IISCO, a subsidiary company under BIFR, was not provided.

(ii) The system of follow up for recovery/adjustment of outstanding dues advances to suppliers and contractors needed to be further strengthened.

(iii) The cash and imprest balances were required to be physically verified by senior level officers at regular intervals.

2.2.32. Visvesvaraya Iron and Steel Limited

The physical balances of movable assets were not compared with the records of fixed assets. In view of this, discrepancies, if any, were not ascertainable.

MINISTRY OF TEXTILES

2.2.33. Handicrafts and Handlooms Exports Corporation of India Limited

The Company did not have a system of monitoring the timely recovery of outstanding dues from the parties.

2.2.34. National Handloom Development Corporation Limited

In a number of cases significant balances of dues were outstanding against parties for years together. Follow up procedure needed improvement to avoid such locking up of funds in the Regional Office, Calcutta.

MINISTRY OF TOURISM

2.2.35. India Tourism Development Corporation Limited

(i) Assets registers were not posted upto date and reconciled in Janpath Hotel, Ashok Tours and Travels (Travel Agency) Delhi, Ashok Tours and Travels (Transport) Delhi, ATTSS Delhi, Kanishka Hotel, Khujuraho Hotel Ashok Tours and Travels Varanasi, Patliputra Ashok, Airport Ashok

Restaurant New Delhi, Ashok Yatri Niwas and Hotel Hassan Ashok, Hotel Ashok Bangalore, Airport Restaurant Bangalore & Ashok Tours & Travels Bangalore and Headquarters units.

(ii) Physical inventory of fixed assets had not been reconciled with the Assets Register in case of Airport Restaurant Flight Kitchen Calcutta, Airport Ashok Hotel Calcutta, TBABR Mamallapuram, Regional office (south), Samrat Hotel and Qutab Hotel.

(iii) Physical verification had not been carried out with the result that the fixed assets register could not be reconciled in Ashok Hotel, New Delhi.

(iv) The system of monitoring of Sundry debtors needed to be further geared up to reduce the outstanding debtors in Hotel Kalinga Ashok, Flight Kitchen & Restaurant Calcutta, Hotel Airport Ashok Calcutta, Janpath Hotel, Ashok Tours and Travels Varanasi, Hotel Varanasi Ashok and Bodhgaya Ashok, Regional Office East, Duty Free Shops, Calcutta & Ashok Tour & Travels Calcutta.

(v) In some cases of the sundry debtors, no legal action was initiated against the parties after the expiry of the time limit and confirmation of balances had not been obtained by Hotel Samrat.

2.2.36. Ranchi Ashok Bihar Hotel Corporation Limited

Discrepancy between financial books and Assets register could not be ascertained in the absence of proper records (1995-96).

MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT

2.2.37 Housing and Urban Development Corporation Limited

Cash and imprest balances had not been verified periodically by an authorised officer.

2.2.38. National Buildings Construction Corporation Limited	The timely recovery of outstanding dues and the recoveries in closed projects were very slow and no specific reasons were available at units/zones for slow recovery of the dues.

2.3. Liabilities and Loans

MINISTRY OF CHEMICALS AND FERTILIZERS

Department of Fertilizers

2.3.1. Fertilizer Corporation of India Limited	The Company had defaulted in repayment of loans and interest.
2.3.2. Madras Fertilisers Limited	The Company defaulted in repayment of loan (Rs.90 lakh) and interest (Rs.10.25 crore) during the year.

MINISTRY OF COMMUNICATIONS

Department of Telecommunications

2.3.3. ITI Limited	The Company had defaulted in the repayment of Government of India loans to the extent of Rs.7.35 crore and interest/penal interest to the extent of Rs.5.59 crore.

MINISTRY OF FINANCE

2.3.4. General Insurance Company of India Limited	The transactions under accepted treaties were recorded on the basis of periodic statement received from cedants/brokers. However, there was no system of obtaining confirmation of year end balances from the cedants. Reconciliation was carried out on the basis of periodical statements and settlements.

MINISTRY OF INDUSTRY

2.3.5. Bharat Yantra Nigam Limited

The Company had defaulted the payments in respect of loan, interest and penal interest.

2.3.6. Braithwaite Burn & Jessop Construction Company Limited

The percentage of loan defaulted to the total loan was 100 as on 31 March 1998. Percentage of interest and penal interest defaulted to the loan was 282 and 122 respectively as on 31 March 1998.

2.3.7. Bridge & Roof Company (India) Limited

The percentage of loan defaulted to the total loan was 100 as on 31 March 1998. Percentage of interest and penal interest defaulted to the loan was 370 and 68 respectively as on 31 March 1998.

2.3.8. Burn Standard Company Limited

The Company had defaulted in the repayment of Government of India loan to the extent of Rs.108.79 crore and interest of Rs.328.42 crore.

2.3.9. HMT Limited

The Company had defaulted in repayment of institutional loans amounting to Rs.45.03 crore as on 31 March 1998. Interest accrued and due as on 31 March 1998 was Rs.31.71 crore. In respect of 13 per cent and 15 per cent debentures, the Company had sought for rescheduling, consequent to its inability to redeem Rs.30.11 crore and Rs.33.33 crore which were due for redemption on 24 September 1997 and 20 April 1996 respectively and the interest accrued and due thereon was Rs.35.19 crore.

2.3.10. HMT (International) Limited

Due to non-realisation of debt from M/s. Engineering Industries Commission (EIC), Ethiopia, the Company could not arrange repayment of loan availed from Exim Bank of India. The percentage of loan defaulted out of total loan funds was 65.24 in 1995-96, 69.80 in 1996-97 and 43.81 in 1997-98.

2.3.11. Mandya National Paper Mills Limited

The Company had defaulted in repayment of principal loan (Rs.33.57 crore) and interest/penal interest (Rs. 107.05 crore).

2.3.12. National Bicycle Corporation of India Limited	(i) No provision had been made in respect of gratuity payable on retirement to the tune of Rs.3.13 crore including incremental liability of Rs.25.49 lakh for the year. This was not in confirmity with the Accounting Standard 15. The Company had not estimated the liability based on actuarial valuation.
	(ii) The Company defaulted in payment of loan during last 3 years on i) Secured loans - principal Rs.4.48 crore, interest Rs.16.61 crore and ii) Unsecured loans – Central Government principal amount Rs.59.95 crore, accumulated interest Rs.69.96 crore, penal interest Rs.11.52 crore and interest accrued but not due Rs.4.82 crore.
2.3.13. Praga Tools Limited	Principal amount of loan in default and outstanding was Rs.20.50 crore and the interest and penal interest outstanding against the above was Rs.23.40 crore. (1996-97)
2.3.14. Tungabhadra Steel Products Limited	The Company had defaulted in repayment of loans-principal (Rs.11.31 crore) and interest/penal interest (Rs.31.71 crore).

MINISTRY OF PETROLEUM AND NATURAL GAS

2.3.15. Cochin Refineries Balmer Lawrie Limited	Because of poor fund position the Company had defaulted in repayment of loans amounting to Rs.1.37 crore and interest Rs.1.02 crore during 1997-98.

MINISTRY OF POWER

2.3.16. National Hydro Electric Power Corporation Limited

(i) Total interest (Rs.68.45 crore) and repayment of loan due (Rs.45.98 crore) were not paid in respect of Salal I, Chamera I, Tanakpur and Uri. Further the Company had not paid Rs.129.03 crore on account of penal interest due to non/delayed payment of interest/repayment due were also not paid in respect of Baria Siul, Loktak, Chamera I, Salal I, Tanakpur and Uri.

(ii) The Company also defaulted in payment of guarantee fees and additional guarantee fees amounted Rs.151.48 crore.

MINISTRY OF STEEL AND MINES

Department of Mines

2.3.17. Bharat Gold Mines Limited

(i) The Company as on 31 March 1998 had defaulted in repayment of loan (Rs.85.44 crore), interest (Rs.134.29 crore) and penal interest (Rs.130.54 crore) to Government of India.

