



**REPORT OF THE**

**COMPTROLLER AND AUDITOR GENERAL  
OF INDIA**

**UNION GOVERNMENT (COMMERCIAL)**

**1983**

**PART V**

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

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# Comptroller and Auditor General of India

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**1983**

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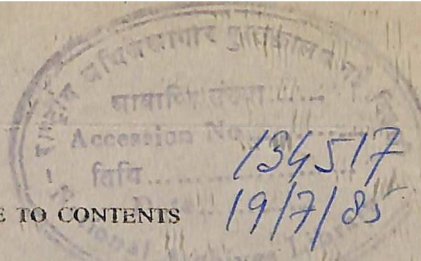


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**SECTION I**

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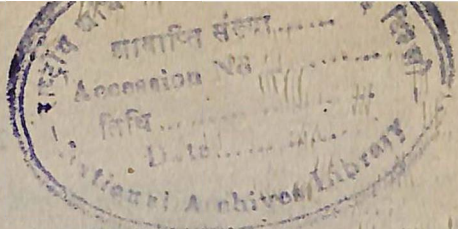
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## PREFATORY REMARKS

A reference is invited to the prefatory remarks in Part I of the Report of the Comptroller and Auditor General of India—Union Government (Commercial), 1983 wherein it was mentioned that the Report of the Comptroller and Auditor General of India—Union Government (Commercial), 1983 will be presented in several parts.

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



## REPORTS OF THE COMPANY AUDITORS UNDER THE DIRECTIVES ISSUED BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

In pursuance of the directives issued by the Comptroller and Auditor General of India under Section 619(3) (a) of the Companies Act, 1956, the special reports of the Company Auditors on the accounts for the year 1981-82 were received in the case of 127 companies and 46 subsidiary companies upto January 1984. The details of the companies in respect of which supplementary reports were due but not received and where supplementary reports were not due are given in Appendix I.

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

### 1. System of Accounts and Book Keeping

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

- (1) Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.
- (2) The following subsidiaries of Andrew Yule and Company Limited :
  - (a) Banarhat Tea Company Limited.
  - (b) Basmatia Tea Company Limited.
  - (c) Hooghly Printing Company Limited.
  - (d) Hoolungooree Tea Company Limited.
  - (e) Mim Tea Company Limited.
  - (f) Murphulani (Assam) Tea Company Limited.
  - (g) Rajgarh Tea Company Limited.
- (3) Balmer Lawrie and Company Limited. (Subsidiary of Indo-Burma Petroleum Company Limited).
- (4) Bharat Aluminium Company Limited
- (5) Bharat Brakes and Valves Limited.

- (6) Bharat Gold Mines Limited.
- (7) Bharat Ophthalmic Glass Limited.
- (8) Bharat Process and Mechanical Engineers Limited and its subsidiaries—Birds Jute and Exports Limited and Weighbird (India) Limited.
- (9) Biecco Lawrie Limited.
- (10) Braithwaite and Company Limited.
- (11) Bridge and Roof Company (India) Limited.
- (12) Burn Standard Company Limited.
- (13) The following subsidiaries of Coal India Limited :
  - (a) Bharat Coking Coal Limited.
  - (b) Eastern Coalfields Limited.
- (14) Cycle Corporation of India Limited.
- (15) Garden Reach Ship-builders and Engineers Limited.
- (16) Hindustan Copper Limited (Indian Copper Complex, Rakha Copper Project and Malanjband Copper Project).
- (17) Hindustan Fertilizers Limited (Haldia Division)
- (18) Hindustan Insecticides Limited.
- (19) Hindustan Latex Limited.
- (20) Hindustan Teleprinters Limited.
- (21) Indo-Burma Petroleum Company Limited (Bombay, Delhi Region, Oil Division and Head Office).
- (22) Indian Drugs and Pharmaceuticals Limited (Sales Offices at Ahmedabad, Bangalore, Bombay, Cochin, Hyderabad, Indore and Madras).
- (23) India Firebricks and Insulation Company Limited (subsidiary of Bharat Refractories Limited).
- (24) Indian Oil Corporation Limited (Assam Oil Division).
- (25) IISCO Stanton Pipe and Foundry Company Limited (Subsidiary of Indian Iron and Steel Company Limited).
- (26) India Tourism Development Corporation Limited (Hotel Outab-Ashok, New Delhi and Eastern Region).

- (27) Jute Corporation of India Limited.
- (28) Lagan Jute Machinery Company Limited.
- (29) Metal Scrap Trade Corporation Limited and its subsidiary Ferro Scrap Nigam Limited.
- (30) Mining and Allied Machinery Corporation Limited.
- (31) National Aluminium Company Limited.
- (32) North Eastern Electric Power Corporation Limited.
- (33) National Fertilizers Limited.
- (34) National Film Development Corporation Limited
- (35) The National Industrial Development Corporation Limited.
- (36) National Instruments Limited.
- (37) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited.
- (38) Punjab Maize Products Limited (subsidiary of Indian Drugs and Pharmaceuticals Limited).
- (39) Rehabilitation Industries Corporation Limited.
- (40) Smith Stainstreet Pharmaceuticals Limited.
- (41) Steel Authority of India Limited (Bokaro Steel Plant).
- (42) Tannery and Footwear Corporation of India Limited.
- (43) Tea Trading Corporation of India Limited.
- (44) Telecommunications Consultants India Limited
- (45) Trade Fair Authority of India.
- (46) Water and Power Development Consultancy Services (India) Limited.

1.1.1 In Coal India Limited, a detailed and comprehensive accounting manual covering all aspects of accounting in general for the purpose of better accountability and uniformity of accounting procedure needed to be prepared.

1.1.2 In Central Cottage Industries Corporation of India Limited, there was neither any accounting manual nor there was proper delegation of financial and administrative powers stipulating the duties and responsibilities of various officers. There

existed many deficiencies in maintaining records regarding issues/receipts of goods.

1.1.3 In Delhi State Industries Development Corporation Limited, neither there was any manual laying down detailed procedure for maintenance and compilation of accounts nor any instructions had been issued in connection with the maintenance and compilation of accounts. The financial powers were centralised in the hands of the Managing Director and Financial Controller, Secretary and Chief Accounts Officer. There was no system of periodical reporting to Management on different aspects of the Company's working.

1.2 In the following companies, accounting manual had not been updated or made comprehensive so as to cover additional instructions issued from time to time :

- (a) Central Coalfields Limited.
- (b) Engineering Projects (India) Limited (Calcutta Branch).
- (c) Fertilizers and Chemicals Travancore Limited (Except Marketing Division).
- (d) Hindustan Cables Limited.
- (e) Indian Drugs and Pharmaceuticals Limited (Synthetic Drugs Plant, Hyderabad).
- (f) Jessop and Company Limited.
- (g) The National Newsprint and Paper Mills Limited.
- (h) Triveni structurals Limited.

1.2.1 In Electronics Trade and Technology Development Corporation Limited, though the accounting manuals were available and revised from time to time, the procedures presented therein were not adhered to.

1.2.2 In Indo-Burma Petroleum Company Limited (Engineering Division), there was no accounts manual as such and even the various circulars issued in this regard were not implemented/followed in some cases.

1.2.3 In National Textile Corporation (Delhi, Punjab and Rajasthan) Limited :

*Panipat Woollen Mills :*

The accounting manual was not implemented in totality e.g. coding of accounts etc. had not been done.

### *Kharar Textile Mills*

The accounting manual is not strictly followed and in particular mechanisation and coding of accounts, fixation of re-order level, perpetual stock taking and cash budget had not been prepared.

1.3.1 In Bharat Aluminium Company Limited, due to non-submission of inspection analysis reports of raw materials timely and regularly to accounts department of the Company there was delay in lodging claims for inferior/low purity material.

1.3.2 In Bharat Heavy Plate and Vessels Limited, the following deficiencies in accounts were noticed :

- (a) The entries passed through suspense accounts were not reconciled and adjusted to the proper heads of account for a long time.
- (b) The accounts and costing departments needed to be effectively re-organised to meet the simultaneous requirements of propriety, regularity, efficiency and operational audits.
- (c) There was lack of flow of information and co-ordination between various departments resulting in considerable delay in passing entries in financial accounts which lead to operation of prior period adjustment accounts.
- (d) Due to lack of co-ordination between production, transport and sales departments there no check on weighment of products sold.
- (e) An amount of Rs. 13.95 lakhs withheld from Company's bills by customers had been pending settlement for more than two years due to non-finalisation of accounts of jobs completed with customers' materials.

1.3.3 In Bharat Leather Corporation Limited, there was no proper laid-down procedure for allowing discounts.

1.3.4 In Bharat Ophthalmic Glass Limited, the accounting system had the following deficiencies :

- (a) Records for determining rejections in production were not maintained.