(ii) Company also defaulted in repayment of inter-corporate loan, interest and penal interest amounting to Rs.13.64 crore.

MINISTRY OF SURFACE TRANSPORT

2.3.18. Hindustan Shipyard Limited

The Company had been a constant defaulter in payment of loans and also interest thereon. Further the Company had also defaulted on many occasions in payment of guarantee fee to the Government of India. The penalty on the Government of India guarantee fee had not been provided for.

MINISTRY OF TEXTILES

2.3.19. National Textile Corporation (APKK &M) Limited	The Company had defaulted in repayment of loans-principal Rs.1.80 crore and interest Rs.2.31 crore.
2.3.20. North Eastern Handicrafts and Handlooms Development Corporation Limited	The Company persistently defaulted in repayment of loans and payment of interest.

2.4.Inventory and Contracting

MINISTRY OF CHEMICALS AND FERTILIZERS

Department of Chemicals and Petro-Chemicals

2.4.1. Hindustan Insecticides Limited	(i)	Maximum and Minimum levels for major stores, spares etc. had not been fixed.
	(ii)	The economic order quantity was not fixed.
	(iii)	Inventory management at various units was very poor.

2.4.2. Rajasthan Drugs and Pharmaceuticals Limited	The Company had not prescribed the maximum levels for stores, spares etc. and the economic order quantity for procurement of stores.

Department of Fertilizers

2.4.3. National Fertilizers Limited	**(i)**	The Company had not fixed any norms for loss / wastage of raw-materials.

(ii) Stock of non-moving, obsolete or surplus stores and spares (excluding insurance spares) as on 31 March 1998 was-upto two years old-Rs.58.48 crore, two to three years-Rs.5.16 crore, three to four years-Rs.5.30 crore, four to five years-Rs.7.72 crore, more than five years old-Rs.29.77 crore.

MINISTRY OF COAL

2.4.4. Bharat Coking Coal Limited There was no system of fixing up maximum and minimum limits of stores and spares etc.

2.4.5. Central Coalfields Limited

(i) Maximum and minimum limits of stores and spares had not been fixed for any class of items.

(ii) Economic order quantity for procurement of stores had not been fixed by the Company.

2.4.6. Coal India limited The Company had not fixed maximum and minimum limits of stores and spares.

2.4.7. Eastern Coalfields Limited The Company had not fixed maximum and minimum limits of stores and spares.

2.4.8. Mahanadi Coalfields Limited Maximum and minimum levels of stores as well as economic order quantity had not been recorded in bincard/cardex in absence of which it was not clear whether there was any prescribed limit.

MINISTRY OF COMMUNICATIONS

Department of Telecommunications

2.4.9. ITI Limited The Company made advance payments to suppliers/contractors. The monitoring and adjustments of the advances required to be streamlined as there were cases of advances not adjusted against supplies.

2.4.10. Mahanagar Telephone Nigam Limited

(i) The monitoring of advance payments made tc suppliers/contractors and their adjustments needed to be strengthened.

(ii) No maximum and minimum limit of stores and spares was fixed for Delhi Unit.

MINISTRY OF DEFENCE

Department of Defence Production & Supplies

2.4.11. Bharat Dynamics Limited	The Company had not fixed any norms for losses/wastages of raw materials in manufacture and in storage.
2.4.12. Vignyan Industries Limited	No norms for losses/wastages of raw materials were fixed.

MINISTRY OF FOOD PROCESSING INDUSTRIES

2.4.13. North Eastern Regional Agricultural Marketing Corporation Limited	(i)	Maximum and minimum limits of stores and spares had not been fixed by the Company.
	(ii)	Economic order quantity for procurement of stores had not been prescribed.
	(iii)	The Company had not identified non-moving, obsolete or surplus raw materials and stores and spares.

MINISTRY OF HEALTH AND FAMILY WELFARE

2.4.14. Hindustan Latex Limited	(i)	Maximum and minimum limits of all stores and spares were not prescribed.
	(ii)	Economic order quantity for procurement of stores was not usually followed.

MINISTRY OF INDUSTRY

2.4.15. Bharat Brakes & Valves Limited

(i) Maximum and minimum limits of stores and spare parts had not been fixed.

(ii) There was no system of fixing economic order quantity for procurement of stores.

(iii) The system of monitoring and adjusting advance payment to suppliers/contractors were not adequate.

2.4.16. Bharat Heavy Electricals Limited

(i) Maximum/minimum levels had not been fixed for stores and spares in respect of Jagdishpur unit, Rudrapur unit, and Research & Development wing of corporate office.

(i) The monitoring and adjustments of advances to the suppliers was not adequate in case of Goindwal unit as there were cases of advances for capital expenditure not adjusted since long.

2.4.17. Engineering Projects (India) Limited

(i) The Company had not prescribed maximum and minimum limit of stores and spares etc., economic order quantity for procurement of stores.

(ii) The Company did not have an efficient system for monitoring and adjustment of advances i.e. (a) advances of Rs.28.38 crore for works, in excess of contractual obligation made in the exigencies of work to Indian associates working in foreign contracts during the earlier year (b) many of the old petty balances relating to suppliers and associates (c) inventories of Rs.60.18 lakh with the associate(s).

(iii) No quantitative records of equipment purchased for contracts were maintained at the projects and hence not physically verified also.

(iv) The Company's practice of charging all materials, and spares and stores, other than cement and steel, to the contract was not appropriate

2.4.18. Heavy Engineering Corporation Limited	Neither the records relating to the maximum and minimum limits of stores and spares were maintained nor the economic ordering level for procurement of stores prescribed.
2.4.19. HMT Limited	Generally no maximum and minimum limits of stores and spares were prescribed except for a few Units.
2.4.20. Jessop & Co. Limited	(i) Raw material valuing Rs.25.57 lakh was in transit for more than one year as on 31 March 1998. (ii) Work-in-progress valuing Rs.2.52 crore had not moved for 3 years and above as on 31 March 1998.
2.4.21. Mandya National Paper Mills Limited	The Company did not have an adequate system for regularly identifying and continuously monitoring the disposal of non-moving stores and spares.
2.4.22. National Small Industries Corporation Limited	A number of advances made in 1997-98/earlier years remained outstanding/unadjusted for long without details as to why such amounts were remaining outstanding.
2.4.23. Praga Tools Limited	1996-97 - (i) There were very old and long pending advances to suppliers/contractors in the books of account. The monitoring and adjusting of advances paid to suppliers and contractors was not satisfactory. (ii) The Company has not given satisfactory explanation with regard to the value of inventories, with special reference to those lying in the bonded warehouse for longer periods.

MINISTRY OF PETROLEUM AND NATURAL GAS

2.4.24. Balmer Lawrie & Company Limited	(i) Maximum and minimum limits of stores and spares had not been fixed. (ii) Economic order quantity for procurement of stores had not been fixed by the Company.
2.4.25. Bongaigaon Refinery & Petrochemicals Limited	System of making advances to suppliers/contractors and monitoring of adjustment thereof needed to be strengthened.
2.4.26. Cochin Refineries Limited	Non-insurance of stores as on 31 March 1998 amounted to Rs.14.77 crore out of which items valuing Rs.2.54 crore had not moved for the last ten years. Also, the project stores stock of Rs.41.08 crore had not been analysed by the Company in order to ascertain the age-wise outstanding stock.
2.4.27. Hindustan Petroleum Corporation Limited	Slow moving/ non-moving inventory, obsolete/surplus raw materials, stores and spares and finished goods amounting to Rs. 45.83 crore had not been moved for more than two years. Out of this, Rs. 7.56 crore represented inventory items not moved for more than five years.
2.4.28. Madras Refineries Limited	Surplus and obsolete items of inventory on 31 March 1998 amounted to Rs.1.32 crore and value of non-moving items which had not moved for 6 years amounted to Rs.9.60 crore.
2.4.29. Indian Additives Limited	(i) The Company had not fixed any maximum or minimum limit of stores and spares. (ii) The Company did not have any economic order quantity.

2.4.30. Oil and Natural Gas Corporation Limited	(i)	There was a considerable delay in processing of documents relating to procurement and disposal of stores and incorporating the same in the accounts, as a result of which old balances were appearing under material-in-transit and the priced stores ledger balances were also not reconciled with the control account balances in the General ledger.
	(ii)	The Corporation had not fixed the maximum and minimum limits of stores and spares. It had also not prescribed any economic order quantity for the procurement of stores and spares.
	(iii)	As on 31 March 1998, stores and spares of Rs. 252.89 crore did not move for more than two years.

MINISTRY OF PLANNING AND PROGRAMME IMPLEMENTATION

2.4.31. National Informatics Centre Services Inc.	(i)	Maximum and minimum limits, order size for stocks of software and hardware had not been prescribed.
	(ii)	Some stocks lying in the office premises of the Company needed to be stored in a safe place.

MINISTRY OF POWER

2.4.32. National Hydro Electric Power Corporation Limited	Maximum and minimum limits/Economic order quantity for stores and spares had not been fixed

MINISTRY OF RAILWAYS

2.4.33. IRCON International Limited	The Company did not lay down the maximum and minimum limits of the stores and spares etc. and economic order quantity for procurement of stores.

MINISTRYOF STEEL AND MINES

Department of Mines

2.4.34. Bharat Aluminium Company Limited	(i)	The Company had not fixed maximum and minimum limits in respect of individual items of stores.
	(ii)	The Company had not fixed economic order quantity for procurement of stores.
2.4.35. Bharat Gold Mines Limited	(i)	The Company had not prescribed any maximum and minimum limits for stores and spares.
	(ii)	The Company had not prescribed any economic order quantity for the procurement of stores.
	(iii)	The system of monitoring and adjusting advance payment to suppliers/ contractors was not adequate.
	(iv)	No norms had been fixed for loss and wastages.
2.4.36. Mineral Exploration Corporation Limited	(i)	System of recording receipt and issue of all stores and spares needed to be improved (Hyderabad area).
	(ii)	Maximum and minimum limits of stores and spares had not been fixed (Nagpur HQ, Ranchi area, Calcutta area)

Department of Steel

2.4.37. Bharat Refractories Limited	The Company had not prescribed economic order quantity.
2.4.38. Hindustan Steelworks Construction Limited	The Company had neither laid down policy of fixing maximum and minimum level of stores and spares nor fixed economic order quantity.
2.4.39. Indian Iron and Steel Company Limited	Neither the records relating to the maximum and minimum limits of stores and spares had been maintained nor the economic ordering level for procurement of stores prescribed.
2.4.40. Kudremukh Iron Ore Company Limited	The Company had not fixed maximum and minimum limits of stores.
2.4.41. Steel Authority of India Limited	(i) Obsolete/surplus stores and spares amounting to Rs.36.41 crore and non-moving stores and spares for more than 5 years amounting to Rs.222.35 crore were lying as on 31 March 1998. (ii) No economic order quantity had been fixed.
2.4.42. Visvesvaraya Iron and Steel Limited	Maximum and minimum limits of stocking of stores and spares had not been fixed. This needed to be implemented at least in respect of high value/ larger quantity items in order to have a control on inventory holding cost.

MINISTRY OF SURFACE TRANSPORT

2.4.43. Hindustan Shipyard Limited,

There were no maximum and minimum levels of stores and spares placed by the Company and also there was no economic order quantity for procurement of stores and spares as well.

2.4.44. Hooghly Dock and Port Engineers Limited

(i) Maximum and minimum limits of stores and spares had not been fixed.

(ii) There was no system of fixing economic order quantity for procurement of stores.

MINISTRY OF TEXTILES

2.4.45. Central Cottage Industries Corporation Limited

No maximum and minimum limits other than monthly target levels of stock holding for any class of items had been fixed.

2.4.46. Handicrafts and Handlooms Exports Corporation of India Limited

(i) In case of the RTW unit at NOIDA, no purchase order for purchase of fabric was issued to supplier to ascertain the specifications of the fabric.

(ii) There was no system of inspection of material received in the crafts museum shop.

2.4.47. National Handloom Development Corporation Limited

(i) The Panipat unit of the Company had not fixed the maximum and minimum level of stores and spares etc.

(ii) The Panipat unit of the Company did not have any system of calculating economic order quantity for procurement of stores.

(iii) No confirmation of balances of Sundry creditors and Sundry debtors had been received in the Regional Office, Calcutta.

2.4.48. National Textile Corporation (DP&R) Limited

Maximum and minimum limits of spares had not been fixed by the Management (Mahalakshmi Mills, Beawar, Dayal Bagh Spinning & Weaving Mills, Amritsar).

MINISTRY OF TOURISM

2.4.49. India Tourism Development Corporation Limited

(i) The system for monitoring and adjusting the advances to suppliers/contractors was not efficient in Samrat Hotel.

(ii) Kitchen stores were not properly maintained and updated in Hotel Kalinga Ashok, Bhubaneshwar.

(iii) There was no proper system for disposal of stores in Samrat Hotel and Airport Ashok Restaurant, New Delhi.

MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT

2.4.50. National Buildings Construction Corporation Limited

(i) Maximum and minimum level of stores and spares and economic order quantity for procurement of stores had not been prescribed.

(ii) Advance payments to contractors against work done and to suppliers against delivery of materials including steel and cement needed periodical review and adjustment.

2.5. Costing

Department of Atomic Energy

2.5.1. Uranium Corporation of India Limited The Company did not maintain cost accounts.

MINISTRY OF CHEMICALS AND FERTILIZERS

Department of Chemicals and Petro-Chemicals

2.5.2. Hindustan Insecticides Limited There was no effective system for identification of idle labour and machine hours.

Department of Fertilizers

2.5.3. Project and Development India Limited The Company had no system for identification of idle labour hours and idle machine hours.

MINISTRY OF COMMUNICATIONS

Department of Telecommunications

2.5.4. ITI Limited

(i) The Company was not preparing cost accounts and reconciling it with financial accounts.

(ii) The Company followed the system of standard costing. Actual costs were not compared with standard costs except at macro level of the division.

(iii) The Company did not identify idle labour hours.

MINISTRY OF DEFENCE

Department of Defence Production & Supplies

2.5.5. Bharat Earth Movers Limited	(i)	Batch order costing was not introduced for booking of labour and overheads in one division(Mysore).
	(ii)	Though the Company had a system of collection of data on idle labour hours, no effective exercise was made to identify and analyse the idle labour hours.
2.5.6. Vignyan Industries Limited		Cost accounts were not prepared by the Company. Costing system was not followed by the Company. Idle machine hours had not been assessed. Idle labour hours were also not identified.

MINISTRY OF FOOD PROCESSING INDUSTRIES

2.5.7. Modern Food Industries (India) Limited	No record for idle labour and machine hours were maintained in Delhi Bread Unit I and II.
2.5.8. North Eastern Regional Agricultural Marketing Corporation Limited	The Company had not fixed any norm for loss/wastage of raw material in manufacture of products.

MINISTRY OF ENVIORNMENT AND FORESTS

2.5.9. Andaman and Nicobar Islands Forests and Plantation Development Corporation Limited

(i) The Company did not have a system of preparing cost accounts and reconciling the same with financial accounts.

(ii) The Company had no system for identification of idle labour hour.

MINISTRY OF INDUSTRY

2.5.10. Bharat Brakes & Valves Limited

(i) The Company did not maintain cost accounts.

(ii) The Company had no system of identifying the idle time of labour and machine.

2.5.11. Braithwaite Burn & Jessop Construction Company Limited

The Company had no system of identifying the idle time of machine.

2.5.12. Bridge & Roof Co. (India) Limited

There was no system of identifying idle labour and idle machine hours in Howrah works.

2.5.13. Burn Standard Company Limited

No cost accounts were prepared in refractory units.