- (b) Individual ledger accounts and bank accounts were not reconciled with control accounts for the last several years.
- (c) Recording of entries in the control accounts and reconciliation of various accounts was in arrears for the past several years.
- (d) No records were maintained in respect of work-in-progress.

1.3.5 In Braithwaite and Company Limited, the accounting system being followed had the following deficiencies :

- (a) No stock ledgers had been maintained in respect of components and stores lying with third parties.
- (b) No records had been maintained for stage-wise consumption of steel and components.
- (c) Steel supplied free of cost by customers, surplus steel and scrap steel had not been physically verified.
- (d) There was neither check on material receipt reports nor a register of these reports maintained at Clive Works in respect of steel and components.
- (e) Due to the system of charging to jobs direct the cost of crane and wagon components purchased and transferring at the year end the unused quantities to stock, higher consumption, if any, could not be ascertained.
- (f) Records for job-wise allocation of steel and components had not been kept.
- (g) Owing to lack of information necessary for determining the extent of recoverability, replenishment, no claims had been preferred by the Company on Railways for Rs. 38.73 lakhs.
- (h) Liability for non-returning unused free materials to customers could not be determined due to lack of identification of such stocks.
- (i) As no record of wheel sets received from and returned to the Railways was maintained, the liability, if any, in this regard also could not be ascertained.
- (j) Details of consumption of Company's own materials, in place of free supplies from customers, were not maintained.

- (k) Job cards were not maintained for the relative jobs.
- (l) Records for scrap arising during production and its disposal were not maintained.
- (m) Uniform system of accounting in respect of work-in-progress had not been followed.
- (n) There was no laid-down procedure for write off, discount or refund.
- (o) Records for plates fabricated and despatched had not been maintained.
- (p) Neither the details of stores lost or damaged in transit, nor information relating to claims lodged with Insurance Companies were available.

1.3.6 In Bharat Coking Coal Limited the accounting system being followed was deficient due to the following :

- (a) The Areas had been depositing the bank drafts received from customers in their respective realisation accounts with banks and the balances of realisation accounts were being transferred to the cash credit account by the Headquarters Office without keeping a systematic record of bill to bill realisations, particularly, for the earlier years.
- (b) Linking of sundry creditors with advances for purchase of stores, spares and plant and machinery had been much in arrears. Without a satisfactory linking, old or irrecoverable advances and debit balances in sundry creditors could not be identified.
- (c) Though there was a system of filing vouchers, payment advices etc., either the system was not followed or the stacking of voucher files was haphazard leading to difficulty in locating documents when required.
- (d) No documentary evidence and details as to recoverability of Rs. 5.42 lakhs—debit balances of customers which were being carried forward for several years were available. As against this there were old credit balances of Rs. 2.46 lakhs in advance account.



- (e) The accounting system in the E & M Division did not provide for maintenance of separate details of capital work-in-progress for each of the diesel generating stations and workshops constructed and operated; only the total capital cost of all the D.G. Stations and workshops constructed and being constructed was available with the result that capitalisation of individual stations and work-shop as and when commissioned was at their individual estimated cost, leaving the last D.G. station and work-shop to be commissioned to bear the effect of the entire difference between actual and estimated costs of all its sister units.

Due to non-availability of details, the correctness of work-in-progress amounting to Rs. 2270.46 lakhs could not be verified.

- (f) The total figure of Rs. 228.07 lakhs representing the cost of land could not be verified as the Company was unable to identify the break-up of this balance nor could the Company produce documents in evidence of its title. Accordingly, it was not possible to ascertain whether advances paid for purchase of lands had been capitalised nor to ensure that all liabilities in respect of land acquisition had been provided for. A system for annual reconciliation of land records with financial accounts needed to be introduced.
- (g) Lumpsum payments were generally made by Headquarters on account of Provident Funds, Sales Tax, Royalty, cess and other statutory liabilities whereas the actual liabilities were lying in the books of Areas, Projects and various units. At the Areas, it was not possible to ascertain the upto-date position of the outstanding statutory liabilities without satisfactory reconciliation between payments made and the liabilities.
- (h) Moonidih Project commenced in mid sixties and was to have been taken to "Revenue Account" from 1971 continued as a development project even in 1982. There was no system of segregating indirect overheads for extended period of development stage. Consequently, the additional indirect

overheads which ought to have been charged off to revenue had been capitalised.

- (i) Interest paid in respect of plant and machinery acquired on deferred payment basis had been capitalised instead of charging it to the Profit and Loss Account.
- (j) In certain cases, expenditure incurred on renewal and replacements of plant and machinery had been capitalised leading to overstatement of fixed assets and depreciation thereon and corresponding understatement of loss.
- (k) The entire expenditure incurred on removal of over-burden was charged off to revenue account without establishing any accounting relation to the credit afforded to Revenue Account for the actual quantity of coal raised.
- (l) Almost the entire expenditure on prospecting and boring incurred since inception had been carried forward as capital work-in-progress and in the absence of proper identification of the expenditure with the projects and mines it related to, it was not possible to amortise the component of the expenditure which related to revenue units. As a result, the expenses were not charged to revenue account and there was overstatement of fixed assets.

#### 1.3.7 In Central Coalfields Limited :

- (i) Transactions prior to April 1968 in respect of sundry debtors (other than sales of coal), loans and advances, sundry creditors and other liabilities for which no details were available, except those relating to Government had been transferred to un-linked suspense. The net credit balance under this head amounting to Rs. 10.78 lakhs has now been transferred to "Contingency Reserve".
- (ii) The capital suspense account *i.e.* net debits to fixed assets arising out of physical verification in 1974 had not been adjusted owing to lack of details. Pending adjustments, the net balance of the gross

debits (Rs. 95.87 lakhs) and gross credits (Rs. 133.03 lakhs) had been transferred to "Contingency Reserve".

- (iii) Several balances appearing under current assets, loans and advances and current liabilities could not be verified owing to lack of details and absence of reconciliation of control accounts with the related subsidiary records.
- (iv) In the case of the following balances, subsidiary records were not maintained :
- |   |                 |
|---|-----------------|
| (a) Plant and Machinery at Head Office. | Rs. 8.75 lakhs  |
| (b) House building advances             | Rs. 91.08 lakhs |
| (c) Sundry creditors                    | Rs. 12.40 lakhs |
| (d) Advance payments                    | Rs 54.92 lakhs  |
- (v) The details in respect of difference of Rs. 712.59 lakhs between the Sales Office and Area Office records for deposit coal sales had not been prepared.
- (vi) Remittances-in-transit under cash and bank balances included Rs. 12.37 lakhs remaining un-linked and Advances and Deposits under current liabilities included Rs. 11.90 lakhs being un-linked remittances from Areas.
- (vii) Linking of sundry creditors with advances for purchase of stores and plant and machinery (including in-transit) had not been fully completed. Payments made on account of supply of machinery had been debited to sundry creditors resulting in understatement of liability and assets to the extent materials had not been received.
- Similarly, linking of sundry debtors (miscellaneous) with deposits (others) had not been completed.
- (viii) No confirmation had been received for closing balances of holding Company and other sister subsidiaries. Transactions with the holding Company had been reconciled only upto 1980-81.

Bharat Coking Coal Limited another subsidiary of CIL had yet to accept a claim of Rs. 1.44 crores for prospecting charges incurred by Central Coalfields Limited in accordance with directives of holding Company.

- (ix) The total figures of land (Cost Rs. 517.48 lakhs) could not be verified as the Company was unable to reconcile the same with land records maintained by it. Land included lease-hold, free-hold and mining rights and some portions of land transferred to the Coal Mines Labour Housing Board and some portion leased to the Board.
- (x) Cost of buildings included cost of electrical fittings, water supply arrangements and sanitary fittings which had not been sub-divided, as such depreciation had been provided at rates prescribed for buildings.
- (xi) Most of the civil construction works had been unduly prolonged without even having these formally extended. Some of the contractors had left the jobs un-finished for which no follow-up action was taken by the Company. The jobs, which as per the agreements, should have been completed within a year or less had been dragged on for 6-7 years without there being any attempt to get these jobs completed or to take action against the defaulting contractors.
- (xii) Civil construction works were capitalised on estimate basis pending settlement of bills of contractors owing to the un-usually long time taken by the Company for the preparation of final bills of contractors.
- (xiii) Though in many cases construction of the buildings had been completed and were being used, cost of such buildings had still been kept in the account "Buildings—under construction" and consequently depreciation on such buildings had not been provided for in the accounts.
- (xiv) In a number of cases, provision for liabilities had been made finally on an estimate without being supported by factual evidence e.g. measurement books.