2.5.14. Gangavathi Sugars Limited

(i) Cost accounts though prescribed were not complete and up-to-date and were not reconciled with financial accounts.

(ii) The prescribed costing records being incomplete, the cost of operations, jobs and processors were not ascertained.

(iii) The Company had not ascertained the idle labour hours etc. No standards were fixed for labour or other overheads.

2.5.15. Hooghly Printing Company Limited	The Company did not identify idle time of labour and wasteful overheads.
2.5.16. HMT Limited	(i) Full-fledged costing system and cost accounts were yet to be introduced. (Central reconditioning division). (ii) No separate cost accounts were maintained. (CNC Division).
2.5.17. Lagan Jute Machinery Company Limited	The Company had no system of identifying the idle machine hours.
2.5.18. Mandya National Paper Mills Limited	The cost accounts were maintained but reconciliation with financial returns was yet to be done.
2.5.19. National Bicycle Corporation Limited	(i) The cost records had not been reconciled with the financial records at the end of the year in Mumbai Unit. (ii) The cost records had not been maintained satisfactorily in Ghaziabad Unit.
2.5.20. National Small Industries Corporation Limited	The Company had not identified idle time of labour and machine hours.
2.5.21. Praga Tools Limited	1996-97:(i) No separate cost accounts are being maintained independent of financial accounts. Hence no reconciliation was being done. (ii) The system of identification of idle man hours and machine hours was not satisfactory.

MINISTRY OF PETROLEUM AND NATURAL GAS

2.5.22. Biecco Lawrie Limited	Reconciliation of cost accounts with financial accounts was not done.
2.5.23. IBP Co. Limited	Reconciliation of cost accounts with financial accounts was not done.
2.5.24. Engineers India Limited	Common expenses were not distinctly allocated to each job and profit/loss on each job was not being worked out separately.

MINISTRY OF POWER

2.5.25. National Thermal Power Corporation Limited	Identification of idle time of labour and wasteful overhead was not done.

MINISTRY OF RAILWAYS

2.5.26. Container Corporation of India Limited	Though the Company maintained log books for operation of high technical machines, no exercise was being undertaken to analyse the reasons for idle hours.

MINSTRY OF STEEL AND MINES

Department of Mines

2.5.27. Bharat Aluminium Company Limited	(i) The recovery percentage at Bidhan Bagh Unit of the Company was very low as wastage percentage was high.
	(ii) The Company did not have a system for identification of idle time of labour.

Department of Steel

2.5.28. Bharat Refractories Limited	The Company had no effective system for identification of idle labour hours and idle machine hours.
2.5.29. Hindustan Steelworks Construction Limited	(i) The Company had no effective system for identification of idle labour hours and idle machine hours. (ii) The Company did not have a system of cost accounts.
2.5.30. Kudremukh Iron Ore Company Limited	The Company did not have any system to identify idle time of labour and wasteful overheads.
2.5.31. Steel Authority of India Limited	The Company did not have any system for ascertaining idle labour hours.

MINISTRY OF TEXTILES

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

MINISTRY OF TOURISM

2.5.33. India Tourism Development Corporation Limited	(i) Many units did not maintain cost accounts. (ii) In many units, there was no proper system of costing its major operations.

(iii) There was no system of identification of idle labour hours in Ranjeet Hotel, ATSS New Delhi, Ashok Tours and Travels(ATS) (Travel Agency) Delhi, ATS (Transport) New Delhi, ATS, Varanasi, Hotel Varanasi Ashok and Laxmi Vilas Palace Hotel, Udaipur.

2.6. Internal Audit

Department of Atomic Energy

2.6.1. Uranium Corporation of India Limited

Internal Audit was inadequately manned with no person from technical side.

MINISTRY OF CHEMICALS AND PETROCHEMICALS

Department of Chemicals and Petro-chemicals

2.6.2. Bengal Chemicals and Pharmaceuticals Limited

Internal Audit needed to be effective in design and operation.

Department of Fertilizers

2.6.3. Fertilisers And Chemicals Travancore Limited

Internal Audit needed qualitative improvement in the areas to be covered. Follow up on audit observations should be made more effective.

2.6.4. National Fertilizers Limited.

The Internal Audit system though improved needed further strengthening, commensurate with the requirement of the Company.

MINISTRY OF COAL

2.6.5. South Eastern Coalfields Limited	Internal audit system was not commensurate with the size and nature of its business (Korba area, Gevra area, Kasmnbda area and Rajgarh area).
2.6.6. Western Coalfields Limited	Internal audit system was not commensurate with the size and nature of its business.

MINISTRY OF COMMERCE

2.6.7. Spices Trading Corporation Limited	The Company did have an internal audit conducted by external agency which needed to be strengthened.

MINISTRY OF COMMUNICATIONS

Department of Telecommunications

2.6.8. ITI Limited	Internal audit system needed to be strengthened in certain areas and enlarged in coverage to be commensurate with the size and nature of business of the Company.
2.6.9. Mahanagar Telephone Nigam Limited	Internal audit of the Company was not commensurate with the size and nature of the Company's business.
2.6.10. Videsh Sanchar Nigam Limited	The scope and the areas of operation of internal audit needed to be widened. There was no adequate timely and formal compliance mechanism on internal audit observations.

MINISTRY OF DEFENCE

Department of Defence Production & Supplies

2.6.11. Bharat Earth Movers Limited	The internal audit system needed strengthening as regards extent of coverage other than systems audit and reporting on areas other than systems audit as well as for timely responses from the Management.
2.6.12. Vignyan Industries Limited	The Company had introduced system of internal audit during the year and it needed improvement regarding frequency.

MINISTRY OF ENVIRONMENT AND FORESTS

2.6.13. Andaman and Nicobar Islands Forests and Plantation Development Corporation Limited	Internal audit system was neither adequate nor commensurate with the size and nature of business of the Company.

MINISTRY OF FINANCE

2.6.14. The New India Assurance Company Limited	Internal Audit needed to be strengthened as it failed to point out/check various lapses.

MINISTRY OF HEALTH AND FAMILY WELFARE

2.6.15. Hindustan Latex Limited	Internal audit in operation was only in respect of purchase by way of pre-audit.

MINISTRY OF INDUSTRY

2.6.16. Bharat Brakes & Valves Limited

There was no internal audit system in the Company.

2.6.17. Bharat Heavy Electricals Limited

Internal audit system of the Company in certain units (Goindwal, Hardwar, Northern region, Project engineering management, Overseas project co-ordination, Heavy equipment repair plant, Jagdishpur) was not commensurate with the size and nature of the business of the Company. The scope of internal audit needed to be strengthened. The compliance mechanism of interal audit observations was not adequate.

2.6.18. Braithwaite & Co. Limited

Internal audit system needed to be further strengthened and its scope enlarged.

2.6.19. Bridge & Roof Co. (India) Limited

Internal Audit system needed to be strengthened to make it effective and commensurate with the size and nature of the Company's business.

2.6.20. Burn Standard Company Limited

The scope of internal audit system needed to be further enlarged.

2.6.21. Engineering Projects (India) Limited

(i) Internal audit system and manual for the same had not been revised/updated for the past many years. The scope and coverage of the internal audit was not adequate and not commensurate with the size of the Company. Audit reports were being submitted very late from the date of completion of audit and these were not being submitted to the Board/Executive. The Company did not have adequate compliance mechanism on internal audit observations. Most of the observations of internal audit reports were pending for very long time and no serious efforts were being made to rectify them.

(ii) Entire audit system including coverage, scope, reporting and compliance needed to be closely reviewed to safeguard the interest of the Company.

(iii) Generally computer output was not made available for audit with adequate audit trials. An internal audit report of EDP system was not made available to auditors to report the deficiencies.

2.6.22. Hooghly Printing Company Limited

The scope and coverage of internal audit system needed to be strengthened.

2.6.23. Jessop & Co. Limited

The scope and coverage of Internal Audit system needed to be strengthened to make it commensurate with the size and nature of the Company's business.

2.6.24. Mandya National Paper Mills Limited

The scope and areas of work needed to be enlarged and strengthened.

2.6.25. National Bicycle Corporation of Inidia Limited

The Internal audit system was not adequate and commensurate to the size of the Company.

2.6.26. National Small Industries Corporation Limited

The Company's internal audit system required further strengthening and streamlining to cover all areas of operation of the Company.

2.6.27. Praga Tools Limited

The department is thoroughly understaffed. The scope and extent of internal audit is to be increased to cover all areas including production, sales and despatches, etc. There is no proper follow-up on the Internal Audit Reports.(1996-97)

2.6.28. Tungabhadra Steel Products Limited

The Internal audit required strengthening with powers and responsibilities alongwith enlarging the coverage, commensurate with the size and the nature of the business of the Company.

MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES

2.6.29. Indian Renewable Energy Development Agency Limited	The Internal auditor, a firm of Chartered Accountants, did not fully adhere to the scope of the work agreed upon in conducting the internal audit.

MINISTRY OF PETROLEUM AND NATURAL GAS

2.6.30. Bongaigaon Refinery & Petrochemicals Limited	Internal audit needed to be further strengthened.
2.6.31. Madras Refineries Limited	The adequacy of internal audit system needed to be thoroughly reviewed and strengthened.
2.6.32. Oil and Natural Gas Corporation Limited	The Internal audit needed to be strengthened and the system needed to be improved as regards the scope, coverage, periodicity and subsequent follow-up action to make it commensurate with the size and nature of its business. A reporting system needed to be introduced and the compliance mechanism of the internal audit observations needed to be further strengthened.

MINISTRY OF PLANNING AND PROGRAMME IMPLEMENTATION

2.6.33. National Informatics Centre Services Inc.	The Company was not having any internal audit system.

MINISTRY OF POWER

2.6.34. Naptha Jhakri Power Corporation Limited	Reporting system, scope of work, level of competence etc. of internal audit was to be enlarged and strengthened, keeping in view the size of the Company and nature of its activities.

2.6.35. National Hydro Electric Power Corporation Limited	The scope of the internal audit indicating the periodicity of audit, reporting of audit observations and watching compliance of the observations was not spelt out by the Company.
2.6.36. Rural Electrification Corporation Limited	Internal audit of the Company was not adequately commensurate with the size and nature of its business and needed to be strengthened.

MINISTRY OF RAILWAYS

2.6.37. Indian Railway Finance Corporation Limited	Internal Audit system was not commensurate with the size and nature of its business. Interest computation on non-cumulative bonds of all series, reconciliation of buy back bonds etc. was not covered by Internal audit.
2.6.38. IRCON International Limited	Internal audit system needed to be further strengthened and scope enlarged to make it commensurate with Company's size and nature of its business.

Department of Science and Technology

2.6.39. National Research Development Corporation	There was no Manual outlining the scope and programme of work for internal audit. The Company had not issued detailed instructions to the internal auditors. The internal audit is being conducted only twice a year

MINISTRY OF STEEL & MINES

Department of Mines

2.6.40. Bharat Gold Mines Limited	The Company's internal audit system was not commensurate with the size and nature of its business. The internal audit had not covered any major areas during the year apart from perpetual inventory, verification of gratuity claims, and VRS compensation. The reason for insufficient coverage was inadequate staffing.
2.6.41. Hindustan Zinc Limited	The scope, extent of coverage and periodicity of internal audit were inadequate in respect of Tundoo, Rampura Agucha mines, and Rajpura Dariba mines.
2.6.42. Mineral Exploration Corporation Limited	Internal audit needed to be strengthened (Hyderabad area).

Department of Steel

2.6.43. MECON (India) Limited	Coverage of internal audit and its scope of work and compliance mechanism were inadequate.
2.6.44. Steel Authority of India Limited	Scope of internal audit needed to be enlarged.
2.6.45. Visvesvaraya Iron and Steel Limited	The scope of internal audit needed to be enlarged.

MINISTRY OF SURFACE TRANSPORT

2.6.46. Hooghly Dock and Port Engineers Limited	The internal audit system was not commensurate with the size of the Company.

MINISTRY OF TEXTILES

2.6.47. Handicraft and Handlooms Exports Corporation of India Limited	The internal audit needed to be strengthened in scope and coverage, depth, frequency of checking and a standardised reporting system needed to be specified to make it relevant to the needs of the Company.
2.6.48. National Handloom Development Corporation Limited	The internal audit system was inadequate with regard to size and nature of business.
2.6.49. National Textile Corporation (DP&R) Limited	The internal audit system was not adequate (Dayalbagh Spinning & Weaving Mills, Amritsar).
2.6.50. North Eastern Handicrafts and Handlooms Development Corporation Limited	No internal audit was conducted.

MINISTRY OF TOURISM

2.6.51. Indo Hokke Hotels Limited

Internal audit needed to be strengthened according to the size and nature of its business.

2.6.52. India Tourism Development Corporation Limited

(i) Internal audit of most of the operational units was being conducted by firms of Chartered Accountants. The internal audit needed improvement in case of Samrat Hotel, Airport Ashok Restaurant New Delhi and Ashok Yatri Niwas New Delhi.

(ii) Internal audit was not conducted regularly in Hotel Patliputra Ashok and Ashok Tours and Travels – Patna.

(iii) Compliance of comments of the internal auditors was very poor by the Headquarters, Kalinga Hotel, Airport Flight Kitchen & Restaurant Calcutta, Ashok Travels Service Station New Delhi, Ashok Tours and Travels (Travel Agency) New Delhi, Ashok Tours and Travels (Transport) New Delhi, Hotel Kanishka and Ashok Yatri Niwas, Hotel Agra Ashok, Taj Restaurant Agra, Kosi Restaurant, Bharat Lodge and Ashok Tours and Travels Agra, Hotel Ashok Bangalore, Airport Restaurant Bangalore, Ashok Tour and Travel, Bangalore and Hotel Ashok, New Delhi.

MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT

2.6.53. Housing and Urban Development Corporation Limited

Compliance mechanism on internal audit observations were inadequate.

2.6.54. National Buildings Construction Corporation Limited	The Chief of the internal audit division was reporting to Director (Finance).

MINISTRY OF WATER RESOURCES

2.6.55. Water and Power Consultancy Services (India) Limited.	The internal audit system prevalent in the Company needed to be strengthened and its scope enlarged to cover all activities.

2.7. Audit Committee

As pointed out by the Statutory Auditors, a large number of PSUs did not have an Audit Committee of the Board of Directors. A Ministry/Department-wise list of all such PSUs is given as Annexure-I.

2.8.General

Department of Atomic Energy

2.8.1. Nuclear Power Corporation of India Limited	Delayed payment charges as per bulk power supply agreement had not been accepted by State Electricity Board. Also the station adjusted CPA (Central Plan Assistance) towards dues from State Electricity Board under DPC which was also objected by all SED. (Madras Unit)

MINISTRY OF COAL

2.8.2. Central Coalfields Limited	No norms of manpower were fixed at the time of preparation of project report.

MINISTRY OF DEFENCE

Department of Defence Production & Supplies

2.8.3. Vignyan Industries Limited

(i) As this is a power oriented unit, it was advisable to conduct energy audit.

(ii) No norms had been fixed for man power employed.

MINISTRY OF INDUSTRY

2.8.4. Bharat Brakes & Valves Limited

The manpower in respect of supervisory staff was in excess of norms.

2.8.5. Burn Standard Company Limited

(i) The rejection in refractory units was 19 per cent of production during 1997-98.

(i) Norm for manpower had not been fixed.

MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES

2.8.6. Indian Renewable Energy Development Agency Limited

The accounting software package installed by the Company was inadequate.

MINISTRY OF PETROLEUM AND NATURAL GAS

2.8.7. Bongaigaon Refinery & Pertrochemicals Limited

No energy audit had been conducted by any specialised agency.