- (xv) The system for linking of debit and credit balances of the same party appearing in different accounts was not proper, consequently at any point of time, it was not possible to find out correct amount of outstanding liabilities. Payments received from customers against local sales had been kept in advances and deposits account without linking up with sundry debtors accounts.
- (xvi) There had been delay in recoveries, adjustments of staff advances, local purchase advances, stores advances, etc., resulting in accumulation of advances. Most of the advances for local purchases were neither actually utilised for the urgent purchases, nor were refunded though as per Company's Rules the local purchase advances were to be cleared within 3 months from the date of receipt of advances. Consequently, the outstanding local purchase advances had increased from Rs. 103 lakhs as on 31st March, 1981 to Rs. 110 lakhs as on 31st March, 1982.
- (xvii) Advances recoverable from Government—Rs. 225.26 lakhs had been accumulating for the past nearly 24 years.
- (xviii) In terms of Central Government letter No. 28012/19/79-CA, dated the 10th October 1979, supplies of grades WS III and WS IV coal to power houses had been charged for at grades 'C' and 'D' respectively which were lower than the notified price of WS III and WS IV grades. Loss incurred on such sales amounted to Rs. 327.13 lakhs during the year.
- (xix) In the absence of adequate details, the figures for claims against the Company not acknowledged as debts amounting to Rs. 207.22 lakhs and the estimated amount of contracts remaining to be executed on capital account which were not provided for in accounts amounting to Rs. 7984.05 lakhs could not be verified.
- (xx) Debit balances of deferred revenue expenditure of Rs. 89.33 lakhs and development account (Rs. 12.48 lakhs) representing maintenance expenditure and

capitalised development cost on suspended and closed mines respectively, had not been written off.

- (xxi) Though there was substantial amount of cash sales in certain areas, records of cash sales had not been kept upto date and in some other areas, the documents and records of cash sales were not available.
- (xxii) Invoices and paid vouchers regarding customs duty, port charges, etc. amounting to Rs. 4.23 crores and debits raised by the holding company for an amount of Rs. 20.44 crores for purchase of stores and equipment were not available.
- (xxiii) Details were not available in respect of amounts aggregating Rs. 68.72 lakhs credited by State Bank of India, Calcutta which included certain amounts lying un-linked since 1977-78.
- (xxiv) Net credit balance under freight and handling charges (suspense) had been taken as income without linking.
- (xxv) In a few cases of transfer and disposal of assets, particularly of plant and machinery, minus cards had been operated instead of deducting the disposal from the original cost after linking with original cards recording capitalisation.
- (xxvi) Quality and under-loading deductions amounting to Rs. 13.24 lakhs and Rs. 52.27 lakhs were made by Steel Plants and Railways respectively.
- (xxvii) Expenditure of Rs. 1.15 crores incurred on various repair jobs undertaken by central workshop which remained incomplete at the end of the year had been taken as work-in-progress instead of charging off to Profit and Loss account resulting in over-statement of profit.
- (xxviii) The reconciliation of priced ledger and numerical ledger had not been done (Singrauli Area). There was no proper linking of sundry debtors ledger and advances ledger (Charhi Area).

### 1.3.8 In Coal India Limited :

There was lack of uniformity in book keeping in the Regional Sales Offices at Calcutta, Bombay, Lucknow and Dankuni coal complex, postings in general ledger were not made from cash book. While in Calcutta Regional Sales Office and Dankuni coal complex, postings in general ledger were made directly from the vouchers, in Bombay and Lucknow Regional Sales Offices, the postings were made from journals in which entries were passed on the basis of summary sheets prepared from vouchers both for payments and receipts.

### 1.3.9 In Eastern Coalfields Limited :

*(Headquarters including Sodepure Central Stores, J.K. Ropeways, Sitarampur Area including Neamatpur Workshop, Calcutta Sales Office and Nirsha Area)*

- (i) In some cases, civil work-in-progress had been capitalised with effect from passing final bills but not from the dates on which the assets were brought into use and in some other cases assets were capitalised from the dates of issue of capital stores instead of from the dates of installation and/or putting them to use. Cost of installation whenever done departmentally had not been capitalised. Transfer of capital assets/capital stores from one Area to another was not accounted for in the respective accounts of the Areas.
- (ii) In the absence of relevant details including job registers, it could not be ascertained whether the incomplete jobs included in capital work-in-progress and carried forward from earlier years had become obsolete. Payments made to Railway authorities for construction of railway siding had been shown under work-in-progress for which details were not available.
- (iii) In the absence of complete party-wise registers/schedules for loans and advances, the realisability could not be assessed. A substantial amount of advances to suppliers remained un-linked, un-reconciled with corresponding liabilities for supply of stores (including capital stores).

- (iv) Party-wise ledgers for debts due from parties (Rs. 3386.50 lakhs) and for advances from customers (Rs. 446.74 lakhs) had not been maintained (Calcutta Sales Office).
- (v) In some cases subsidiary ledger registers of sundry creditors, customers' deposits, unpaid wages, capital work-in-progress were either not maintained or were not complete and reconciled with financial books.

*Satgram, Sodepur, Sripur and Salanpur Areas*

- (vi) Control accounts and subsidiary accounts had not been reconciled.

*Nirsha and Kapasara Areas*

- (vii) The differences between the balances as per general ledger and subsidiary ledger in respect of loans and advances were not reconciled.
- (viii) Provident fund, income tax deductions at source, life insurance premium and other deductions payable to various authorities had not been fully reconciled with control accounts and deposited in time.
- (ix) Systematic records had not been maintained for day to day free issue of coal to employees and colliery consumption had been accounted for on the basis of predetermined norms.
- (x) The stock of loose tools could not be ascertained (Nirsha Area).
- (xi) Subsidiary books of accounts *i.e.* debtors/creditors ledgers, purchase register, coal stock register, etc. had not been maintained (Pandaveswar Area).
- (xii) In Sitarampur Area, J.K. Ropeways and partially in CMD's office, stores issued to contractors were debited to consumption of stores account instead of to contractors' account as such it could not be ascertained whether or not full recovery of materials issued to contractors was made.

In Salanpur, Satgram and Sripur Areas, stores issued to contractors had been debited to Loans and Advances and the recovery of such loans and



advances against the issues of earlier years were charged to prior period account.

1.3.10 In Western Coal-fields Limited (Head Office, Pench Area, Korba Area and Bilaspur Divisional Office) :

- (i) For want of mine-wise details of expenditure and basis of capitalisation, interest charges on mines under development could not be capitalised as a result, total interest paid for the year stood charged to revenue account. System of recording assets transferred from one Area to another was not satisfactory in as-much-as the debit notes were either not issued at all or were issued after considerable delay or wherever issued were generally not accompanied by history cards.
- (ii) Balances of stores and spares lying in Area Central Stores were taken as per book value shown in general ledger which were to be reconciled and adjusted with physical balances.
- (iii) Stores in-transit representing inter-Area transfers were accounted for on the the basis of debit notes/ estimates pending verification of actual receipts.
- (iv) There was no uniform treatment in accounts of freight handling suspense, expenditure on suspended/ closed mines, calculation and rates of depreciation, etc.
- (v) Proper records for earnest money/security deposits, bank guarantees received from customers had not been maintained and as such the same remained to be reconciled with the party-wise list of such deposits at the year end.
- (vi) In some cases party-wise accounts for liabilities and expenses had not been properly maintained (also Wardha Valley Area).
- (vii) The system of providing for liabilities and review thereof was not satisfactory in as-much-as in some Areas no liability had been provided for stores awaiting inspection, stores in-transit for which bills were awaited from suppliers.

Liability provision was created in certain cases pending linking up of liabilities with advances. In some of the Areas, liabilities created and no longer required were not written-back while in certain Areas the same had been written back without verification whether the same had been met or not.

- (viii) Free issue of coal to employees and coal issued for boiler consumption had been accounted for on the basis of limits/norms fixed by the Management. The records showing exact number of employees, coal issued to each employee and actual coal issued for boiler consumption had not been kept.
- (ix) In certain areas reconciliation of quantities despatched with the quantities billed for was not produced for verification.
- (x) In some cases, coal raising registers, stock registers, daily production, mines returns, despatch and scrap generation registers had not been maintained systematically and remained unlinked/unreconciled with one another and with annual statements.
- (xi) Register of unpaid wages, salaries, etc. were neither maintained properly nor the balances shown therein reconciled with those in control accounts.
- (xii) In most of the cases, proper records for materials issued to contractors were neither maintained nor financial entries therefor passed. Moreover, the recoveries of cost of materials from contractors were credited to the head "Loans and Advances—stores to contractors account" showing credit balances.

There had been abnormal delays in recording various transactions.

#### *Kanhan Area*

- (xiii) There was lack of control over payment of wages and accounting thereof.
- (xiv) Quantity shown in goods received notes was not verified with that shown in relevant invoices.

### Calcutta Sales and Marketing Office

- (xv) There was no proper system of linking up of deposits, bank guarantees, letters of credit, etc.

No party-wise deposit register had been maintained.

Out of customers' deposits of Rs. 124.23 lakhs, party-wise details for Rs. 93.27 lakhs were not available.

- (xvi) In some cases, provident fund dues had not been deposited in time.
- (xvii) There was no regular system of reconciliation of control accounts and subsidiary accounts of sundry debtors.

#### 1.3.11 In Bridge and Roof Company (India) Limited :

- (a) Complete set of records were neither available at site offices nor at Howrah Works where centralised accounting was carried out. In the absence of complete records, auditing in depth could not be carried out.
- (b) The Company maintained its accounts on cash basis throughout the year but at the year end entries were passed on the basis of accrual of expenses. The bills raised on clients had no identification for either booking income or even raising a debit. The Company followed a practice of raising book adjustment bills on the basis of payment released by the client. The unpaid bills were not accounted for as realisable debts other than those of Structural Division. At the year end the unpaid bills were treated as work in progress.
- (c) The mode of valuation of work-in-progress was defective *inter alia* for the following reasons :
- (i) The valuation was estimated without having any regard to its cost.
  - (ii) The valuation was further reduced by contingency reserve.

- (iii) Materials in process in Structural Department had been treated at raw material cost, as such ignoring the other direct cost.
- (d) The Company did not have a system of forwarding information to the centralised accounts office regarding movement of assets from one site to another.
- (e) The fixed assets register of the Company had not been reconciled/written upto date and the same was pending for the last 3 years.

1.3.12 In Burn Standard Company Limited, the accounting system had the following short-comings :

- (a) There was lack of internal control in booking direct costs to different jobs leading to distortion of quantum of loss as shown from year to year.
- (b) In Burnpur Unit, there was practice of booking the materials on procurement itself direct to work-in-progress irrespective of the fact whether the work had been taken up or not.
- (c) In Ceramic Units there was no system of reconciliation of receipt of stores with the stores purchased as booked by the Accounts Department.
- (d) As against the net shortage of steel to the extent of Rs. 103.13 lakhs noticed in physical verification during 1980-81, adjustment to the extent of Rs. 14.95 lakhs had been made as "Consumption" in 1981-82 accounts reducing the net shortage to Rs. 88.18 lakhs.
- (e) Accounting of steel and related control had the following deficiencies :
  - (i) Frequent diversion of free supply steel to other jobs without proper documentation.
  - (ii) Steel actually used was *prima-facie* different from the items for which indents had been raised.
  - (iii) There was lack of co-ordination between Production and Finance Divisions of the Company.

- (iv) Proper records of steel issued to third parties were not maintained.
- (v) The value of shortages of clients' materials estimated by the Management at Rs. 79.28 lakhs for the year and Rs. 50.61 lakhs for the previous year had been reduced from Company's own stock.

1.3.13 In Central Cottage Industries Corporation of India Limited, reconciliation of trial balances and bank accounts was, at times, made at interval of two to three months. Inter-units accounts and central accounts from subsidiary books were generally tallied at the end of the year.

1.3.14 In Central Inland Water Transport Corporation Limited :

- (a) The preparation of trial balance was undertaken at the end of year.
- (b) There was considerable delay in writing up of general ledgers and other registers, resulting in delay in preparation of the accounts for a particular period in a year.
- (c) The balances of subsidiary ledgers were not reconciled with the control accounts at regular intervals due to arrears in accounting records.
- (d) The procedure laid down for credit or cash purchases was found not to have been followed in a number of cases.
- (e) The fixed assets as detailed in the assets register had not been reconciled with the actuals on physical verification.

1.3.15 In Cochin Refineries Limited :

- (a) There was considerable delay in accounting for the receipt of stock for the secondary processing facilities and the physical stock thereof had also not been reconciled with book balances.
- (b) No proper system existed for scrutiny of creditors, earnest money and security deposits and for early clearance of outstanding balance.

1.3.16 In Delhi State Industries Development Corporation Limited, the accounting system was deficient in regard to the following :

- (i) The various Divisions did not prepare a trial balance each month. The trial balances were prepared finally for the whole year's transactions at the time of finalisation of accounts. The balances of subsidiary ledgers were not reconciled periodically with the control accounts.
- (ii) In the case of 10 bank accounts having an aggregate debit balance of Rs. 28.88 lakhs and 6 bank accounts showing a credit balance of Rs. 30.10 lakhs, as per the Company's books, neither the bank statements nor the year end confirmations were available. The entries as appearing in the books could not, therefore, be verified with the said statements.
- (iii) Bank reconciliation statements prepared in the case of 6 banks showed unlinked debits and credits aggregating Rs. 40.23 lakhs and Rs. 27.18 lakhs respectively.
- (iv) Certificates of confirmation from the bankers as at 31st March 1980 were not made available in the case of 4 banks having debit balance of Rs. 79.63 lakhs.
- (v) The Company had not maintained proper records to show full particulars including quantitative details, location of its fixed assets, original date of purchase, existence of its assets etc. Physical verification of assets had also not been carried out.
- (vi) Materials valued at Rs. 150.08 lakhs imported on behalf of various parties but not lifted by them had not been physically verified.
- (vii) The Company had been, from time to time, making advances to suppliers and the total of such outstanding advances as appearing in the books as on 31st March 1980 worked out to Rs. 166.86 lakhs. In the absence of confirmation from parties/statement of accounts, the correctness of the amount shown as recoverable could not be verified.

- (viii) For loans of Rs. 67.57 lakhs against bills discounted with a bank, details of the bills outstanding, bank statements and the year end balance confirmation were not available. This account, therefore, remained unreconciled.
- (ix) For want of details, correspondence/reconciliation of accounts and confirmation of balances from the parties to whom amounts were due it could not be verified whether the amounts shown as due to various parties under Sundry Creditors/Advances from customers and others and earnest money and security deposits amounting to Rs. 179.51 lakhs, Rs. 489.04 lakhs and Rs. 55.99 lakhs respectively were still payable.
- (x) Other liabilities include Rs. 9.55 lakhs, Rs. 1.63 lakhs and Rs. 63.93 lakhs representing liability on account of Salaries, P.F., E.P.F., G.P.F. and Sales Tax respectively. These accounts have not been reconciled and it could not be verified whether full liabilities in respect thereof have been provided for in the books.

1.3.17 In Electronics Trade and Technology Development Corporation Limited, the following deficiencies in the accounting system were noticed :

- (i) Individual accounts of many sundry debtors and sundry creditors were outstanding over a year and no efforts were made to reconcile these balances with parties' balances or to recover the amounts due from them.
- (ii) The quantitative-cum-financial records of fixed assets maintained by the Finance Department and quantitative records of fixed assets maintained by the administrative department had not been reconciled.
- (iii) Regular books of accounts were not being maintained in the Company's Branch Office at Los Angeles, California, USA.
- (iv) Procedure for write off was not adequate.

1.3.18 In Garden Reach Shipbuilders and Engineers Limited, the system of accounts and book-keeping being followed by the Company had the following deficiencies :

- (a) Quantitative records for consumption of raw materials, bought out components, stores and spares of the value of Rs. 2459.74 lakhs had not been properly maintained. Quantity records of major products had also not been maintained.
- (b) Party-codes had not always been correctly posted in purchase register from the goods receipt notes. Consequently, the balances of subsidiary ledgers for stores, local purchases and contractors' ledger could not be correctly determined.
- (c) Proper linking of advances from customers with sundry debtors had not been made.
- (d) Neither norms for rejections had been fixed nor were records for rejections in production maintained.
- (e) There were delays in clearance of both indigenous and imported materials resulting in substantial payment of demurrage/wharfage charges.

1.3.19 In Goa Shipyard Limited, the existing accounting system needed to be reviewed and the manual laying down clear cut detailed accounting procedure needed to be made in the light of increasing activities and structure of the organisation.

1.3.20 In Hindustan Steel Works Construction Limited :

- (a) Records relating to hire charges recoverable at the close of the year had not been maintained.
- (b) There were differences between balances as per general ledger and subsidiary ledgers.

1.3.21 In Hindustan Zinc Limited, priced stores ledger of some units were not reconciled with general ledger.

1.3.22 In Instrumentation Limited, the following deficiencies in the accounting system were noticed :

- (a) Quantitative records showing the entries of deletion of the instruments becoming obsolete or discarded were not maintained.