MINISTRY OF STEEL & MINES

Department of Mines

2.8.8.	**National Aluminium Company Limited**	No energy audit was conducted by any specialised agency.

Department of Steel

2.8.9.	**Rashtriya Ispat Nigam Limited**	System for regularly identifying and monitoring of disposal of non-moving, obsolete or surplus raw materials, stores and spares had not been formulated.

MINISTRY OF TEXTILES

2.8.10.	**North Eastern Handicrafts and Handlooms Development Corporation Limited**	Due to closure of Dye house, its 64 employees were idle.

PUBLIC SECTOR UNDERTAKINGS AUDITED BY CAG

There were 349 Public Sector Undertakings (PSUs) under the audit jurisdiction of the Comptroller and Auditor General of India (CAG) as on 31 March 1998. Out of these undertakings, accounts of only 230 PSUs were made available for audit by 30 September 1998, the date stipulated in the Companies Act, 1956 for holding the Annual General Meeting alongwith the audited accounts. However, 51 PSUs submitted their accounts for audit subsequently during the extended period by invoking special powers vested with the Department of the Company Affairs. As on 15 December 1998, audit of accounts of all the 281 PSUs was carried out as per the provisions of the Companies Act as well as the Acts governing the Statutory Corporations.

This report contains the extracts from the important comments of CAG on the accounts of the PSUs and a resume of the comments in Reports on PSUs submitted by the Statutory Auditors (Chartered Accountants) in pursuance of the directions issued to them.

(A.K.CHAKRABARTI)
Deputy Comptroller and Auditor General
cum Chairman Audit Board

New Delhi
Dated : 8 April 1999

Countersigned

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

New Delhi
Dated : 8 April 1999

APPENDIX I

LIST OF CENTRAL GOVERNMENT COMPANIES

MINISTRY OF AGRICULTURE

1. Lakshadeep Development Corporation Ltd.
2. National Seeds Corporation Ltd.
3. State Farms Corporation of India Ltd.

Department of Atomic Energy

4. Electronics Corporation of India Ltd.
5. Indian Rare Earths Ltd.
6. Nuclear Power Corporation Ltd.
7. Uranium Corporation of India Ltd.

Department of Bio-Technology

8. Bharat Immunologicals & Biologicals Ltd.

Department of Chemicals and Petrochemicals

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

MINISTRY OF CIVIL AVIATION

27. Air India Ltd.
28. Air India Charters Ltd.
29. Airlines Allied Services Ltd.
30. Indian Airlines Ltd.
31. Vayudoot Ltd.
32. Pawan Hans Helicopter Ltd.

MINISTRY OF COAL

33. Bharat Coking Coal Ltd.
34. Central Coalfields Ltd.
35. Central Mine Planning and Design Institute Ltd.
36. Coal India Ltd.
37. Eastern Coalfields Ltd.
38. Mahanadi Coalfields Ltd.
39. Neyveli Lignite Corporation Ltd.
40. Northern Coalfields Ltd.
41. South Eastern Coalfields Ltd.
42. Western Coalfields Ltd.

MINISTRY OF COMMERCE

43. Export Credit and Guarantee Corporation of India Ltd.
44. India Trade Promotion Organisation Ltd.
45. MMTC Ltd.
46. National Centre for Trade Information Ltd.
47. The Projects and Equipments Corporation of India Ltd.
48. Spices Trading Corporation Ltd.
49. The State Trading Corporation of India Ltd.
50. Tea Trading Corporation of India Ltd.

MINISTRY OF COMMUNICATIONS **(Department of Telecommunications)**

51. Hindustan Teleprinters Ltd.
52. ITI Ltd.
53. Intelligent Communication Systems India Ltd.
54. Mahanagar Telephone Nigam Ltd.
55. Telecommunication Consultants(India) Ltd.
56. Videsh Sanchar Nigam Ltd.

Department of Defence Production & Supplies

57. Bharat Dynamics Ltd.
58. Bharat Earth Movers Ltd.
59. Bharat Electronics Ltd.
60. Garden Reach Shipbuilders and Engineers Ltd.
61. Goa Shipyard Ltd.
62. Hindustan Aeronautics Ltd.
63. Mazagon Dock Ltd.
64. Mishra Dhatu Nigam Ltd.
65. Vignyan Industries Ltd.

Department of Electronics

66. CMC Ltd.
67. Electronics Trade and Technology Development Corporation Ltd.
68. Semiconductors Complex Ltd.

MINISTRY OF ENVIRONMENT AND FOREST

69. Andaman and Nicobar Islands Forest and Plantation Development Corporation Ltd.

Department of Fertilizers

70. The Fertilizer Corporation of India Ltd.
71. The Fertilizer and Chemicals Travancore Ltd.
72. Hindustan Fertilizers Corporation Ltd.
73. Madras Fertilizers Ltd.
74. National Fertilizers Ltd.
75. Paradeep Phosphates Ltd.
76. The Projects and Development India Ltd.
77. Pyrites, Phosphates and Chemicals Ltd.
78. Rashtriya Chemicals and Fertilizers Ltd.

MINISTRY OF FINANCE **(Insurance Division)**

79. General Insurance Corporation of India Ltd.
80. Industrial Credit Company Ltd.
81. Industrial Investment Bank of India Ltd
82. National Insurance Company Ltd.
83. New India Assuarance Company Ltd.
84. Oriental Insurance Company Ltd.
85. United India Insurance Company Ltd.
86. Zenith Securities and Investments Ltd.

MINISTRY OF FOOD PROCESSING INDUSTRIES

87. Hindustan Vegetable Oils Corporation Ltd.
88. Modern Food Industries (India) Ltd.
89. North Eastern Regional Agricultural Marketing Corporation Ltd.

MINISTRY OF HEALTH & FAMILY WELFARE

90. Hindustan Latex Ltd.
91. Hospital Services Consultancy Corporation (India) Ltd.
92. Indian Medicines and Pharmaceuticals Corporation Ltd.

MINISTRY OF HOME AFFAIRS
Union Territory of Chandigarh

93. Chandigarh Child and Women Development Corporation Ltd.
94. Chandigarh Industrial and Tourism Development Corporation Ltd.
95. Chandigarh Scheduled Castes Financial and Development Corporation Ltd.

Union Territory of Goa

96. Dadra Nagar Haveli,Daman and Diu SC & ST Finance Development Corporation Ltd.
97. Omnibus Industrial Development Corpn. of Daman and Diu and Dadar Nagar Haveli Ltd

MINISTRY OF HUMAN RESOURCES DEVELOPMENT

98. Educational Consultants (India) Ltd.

MINISTRY OF INDUSTRY (Department Of Heavy Industry)

99. Andrew Yule and Company Ltd.
100. Bharat Bhari Udyog Ltd.
101. Bharat Brakes and Valves Ltd.
102. Bharat Heavy Electricals Ltd.
103. Bharat Heavy Plates and Vessels Ltd.
104. Bharat Leather Corporation Ltd.
105. Bharat Ophthalmic Glass Ltd.
106. Bharat Process and Mechanical Engineers Ltd.
107. Bharat Pumps and Compressors Ltd.
108. Bharat Wagon and Engineering Company Ltd.
109. Bharat Yantra Nigam Ltd.