- (b) Marking of incorrect code numbers on receipt of materials, wrong classification and posting under incorrect heads resulted in wrong valuation.
- (c) No physical verification had been conducted during the year under report except in a few sites in respect of excess instruments despatched to customers' sites.
- (d) In a few cases of sale of instruments when bills were raised in excess/short of the actual supply, adjustments were not made for a considerable period of time.

1.3.23 In Indian Iron and Steel Company Limited, the accounting system had the following deficiencies :

- (a) In the absence of bills of the suppliers/contractors, certain jobs had been capitalised on the basis of certificates of engineers of the concerned departments (Plant Rehabilitation Scheme).
- (b) Old advances to the extent of Rs. 126.94 lakhs have been capitalised on the basis of certificates of engineers.
- (c) Details/particulars of capital work-in-progress amounting to Rs. 35.50 lakhs representing cost of Kulti Castings were not available and hence lying unadjusted for a considerable period.

1.3.24 In Indian Oil Corporation Limited :

- (a) Debits of Rs. 183.12 lakhs and credits of Rs. 48.06 lakhs appearing against non-DGS&D parties had not been linked up in respective customers' accounts.
- (b) Sundry debtors included a sum of Rs. 94.14 lakhs representing unbilled supplies to DGS&D parties.

1.3.25 In India Tourism Development Corporation Limited (Akbar Hotel), the following deficiencies were noticed in the accounting system :

- (a) In cases where part supplies were received during the year, no record was maintained to keep track of pending purchase orders.

- (b) Detailed records of breakages and shortages of crockery, cutlery, pillow linen, blankets and empties had not been kept and as such the reconciliation between opening stock, purchases during the year and closing stock was not possible.
- (c) The daily consumption in kitchen of fresh supplies was arrived at on a balancing figure without any co-relation with inter-kitchen memos in use.
- (d) No record for movement of linen in each floor had been kept.

1.3.26 In Minerals and Metals Trading Corporation of India Limited :

- (a) Though prescribed in Accounting Manual, no register in respect of previous years expenditure/income was maintained.
- (b) Subsidiary/memorandum books to show separately amounts due from Directors, officers and other staff were not maintained.

1.3.27 In National Textiles Corporation Limited and its subsidiaries, the following accounting deficiencies were noticed :

- (i) *National Textile Corporation Limited—Marketing Division, Jaipur.*

Monthly sales trial balances of show rooms were not incorporated periodically in the books of Divisional Office.

- (ii) *National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—*

*Panipat Woollen Mills*

While the Mills made entries for the goods sent to depots only after sales, the depots accounted for the goods on receipt from the Mills which resulted in an unreconciled difference of Rs 2.56 lakhs.

- (iii) *National Textile Corporation (Maharashtra North) Limited—India United Mills (Dye Works).*

There was no system of recording monthly consumption of stores in the financial books of accounts.

(iv) *National Textile Corporation (South Maharashtra) Limited.*

*Jupiter Textile Mills*

- (a) There was no system of recording monthly consumption of raw materials, stores and spares, dyes and chemicals etc. in the financial books of accounts.
- (b) There were many old debit and credit balances in sundry creditors and debtors ledgers awaiting adjustment since last many years.
- (c) Plant/Property register was maintained upto 31st March, 1981 and consequently remained unreconciled with financial books as at 31st March, 1982.

*Mumbai Textile Mills*

- (a) There was no system of recording monthly consumption of stores in the financial books.
  - (b) There was no specific procedure for write off of non-recoverable debts and advances.
- (v) *National Textile Corporation (Gujarat) Limited—Rajnarar Textile Mills*

- (a) Entries in cost books and various journals were not being made on regular basis.
- (b) Records were not maintained for rejections in production.
- (c) Adequate records for consumption of stores and spare parts had neither been maintained nor were reconciled with the records of accounts department.

1.3.28 In National Industrial Development Corporation Limited, no proper register of advances received from various projects had been maintained to verify the accuracy of amounts adjusted from time to time.

1.3.29 *In National Instruments Limited*

- (a) Debits and credits in many cases were accounted for in a particular party's account opened in two different ledgers resulting in unlinked items.

- (b) In cash credit account, some cheques were unlinked since 1977.

1.3.30 In National Buildings Construction Corporation Limited

- (a) There was no system of maintaining control accounts and accounts of all sundry debtors were maintained in the general ledger itself.
- (b) Several debit and credit balances were lying unadjusted for a long time, particularly, in respect of closed units.

1.3.31 In National Film Development Corporation Limited, periodical scrutiny of ledgers was not carried out.

1.3.32 In National Small Industries Corporation Limited, no stock records for S&T Project has been maintained at Prototype Development-cum-Training Centre, Okhla.

1.3.33 In National Seeds Corporation Limited, the accounting procedure was deficient with regard to following :

- (a) The prescribed procedure concerning system of accounts and book keeping was not being strictly adhered to and their implementation needed improvement.
- (b) In view of the increase in departmental construction, the system of allocation of direct expenditure during construction between capital and revenue needed improvement.
- (c) In most of the cases customer advance was being credited to customers' running account instead of keeping it separate with the result that it could not be ascertained when and how advances had been adjusted.

1.3.34 In Richardson and Cruddas (1972) Limited, priced stores ledgers were not maintained for stores and spare parts purchased/lying in sub-stores at Byculla, Mulund.

1.3.35 In Steel Authority of India Limited (Bokaro Steel Plant), the accounting procedures and methods followed left scope for improvement with regard to the following aspects :

- (a) Linking/clearance of old unadjusted balances of advances aggregating Rs. 5256.69 lakhs with creditors amounting to Rs. 3,240 lakhs.
- (b) Reconciliation of balances in priced stores ledgers with the balances in control accounts in main ledger.
- (c) Delays in pricing the GRN and recording of issues in purchase and stores accounts.
- (d) Adjustment of credit balances under plant and equipment in-transit.
- (e) Analysis of reasons for abnormal excesses noticed in coking coal and lime stone.

1.3.36 In Trade Fair Authority of India :

- (i) Consolidated records were not maintained by the Company indicating full details of contracts entered into with various parties.
- (ii) No periodical reconciliation was done for foreign bank accounts, debtors and security deposits.

1.3.37 In Triveni Structural Limited :

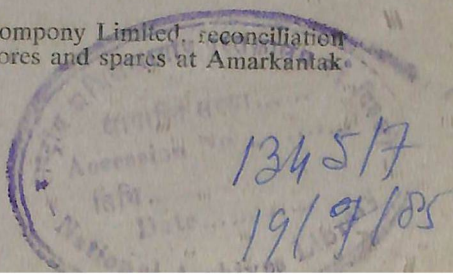
- (a) The system/procedure followed by the Company for capitalisation of assets after they were installed, commissioned and put to use did not ensure prompt and proper reflection in accounts.
- (b) Records for determining the rejection in production were not maintained.
- (c) Due to lack of internal control, payment and recovery of advances and issue of materials to sub-contractors were not properly reflected in accounts.
- (d) The system of records maintained for work-in-progress did not ensure prompt and proper reflection in accounts of closed jobs, materials returned/transferred from one job to another and adjustment of scrap and wastage.

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

1. Bharat Leather Corporation Limited.
2. Bharat Brakes and Valves Limited.
3. Braithwaite and Company Limited.
4. Bridge & Roof Company (India) Limited.
5. The following subsidiaries of Coal India Limited :
  - (a) Eastern Coalfields Limited (Sitarampur, J. K. Ropeways, Sodepur Central Stores, Sodepur, Salanpur and Kunustoria Areas).
  - (b) Western Coalfields Limited.
6. India Tourism Development Corporation Limited (Duty Free Shops, Palam Tax Free Shop—Ashoka Hotel, Akbar Hotel, Eastern Region).
7. Jessop and Company Limited.
8. National Instruments Limited.
9. The following subsidiaries of National Textile Corporation Limited :
  - (a) National Textile Corporation (Maharashtra North) Limited—India United Mill Nos. 2 and 3.
  - (b) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited—Arathi Cotton Mills.
10. Punjab Maize Products Limited (Subsidiary of Indian Drugs and Pharmaceuticals Limited).
11. Pyrities, Phosphates and Chemicals Limited.

1.4.1 In Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited, there was no system of preparing periodical bank reconciliation statements and control accounts.

1.4.2 In Bharat Aluminium Company Limited, reconciliation had not been done in respect of stores and spares at Amarkantak Mines.



1.4.3 In Bharat Ophthalmic Glass Limited, bank accounts and individual ledger accounts were not reconciled for the last several years.

1.4.4 In Bharat Coking Coal Limited :

- (a) Certain balances of advances, sundry creditors/debtors and stores were not fully reconciled.
- (b) *Areas I and II*

Subsidiary books for advances from customers had not been reconciled with control accounts.

1.4.5 In Central Coalfields Limited :

- (a) Reconciliation of balances due from transferred employees on account of loans and advances was pending.
- (b) There was no regular system of reconciliation of control accounts and subsidiary accounts.
- (c) The Company had not reconciled the inter-company and Area balances for pre-November 1975 period.
- (d) The amounts of stores consumption and closing stock of inventory were taken as per control accounts which remained to be reconciled with quantity ledgers in some Areas. In a number of cases there were negative balances which were not reconciled. The reconciliation of inter-depot transfer of stores, spare parts and equipment in some Areas was also incomplete.
- (e) The priced stores ledgers in many Areas were prepared for the whole year at a time thereby precluding periodic reconciliation.

1.4.6 In Coal India Limited, in some cases party-wise ledger balances had not been reconciled with control accounts :

1.4.7 In Western Coalfields Limited.

- (a) Sundry creditors/debtors control account and advances control/ledger account were not reconciled with subsidiary records both at colliery and Area levels.

- (b) Non-reconciliation of bank accounts at periodical intervals had led to year-end unlinked/unaccounted bank charges, stale cheques, casting errors, debits/credits without details, needing proper adjustments.

1.4.8 In Cycle Corporation of India Limited, there was no effective system of reconciliation of books of accounts by taking out periodical trial balances. Reconciliation of control accounts and subsidiary accounts was not upto date in most of the cases.

1.4.9 In Garden Reach Shipbuilders and Engineers Limited, there was no regular system of reconciliation of control accounts with subsidiary ledgers for stores, local purchases, contractors ledger, yard suspense and sundry debtors.

1.4.10 In Heavy Engineering Corporation Limited, reconciliation of bin cards and stores priced ledgers was not carried out.

1.4.11 In Hindustan Shipyard Limited, the system of reconciliation of control accounts and subsidiary accounts needed to be strengthened. Effective steps were required to be taken to maintain personal accounts of sundry creditors and to link up advances with the provisional liabilities.

1.4.12 In Hindustan Steel Works Construction Limited, debtors and creditors accounts were not reconciled periodically.

1.4.13 In Indian Oil Corporation Limited :

- (i) Reconciliation between priced stores ledgers and bin cards for the year 1979-80 to 1981-82 was still in progress.
- (ii) Collection bank accounts were not reconciled in full at the time of finalising the accounts.
- (iii) Railway credit notes issued by Locations prior to 1-4-1979 amounting to Rs. 1.96 lakhs were outstanding for a long time.
- (iv) Receipt of bulk products had been reconciled upto financial year 1976-77 only and receipts for the years 1977-78 to 1981-82 amounting to Rs. 225.83 lakhs remained unlinked.

1.4.14 In Indian Iron and Steel Company Limited (Burnpur Works), pending completion of reconciliation between the priced



stores ledger and the bin cards/kardex, accurate figures of shortages/excesses had not been ascertained for stores, spares and refractories for purpose of adjustment in accounts. Claim-wise reconciliation in respect of excise claims for duty drawbacks amounting to Rs. 126.57 lakhs had not been made.

1.4.15 In India Tourism Development Corporation Limited :  
(Hotel Patliputra—Ashok, Transport Unit, Patna) :

Periodical trial balance was not drawn up and the bank accounts, control accounts and subsidiary accounts were not reconciled.

1.4.16 In Jute Corporation of India Limited :

- (a) There was no effective system of reconciliation of books by taking out periodical trial balances.
- (b) There was also no system of reconciling control and subsidiary accounts periodically.

1.4.17 In Metal Scrap Trade Corporation Limited, neither trial balances and bank reconciliation statements were prepared at periodical intervals nor debtors/creditors ledgers reconciled periodically.

1.4.18 In Mining and Allied Machinery Corporation Limited, reconciliation of bank accounts was not up-to-date.

1.4.19 In Minerals and Metals Trading Corporation of India Limited, the procedure as laid down in the manual for reconciling the stores figures as maintained in Commodity Section and Accounts Section was not followed.

1.4.20 In National Buildings Construction Corporation Limited, trial balance was not prepared periodically. Reconciliation of bank account was done mostly once in a year and some adjustments pertaining to the year 1979 were still pending. Branch accounts were also reconciled only once in a year.

1.4.21 In National Projects Construction Corporation Limited, reconciliation of inter-unit/head office account had not been done on a regular basis. The inter-unit transfers of stores/fixed assets/tools etc. were also pending reconciliation.

1.4.22 In National Research Development Corporation of India, assets register was not reconciled with financial books.

1.4.23 In National Seeds Corporation Limited, there was delay of 2 to 5 months in reconciliation of bank accounts. Control accounts were not being reconciled periodically with subsidiary ledgers. Consequently, various accounts had not been linked/adjusted. In Head Office and some Regional Offices, Customers' ledgers had not been reconciled with general ledger balances.

1.4.24 In National Small Industries Corporation Limited (Prototype Development-cum-Training Centre, Okhla), excise and sales tax accounts were not reconciled either during the course of the year or at the end of the year.

1.4.25 (a) *In National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited :*

*Orissa Cotton Mills*

There was no system of periodical reconciliation of bank accounts and/or control accounts.

(b) *In National Textile Corporation (Maharashtra North) Limited :*

*India United Mills No. 5*

The general ledger and the subsidiary accounts were not periodically reconciled.

(c) *In National Textile Corporation (Delhi, Punjab and Rajasthan) Limited :*

(i) *Cotton Purchase Scheme*

Periodical reconciliation of bank accounts was not done.

(ii) *Ajudhia Textile Mills*

There was delay in reconciliation of books by taking out monthly trial balances, bank accounts, control accounts and accounts of subsidiaries.

(iii) *Edward Mills*

The accounts of other units of the subsidiary Company and head office were not reconciled periodically.

(d) *National Textile Corporation (South Maharashtra) Limited :*

*Bharat Textile Mills*

Bank accounts were not regularly reconciled.

1.4.26 In Smith Stanistreet Pharmaceuticals Limited, the figures of opening stock of finished goods and production did not tally with total sales and closing stock.

1.4.27 In Tannery and Footwear Corporation of India Limited, the reconciliation of the sales depot accounts was not up-to-date and differences for the years prior to 1979-80 were still under reconciliation.

1.4.28 In Triveni Structural Limited, cash balances of 18 sites and bank balances of 30 sites as shown in books did not agree with the balances indicated in the cash certificates and bank certificates respectively. Cash balance in hand, bank balance in current account and temporary overdraft from banks as shown in accounts included unreconciled balances of Rs. 0.78 lakh, Rs. 0.90 lakh and Rs. 1.80 lakhs respectively.

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

- (i) Bhart Ophthalmic Glass Limited.
- (ii) Eastern Coalfields Limited (Bankola, Kenda Sodepur, Sripur, Salanpur and Satgram Areas and Calcutta Sales Office)—(Subsidiary of Coal India Limited).
- (iii) Hindustan Insecticides Limited (Rasayni Unit).
- (iv) India Tourism Development Corporation Limited ;
  - (a) Qutub-Ashok New Delhi (in respect of fixed assets left by US AID).
  - (b) Unit in Southern Region—Temple Bay.
- (v) National Small Industries Corporation Limited—Industrial Estate, Naini (in respect of buildings, etc.) and Prototype Development-cum-Training Centre, Okhla (in respect of fixed assets except machinery and library books).
- (vi) National Textile Corporation (Delhi, Punjab, and Rajasthan) Limited (Edward Mills), full particulars of machinery and other assets acquired prior to 1-4-1974 had not been kept in the fixed Assets Register.
- (vii) Rashtriya Chemicals and Fertilizers Limited (Comprehensive register was not maintained).
- (viii) Tannery and Footwear Corporation of India Limited.

1.5.1 In Bharat Coking Coal Limited, register for the assets acquired on nationalisation had not been maintained. The register maintained thereafter for the assets purchased had not been made up-to-date or it did not include all fixed assets in several Area/Units and did not give adequate information of quantities, item wise values and location of each item of all the assets in several Areas/Units.

1.5.2 In British India Corporation Limited, complete details in respect of furniture and fixtures had not been kept in fixed assets register either in the Branches or Head Office.

1.5.3 In Central Coalfields Limited, proper records to show full particulars including quantitative details, situation, etc. of fixed assets were not maintained except for plant and machinery for which certain Areas maintained proper records though not with complete details.

Owing to lack of co-ordination between the Projects and the Accounts Department, installation of plant and machineries in the fields was not reported in many cases to the Accounts Department on completion of installation as a result, there was undercapitalisation and consequent under charging of depreciation.