110. Bridge & Roof Company (India) Ltd.
111. Braithwaite and Company Ltd.
112. Braithwaite Burn Jessop Construction Corporation Ltd.
113. Burn Standard Company Ltd.
114. Cement Corporation of India Ltd.
115. Cycle Corporation of India Ltd.
116. Engineering Projects (India) Ltd.
117. HMT (International) Ltd.
118. HMT Ltd.
119. Heavy Engineering Corporation Ltd.
120. Hindustan Cables Ltd.
121. Hindustan Newsprint Ltd.
122. Hindustan Paper Corporation Ltd.
123. Hindustan Photo Films Manufacturing Company Ltd.
124. Hindustan Salts Ltd.
125. HMT Bearings Ltd.
126. Hooghly Printing Company Ltd.
127. Instrumentation Ltd.
128. Jessop and Company Ltd.
129. Lagan Jute Machinery Company Ltd.
130. The Mandya National Paper Mills Ltd.
131. Mining and Allied Machinery Corporation Ltd.
132. Nagaland Pulp and Paper Company Ltd.
133. National Bicycle Corporation Ltd.
134. The National Industrial Development Corporation Ltd.
135. National Instruments Ltd.
136. NEPA Ltd.
137. Praga Tools Ltd.
138. Rajasthan Electronics and Instruments Ltd.
139. Rehabilitation Industries Corporation Ltd.
140. Reyrolde Burn Ltd.
141. Richardson and Cruddas (1972) Ltd.
142. Sambhar Salts Ltd.
143. Scooters India Ltd.
144. Tannery and Footwear Corporation of India Ltd.
145. Triveni Structurals Ltd.
146. Tungabhadra Steel Products Ltd.
147. Tyre Corporation of India Ltd.
148. Weighbird (India) Ltd.

Department Of Small Industries And Agro & Rural Industries

149. Andaman & Nicobar Islands Integrated Development Corporation Ltd.
150. The National Small Industries Corporation of India Ltd

MINISTRY OF INFORMATION & BROADCASTING

151. Broadcast Engineering Consultants India Ltd.
152. National Film Development Corporation Ltd.

MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES

153. India Renewable Energy Development Agency Ltd.

MINISTRY OF PETROLEUM & NATURAL GAS

154. Balmer Lawrie and Company Ltd.
155. Bharat Petroleum Corporation Ltd.
156. Biecco Lawrie Ltd.
157. Bongaigaon Refinery and Petrochemicals Ltd.
158. Certification Engineers International Ltd.
159. Cochin Refineries Ltd.
160. Engineers India Ltd.
161. Gas Authority of India Ltd.
162. Hindustan Petroleum Corporation Ltd.
163. IBP Co. Ltd.
164. Indian Additivies Ltd.
165. Indian Oil Blending Ltd.
166. Indian Oil Corporation Ltd.
167. Lubrizol India Ltd.
168. Madras Refineries Ltd.
169. Numaligarh Refineries Ltd.
170. Oil India Ltd.
171. Oil & Natural Gas Corporation Ltd.
172. ONGC Videsh Ltd.

MINISTRY OF PLANNING AND PROGRAMME IMPLEMENTATION

173. National Information Centre Services Inc.

MINISTRY OF POWER

174. Nathpa Jhakari Power Corporation Ltd.
175. National Hydro-Electric Power Corporation Ltd.
176. National Thermal Power Corporation Ltd.
177. North Eastern Electric Power Corporation Ltd.
178. Power Finance Corporation Ltd.
179. Power Grid Corporation of India Ltd.
180. Rural Electrification Corporation Ltd.
181. Tehri Hydro Development Corporation Ltd.

MINISTRY OF RAILWAYS

182. Container Corporation Ltd.
183. Delhi Metro Rail Corporation Ltd
184. IRCON International Ltd.
185. Indian Railway Finance Corporation Ltd.
186. Konkan Railway Corporation Ltd 990-91).
187. Rail India Technical and Economic Services Ltd.

Department of Scientific & Industrial Research

188. Central Electronics Ltd.
189. National Research Development Corporation Ltd.

Department of Space

190. Antrix Corporation Ltd

MINISTRY OF STEEL AND MINES

Department of Mines

191. Bharat Aluminium Company Ltd.
192. Bharat Gold Mines Ltd.
193. Hindustan Copper Ltd.
194. Hindustan Zinc Ltd.
195. Mineral Exploration Corporation Ltd.
196. National Aluminium Company Ltd.

Department of Steel

197. Bharat Refractories Ltd.
198. Ferro Scrap Nigam Ltd.
199. Hindustan Steelworks Construction Ltd.
200. IISCO Ujjain Pipe and Foundry Company Ltd.(Under Liquidation)
201. Indian Iron and Steel Company Ltd.
202. J&K Mineral Development Corporation Ltd.
203. Kudremukh Iron Ore Company Ltd.
204. Maharashtra Elektrosmelt Ltd.
205. Manganese Ore (India) Ltd.
206. MSTC Ltd.
207. MECON (India) Ltd.
208. National Mineral Development Corporation Ltd.
209. Rashtriya Ispat Nigam Ltd.
210. Sponge Iron India Ltd.
211. Steel Authority of India Ltd.
212. Visvesvaraya Iron & Steel Ltd.

MINISTRY OF SURFACE TRANSPORT

213. Central Inland Water Transport Corporation Ltd.
214. Cochin Shipyard Ltd.
215. Dredging Corporation of India Ltd.
216. Hindustan Shipyard Ltd.
217. Hooghly Dock and Port Engineers Ltd.
218. Indian Road Construction Corporation Ltd.
219. The Shipping Corporation of India Ltd.

MINISTRY OF TEXTILES

220. Bird Jute and Exports Ltd.
221. The British India Corporation Ltd.
222. Brushware Ltd.
223. Cawnpore Textiles Ltd.
224. Central Cottage Industries Corporation of India Ltd.
225. The Cotton Corporation of India Ltd.
226. The Elgin Mills Company Ltd.
227. The Handicrafts and Handlooms Export Corporation of India Ltd.
228. Jute Corporation of India Ltd.
229. National Handloom Development Corporation Ltd.
230. National Jute Manufactures Corporation Ltd.
231. National Textile Corporation Ltd, New Delhi.
232. National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Ltd.
233. National Textile Corporation (Delhi, Punjab and Rajasthan) Ltd.
234. National Textile Corporation (Gujarat) Ltd.
235. National Textile Corporation (Madhya Pradesh) Ltd.
236. National Textile Corporation (Maharashtra North) Ltd
237. National Textile Corporation (South Maharashtra) Ltd
238. National Textile Corporation (Tamil Nadu and Pondicherry) Ltd.
239. National Textile Corporation (Uttar Pradesh) Ltd.
240. National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Ltd.
241. North Eastern Handicrafts and Handlooms Development Corporation Ltd.
242. Swadeshi Mining and Manufacturing Corporation Ltd.

MINISTRY OF TOURISM

243. Assam Ashok Hotel Corporation Ltd.
244. Donyo Polo Ashok Hotel Corporation Ltd.
245. Hotel Corporation of India Ltd.
246. Indo-Hokke Hotels Ltd.
247. India Tourism Development Corporation Ltd.
248. Madhya Pradesh Ashok Hotel Corporation Ltd.
249. Pondichery Ashok Hotel Corporation Ltd.
250. Ranchi Ashok Bihar Hotel Corporation Ltd.

251. Utkal Ashok Hotel Corporation Ltd.

MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT

252. Hindustan Prefab Ltd.
253. Housing and Urban Development Corporation Ltd.
254. National Buildings Construction Corporation Ltd.

MINISTRY OF WATER RESOURCES

255. National Projects Constuction Corporation Ltd.
256. Water and Power Consultancy Services (India) Ltd.

MINISTRY OF WELFARE

257. Artificial Limbs Manufacturing Corporation of India Ltd.
258. National Scheduled Castes and Scheduled Tribes Development Finance Corporation Ltd.
259. National Backward Finance Corporation. Ltd.
260. National Minorties Development & Finance Corporation Ltd.
261 National Safai Karamchari Finance and Development Corporation Ltd. (From 25.01.97)

APPENDIX II

LIST OF DEEMED CENTRAL GOVERNMENT COMPANIES UNDER SECTION 619(B) OF THE COMPANIES ACT, 1956.