1.5.4 In Garden Research Shipbuilders and Engineers Limited, proper records showing full particulars including quantitative details and situation of fixed assets were not maintained.

1.5.5 In Heavy Engineering Corporation Limited, proper records to show full particulars including quantitative details and situation of land, non-residential buildings, roads and bridges, railway lines and sidings, water works and sewerage, electrical installations and factory equipment in certain plants as well as moveable assets were not maintained.

1.5.6 In India Tourism Development Corporation Limited, physical inventory of the assets taken over under US AID was not made.

1.5.7 In Neyveli Lignite Corporation Limited, the list of discrepancies noticed in the course of physical verification of assets during 1980-81 was still being compiled (December 1982).

1.5.8 In Rehabilitation Industries Corporation Limited, proper records showing full particulars including quantitative details and situation of furniture and fixture were not maintained

1.5.9 In Triveni Structural Limited, proper records showing full particulars including quantitative details and situation of fixed assets were not maintained.

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

- (1) H.M.T. (Bearings) Limited (Subsidiary of H.M.T. Limited).
- (2) Indian Iron and Steel Company Limited [Subsidiary of Steel Authority of India Limited (Fixed Assets)].
- (3) India Tourism Development Corporation Limited (Units at Aurangabad and Akbar Hotel—Fixed Assets).
- (4) Mogual Line Limited (Fixed Assets).
- (5) The following subsidiaries of National Textile Corporation Limited :
  - (i) National Textile Corporation (Maharashtra North) Limited—(India United Mills Nos. 2, 3, 4 and 5 including cloth Distribution Centre) and Dye Works).
  - (ii) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited—Bihar co-operative Weavers Spinning Mills.
  - (iii) National Textile Corporation (Madhya Pradesh) Limited—Kalyanmal Mills—Fixed Assets register.
  - (iv) National Textile Corporation (South Maharashtra) Limited (Dhule Textile Mills—Fixed Assets Register).
  - (v) National Textile Corporation (U.P.) Limited—Bijili Cotton Mills.
- (6) Rural Electrification Corporation Limited (Fixed Assets and Library Books).
- (7) Tea Trading Corporation of India Limited.

1.6.1 In Bharat Coking Coal Limited—(Areas No. VII, VIII, IX, X and Gora Magnetite Project), Physical verification of fixed assets has not been conducted.

1.6.2 In Central Coalfields Limited :

- (i) Furniture and fittings had not been physically verified for a long time.
- (ii) Certain plant and machineries which were meant for mining process had been shown since long as assets in Head Office records. No survey had been made to ascertain the whereabouts of these plant and machineries. Thus no evidence in Head Office was available for verification as to the existence of these plant and machineries.
- (iii) Physical verification and technical evaluation of individual assets needed to be made.

1.6.3 In Western Coalfields Limited;

- (i) Fixed assets register had not been built up in respect of assets taken over from the holding Company and sister subsidiaries as well as subsequent additions thereto (Pathakera, Kanhan, Jhagrakhand, Chirimiri, Sohagpur, Bishrampur, IB Valley, Pench, Korba Areas, Bilaspur Divisional Office and Headquarters).
- (ii) Property/Plant registers were not kept up-to-date and hence not reconciled with financial books (Wardha Valley Area).
- (iii) Plant and Machinery was not physically verified (Nagpur Area).

1.6.4 In the Fertilizer Corporation of India Limited—(Gorakhpur Unit), quantity balances as per stores ledgers were not reconciled with the balances of bin cards.

1.6.5 In Hindustan Steel Works Construction Limited, closing stock of materials lying with the fabricators (structural steel reinforcement and cement) was not reconciled with book balance. Reconciliation of physical balances pertaining to material receipt at site with financial books, materials issued from stores/received at site and materials returned by contractors was also not done.

1.6.6 In Indian Drugs and Pharmaceuticals Limited (Rishikesh Plant), physical verification reports of plant and machinery were yet to be reconciled with accounting records.

1.6.7 In National Research Development Corporation of India reconciliation of the value of assets in the assets register with the financial books could not be done as the register did not show the full particulars regarding depreciation write-off, etc.

1.6.8 In the State Trading Corporation of India Limited, reconciliation of balances of assets as per books and physical verification reports/assets register was not complete. In the case of foreign offices, no reconciliation was being done in the absence of assets register.

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

- (1) H.M.T. (Bearings) Limited (Subsidiary of H.M.T. Limited).
- (2) India Tourism Development Corporation Limited (Hotel Patliputra Ashok/Transport Unit—Patna and Units of Southern Region).
- (3) The following subsidiaries of National Textile Corporation Limited :
  - (i) National Textile Corporation (Delhi, Punjab and Rajasthan Limited—Ajudhia Textile Mills and Panipat Woollen Mills.
  - (ii) National Textile Corporation (Gujarat) Limited—Jahangir Textile Mills (Fixed assets register).
  - (iii) National Textile Corporation (Maharashtra North) Limited—India United Mills Nos. 2, 3, and 4 (including cloth Distribution Centre), 5, Dye works, Savatram Ramprasad Mills (furniture, fixtures and other office equipment) and Model Mills (Register of furniture and fixtures).
  - (iv) National Textile Corporation (Madhya Pradesh) Limited Kalyanmal Mills (Fixed assets register) and Indore Malwa Mills (land, building and lab equipment).

- (v) National Textile Corporation (South Maharashtra) Limited—Dhule Textile Mills (Fixed assets register).
  - (vi) National Textile Corporation (Tamil Nadu and Pondicherry) Limited—Kaleeswarer Mills.
  - (vii) National Textile Corporation (U.P.) Limited—Bijili Cotton Mills.
- (4) Tea Trading Corporation of India Limited.

1.7.1 In Bharat Pumps and Compressors Limited, the registers of property/plant were not complete in respect of old additions to plant and machinery, office equipment, furniture and fixtures. Total amount of depreciation charged upto the year under report had also not been incorporated in the register.

1.7.2 In Coal India Limited (in offices other than Regional offices, Dankuni and Desk offices of coal marketing Organisation), records showing full particulars of fixed assets were still under preparation and no physical verification of assets had been carried out. Reconciliation with financial books was not made.

1.7.3 In Indian Drugs and Pharmaceuticals Limited—(Gurgaon Unit), the closing balances of various assets were not completed and entered in the register; the balances were arrived at by working out the same in separate sheets of paper.

1.7.4 In India Tourism Development Corporation Limited (Units at Aurangabad), the situation/location of fixed assets was not recorded properly in the Registers.

1.7.5 In Hindustan Salts Limited, the registers of block assets maintained by the Company neither indicated identification, location and details of assets nor were they reconciled with physical assets. Discrepancies found during physical verification of assets by a firm of Chartered Accountants had not been fully adjusted.

1.7.6 In Hindustan Zinc Limited, location of assets in some units was not recorded.

1.7.7 In the Minerals and Metals Trading Corporation of India Limited (Bombay Branch), the assets register was incomplete in regard to particulars of location, description of some of the items of furniture and fixtures and office equipment.



1.7.8 In Mining and Allied Machinery Corporation Limited :

- (a) Non-standard equipment inventory registers lacked important information like quantity, numbers, location, etc.
- (b) Costing records had not been developed to indicate the cost of each single item of major equipment.
- (c) The value of non-standard equipment including furniture manufactured during the year had been capitalised at estimated market cost which was less than the cost of manufacture.
- (d) The discrepancies noticed on physical verification of plant and machinery carried out in 1978-79 Still remained unadjusted.

1.7.9 In the National Seeds Corporation Limited, the following deficiencies were noticed :

- (a) The property/plant register did not include the value of assets. In the absence of identified value and particulars of certain assets sold, the sale proceeds were appearing in the accounts under the head "Other Deposits".
- (b) Credit balances were appearing in various customers' accounts. Debit and credit balances were not linked and reconciled.

1.7.10 In National Textile Corporation (West Bengal, Bihar Assam and Orissa) Limited—Arati Cotton Mills, fixed assets register was not brought up-to-date and consequently fixed assets physically verified could not be checked with reference to the register.

1.8 *Stores accounting records needed improvement in view of the various deficiencies noticed in the case of the following Companies :*

1.8.1 In Braithwaite and Company Limited :

- Proper reconciliation of stores ledger balances with the general ledger balances relating to stock items was not made.