A. Deemed Government Companies promoted by the Nationalised Banks

1. AB Homes Finance Ltd.
2. All Bank Finance Ltd.
3. Andhra Bank Financial Services Ltd.
4. Bhartiya Reserve Bank Note Mudran Pvt.Ltd.
5. BOB Assets Management Co. Ltd.
6. BOB Cards Ltd.
7. BOB Capital Markets Ltd.
8. BOB Fiscal Services Ltd.(under liquidation from 25.09.1990)
9. BOB Housing Finance Ltd.
10. BOI Assets Management Ltd.
11. BOI Finance Ltd.
12. BOI Shareholding Ltd.
13. Canbank Computers Ltd.
14. Canbank Factors Ltd.
15. Canbank Financial Services Ltd.
16. Canbank Investment Management Finance Ltd.
17. Canbank Ventures Ltd.
18. Cent Bank Financial & Custodial Services Ltd.
19. Cent Bank Home Finance Ltd.
20. Gilt Securities Trading Corporation Ltd.
21. IDBI Capital Services Ltd.
22. IDBI Investment Management Ltd.
23. Ind Bank Housing Ltd.
24. Ind Bank Merchant Banking Services Ltd.
25. Indfund Management Ltd.
26. India Clearing & Depositary Services Ltd.
27. PNB Assets Management Ltd.
28. PNB Capital Services Ltd.
29. PNB Gilts Ltd.
30. PNB Housing Finance Corporation Ltd.
31. Securities Trading Corporation of India Ltd.
32. Vibank Housing Finance Ltd.

B. Deemed Government Companies promoted by the Rubber Board during 1997-98

33 Ananthapuri Rubbers (P) Ltd.
34 Adoor Rubbers (P) Ltd.
35 Bharathapuzha Rubbers (P) Ltd.
36 Kanhangad Rubbers (P) Ltd.
37 Kavanar Latex Ltd.

38 Kozhikode Rubbers (P) Ltd.
39 Kanjirappally Rubbers (P) Ltd.
40 Meenachil Treated Rubberwood (P) Ltd.
41 Manimalayar Rubbers (P) Ltd.
42 Periyar Latex (P) Ltd.
43 Pazhassi Rubbers (P) Ltd.
44 Pamba Rubbers Ltd.
45 Ponmudi Rubbers (P) Ltd.
46 Sreekandapuram Latex (P) Ltd.
47 Sahyadri Rubbers (P) Ltd.
48 Thunchathu Ezhuthachan Rubbers (P) Ltd.
49 Vembanadu Rubbers (P) Ltd.
50 Vallathoi Rubbers (P) Ltd.

C. Other Deemed Government Companies

51 Accumeasures (Punjab) Ltd.
52 Agricultural Finance Corporation Ltd.
53 Allied International Products Ltd. (Under Liquidation).
54 Andaman Fisheries Ltd.
55 Andhra Pradesh Industrial and Technical Consultancy Organisation Ltd.
56 Ashok Paper Mills Ltd.
57 Becker Grey and Company (1930) Ltd.
58 Bihar Industrial and Technical Consultancy Organisation Ltd.
59 Bishra Lime Stone Company Ltd.
60 Cochin Refineries Balmer Lawrie Ltd.
61 Derco Cooling Coils Ltd.
62 Discount and Finance House of India Ltd.
63 Dishergarh Power Supply Company Ltd.
64 Excellsior Plants Corporation Ltd. (Under liquidation from 1976-77 onwards).
65 Gangavati Sugars Ltd.
66 India Tea and Restaurants Ltd.
67 Indian Vaccines Ltd.
68 Industrial and Technical Consultancy Organisation of Tamil Nadu Ltd.
69 J&K Industrial and Technical Consultancy Organisation Ltd.
70 Kerala Industrial and Technical Consultancy Organisation Ltd.
71 Kohinoor Mills Company Ltd.
72 Madan Industries Ltd.
73 Nalanda Ceramics and Industries Ltd.
74 North Bengal Dolomite Ltd.
75 North Eastern Industrial and Technical Consultancy Organisation Ltd.
76 North Eastern Finance Development Corporation Ltd.
77 Orissa Industrial and Technical Consultancy Organisation Ltd.
78 Ruby Rubber Works Ltd.(Under liquidation)
79 Textile Processing Corporation of India Ltd.(Under liquidation)
80 U.P.Industrial Consultants Ltd.
81 Wagon India Ltd.
82 West Bengal Consultancy Organisation Ltd.

APPENDIX III

LIST OF CENTRAL STATUTORY CORPORATIONS UNDER THE AUDIT OF CAG

MINISTRY OF CIVIL AVIATION AND TOURISM

1. Airports Authority of India

MINISTRY OF FOOD & CONSUMER AFFAIRS

2. Central Warehousing Corporation
3. Food Corporation of India

MINISTRY OF POWER

4. Damodar Valley Corporation

MINISTRY OF SURFACE TRANSPORT

5. Inland Waterways Authority of India
6. National Highways Authority of India

ANNEXURE-I

LIST OF COMPANIES WHERE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS IS NOT IN EXISTENCE

Department of Atomic Energy

1. Uranium Corporation of India Limited

MINISTRY OF CHEMICALS AND FERTILIZERS

Department of Chemicals & Petrochemicals

2. Hindustan Insecticides Limited

Department of Fertilizers

3. Hindustan Fertilizer Corporation Limited
4. Madras Fertilisers Limited
5. National Fertilizers Limited
6. Projects and Development India Limited

MINISTRY OF COAL

7. Central Coalfields Limited
8. Coal India Limited
9. Eastern Coalfields Limited
10. Mahanadi Coalfields Limited

MINISTRY OF COMMUNICATIONS

11. ITI Limited
12. Mahanagar Telephone Nigam Limited

MINISTRY OF DEFENCE

Department of Defence Production and Supplies

13. Bharat Dynamic Limited

MINISTRY OF FINANCE

14. Industrial Investment Bank of India Limited

MINISTRY OF INDUSTRY

15. Bharat Bhari Udyog Nigam Limited
16. Bharat Brakes & Valves Limited
17. Bridge & Roof Co. (India) Limited
18. Braithwaite Burn & Jessop Construction Company Limited
19. Burn Standard Company Limited
20. Bharat Heavy Plates and Vessels Limited
21. Engineering Projects of India Limited
22. HMT Limited
23. Hindustan Newsprint Limited
24. Jessop & Co. Limited
25. Mandya National Paper Mills Limited
26. National Small Industries Corporation Limited
27. Praga Tools Limited
28. Tungabhadra Steel Products Limited

MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES

29. Indian Renewable Energy Development Agency Limited

MINISTRY OF PETROLEUM AND NATURAL GAS

30. Balmer Lawrie & Co. Limited
31. Bongaigaon Refinery & Petrochemicals Limited
32. Cochin Refineries Balmer Lawrie Limited
33. IBP Co. Limited

MINISTRY OF POWER

34. Nathpa Jhakri Power Corporation Limited
35. Power Grid Corporation of India Limited
36. Rural Electrification Corporation Limited

MINISTRY OF RAILWAYS

37. Container Corporation of India Limited
38. IRCON International Limited
39. Indian Railway Finance Corporation Limited

MINISTRY OF STEEL & MINES

Department of Mines

40. Bharat Aluminium Company Limited
41. Bharat Gold Mines Limited
42. Hindustan Zinc Limited
43. National Aluminium Company Limited

Department of Steel

44. Hindustan Steel Works Construction Limited
45. Kudermukh Iron Ore Company Limited
46. Rashtriya Ispat Nigam Limited
47. Visvesvaraya Iron and Steel Limited

MINISTRY OF SURFACE TRANSPORT

48. Cochin Shipyard Limited
49. Dredging Corporation of India Limited
50. Hooghly Dock & Port Engineers Limited

MINISTRY OF TEXTILES

51. National Handloom Development Corporation Limited
52. National Textile Corporation (APKK&M) Limited

MINISTRY OF TOURISM

53.In dia Tourism Development Corporation Limited

MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT

54. Housing and Urban Development Corporation Limited
55. National Buildings Construction Corporation Limited

MINISTRY OF WATER RESOURCES

56. Water and Power Consultancy Services (India) Limited