- There was no proper accounting of steel and components issued to fabricators.
- Control accounts were not properly reconciled with subsidiary accounts.
- There was need for streamlining the procedure of recording the receipts, issues and consumption of raw materials, stores, spare parts, and sundry materials.
- There was no system of accounting of stores-in-transit after taking into consideration railway receipts, bills of lading etc. in hand.
- There was no proper system of reconciliation of free supply of steel and components received from customers, steel stock including surplus steel and scrap.
- Issues of steel was made on the basis of indents prepared at the time of framing the estimates instead of on requisitions and issue notes, which were not in vogue.
- Unused components, if any, had not been physically verified after completion of each wagon contract for the purpose of transferring such items to stock.

1.8.2 In Bharat Leather Corporation Limited, foot-wear goods, leather goods had been purchased during the year under report on the basis of personal negotiations and not on tender basis.

1.8.3 In Bharat Process and Mechanical Engineers Limited, there was no procedure prescribed for calling open tenders for purchases.

1.8.4 In Bridge and Roof Company (India) Limited, the system of maintaining stock at various sites was only of receipts and issued separately, as such, book balances were not readily ascertainable. The physical balances in respect of clients' materials were reconciled only at the completion of jobs and not periodically.

### 1.8.5 In Central Coal Washeries Organisation (SAIL) :

- A considerable quantity of raw coal, washed coal produced/despatched was not weighed and consequently shortages or excesses thereof were not ascertained.
- No deductions seemed to have been effected for under-loading of coal or for inferior quality of coal containing shales, boulders and other materials.

### 1.8.6 In Central Coalfields Limited :

- Postings in priced and numeric records were often in arrears. The method often followed was to post all issues for a month first after which all receipts were entered.
- The system for obtaining authentication for stores issues was not always followed and there were cases when issues were made without proper authority.
- Inventory of raw coal intended for washery consumption had been valued at notified rates which were in some cases higher than the cost of production of coal thereby including an element of profit on stock which could only be sold after further processing.
- There was no basic production data from which the actual raising of coal could be ascertained other than production report for each shift by each foreman/pit munshi.
- The output despatch statements sent by collieries to Sales Office were sometimes changed and did not tally with other records.
- Depot stores-in-transit included a number of old balances which had not been scrutinised and adjusted.
- No stores accounting records had been maintained for construction materials purchased and/or drawn from areas for civil maintenance work at Head Office. Such materials had been entirely charged

to Profit and Loss Account and the closing stock, if any, was not included in the closing stock of stores.

- A sum of Rs. 3.73 lakhs representing auction sale proceeds of obsolete/surplus/scrap stores, plant and machinery was lying unadjusted.
- The procedure for issue to and recovery of cost of materials from contractors was faulty as there was no effective check to ascertain the proper utilisation of materials issued and recovery of cost thereof from the bills.
- As per colliery statements, a quantity of 70.67 lakh tonnes of coal was despatched to Washeries during the year, whereas the Washeries acknowledged the receipt of 70.02 lakh tonnes. Thus, there was *prima facie* short receipt of 0.65 lakh tonnes of coal by the Washeries, the estimated value of such short receipt was Rs. 1.12 crores which was charged off in accounts.

#### 1.8.7 In Eastern Coalfields Limited :

##### *Sodepur Central Stores*

- Balances as per priced stores ledger were not reconciled with those of bin cards.
- Deficiencies still persisted in processing and recording of issue/receipt notes resulting in inaccurate average rates and item-wise balances.

##### *Headquarters*

- Consumption of stores had been arrived at on derived method taking closing stock as per bin cards and purchases at estimated prices, as a result, the full and correct record of receipts and consumption of stores, spares etc. could not be ascertained conclusively.
- In certain areas, the difference between agreed rate and actual rate of materials issued to contractors on recoverable basis had not been adjusted in the accounts resulting in under-booking of cost of civil construction jobs-in-progress and those completed.

*Satgram, Sodepur, Sripur and Salanpur Areas*

The consumption of stores and spare parts had been arrived at by deducting the physical stocks at the close of the year from the opening stock and receipts. No reconciliation of receipt and issue was made with financial ledgers, as a result the extent of discrepancies between the book records and physical inventory could not be determined.

1.8.8 In Western Coalfields Limited.

*(Headquarters, Bilarpur Divisional Office, Pench, Bishrampur and Korba Areas)*

The stock of stores and spares had been taken as per control account balances appearing in the financial ledgers which remained to be reconciled/ adjusted with the balances in stock ledgers and/or bin cards/inventory sheets to the extent stores and spares lying at central stores in the Areas.

- Inventories included items of 'Nil' value, some value not represented by quantities and also negative balances.
- There was no uniformity in valuation of stores and spares as different methods like average cost/last purchase price/under-cost had been adopted.
- Priced stores ledgers were incomplete.
- Correctness of figures of consumption of stores, spare parts, etc. could not be verified due to :
  - (a) issue vouchers were found unpriced.
  - (b) inventory of stores and spares as on 31st March 1982 was not made available.

*Wardha Valley Area*

List of inventories with values as on 31st March 1982 was not ready for verification and thus reconciliation of value of inventory with balance in control account in general ledger was not made.

1.8.9 In Bharat Coking Coal Limited (Headquarters, Barakar Area No. XII, Sudamadih Area D&C Division, D&F Ropeways, Moonidih Project, E & M Division, Washery Construction Division, Sales and Purchase Division at Calcutta) :

- (a) There was no system of following serially printed numbers in respect of stores receipt documentation,

as a result it was not possible to ensure that all receipts of stores relating to the year had been accounted for.

- (b) Substantial quantities of cement and steel were supplied to contractors for execution of civil works. In the absence of proper records and satisfactory internal control, it was not possible to ensure that all materials issued were fully utilised in Company's works. In most cases, the Accounts Department had no records of the material each contractor was accountable for, the only record available in this regard was a measurement book maintained by civil engineers.
- (c) Stock of sand had been valued by one Area only.
- (d) Inventories of stores were not valued in accordance with the accepted accounting principles.

1.8.10 In Dredging Corporation of India Limited, records showing quantitative particulars of steel received, consumed and balance in hand of steel procured from customers to repair company's equipment were not maintained as a result accounting for the same was not made till a statement of recovery was received from the customer.

1.8.11 In Engineering Projects (India) Limited (Calcutta Branch), the pricing of issues of construction materials had not been done uniformly for all the projects.

1.8.12 In the Fertilizer Corporation of India Limited :

*Gorakhpur Unit*

- In some cases goods were shown in-transit for unreasonably long periods.
- In some cases, though the inspection period allowed by the suppliers was over, goods were still lying under inspection.

*Ramagundam Unit*

- In some cases, there was considerable time lag between receipt of materials and their inspection.
- Causes for shortages in inventories had not been investigated with a view of fixing responsibility, if any, for such shortages.

- Reconciliation between the bin cards and priced stores ledgers for the year under report had not been attempted till February 1983.

*Sindri Unit*

- In some cases there was considerable time lag between receipt of materials and their inspection.
- 1.8.13 In Hindustan Steel Works Construction Limited .
- The existing purchase procedure did not stipulate any monetary limit for calling open tenders.
  - Bin card balances at Bokaro were not reconciled with the balances of priced stores ledger.
- 1.8.14 In Heavy Engineering Corporation Limited :
- Uniform policy was not followed in different units in regard to valuation of goods, closing stock of finished/semi-finished goods.
  - Raw materials valued at Rs. 568.97 lakhs lying at shop floor included significant portion of stagnant stock.
  - Raw materials valued at Rs. 61.62 lakhs were lying at shop floor for more than 2 years (Heavy Machine Building Plant).
  - No proper/adequate records were maintained for the stock of raw materials at shop floor and the same was accounted for on the basis of physical verification at the year end.
  - There was no proper documentation of transfer of raw materials at shop floor from one work to another.
  - Stores-in-transit account included materials valued at Rs. 540.24 lakhs in HMBP brought forward over two years pending inspection/linking up. The location of these materials as well as the reasons as to why the inspection of the materials was pending could not be ascertained.
  - Though imported components of mine winders valued about Rs. 371 lakhs were received in stores long back the same were continued to be shown under stores-in-transit since 1977-78.

- Inventories included credit balance of Rs. 377.50 lakhs appearing in stores priced ledger.

As reported in earlier years, there were several mistakes in stores priced ledger e.g. :

- (a) Wrong pricing of materials resulting in over/under valuation of raw material consumption.
- (b) Wrong postings of receipt and issue vouchers in different bin cards.
- (c) Taking of gross weights instead of net weights as well as taking of wrong design weights.
- (d) Computer mistakes in valuing the materials.
- (e) Sundry creditors balances and advance payments were not regularly linked up.
- (f) There was no proper system of recording advances received against bills.
- (g) Control and subsidiary accounts as well as unit accounts were reconciled at the year end only.

1.8.15 In Hindustan Antibiotics Limited, the consumption of stores as recorded by the loan licencees and the stock of materials with them as shown in the statements of accounts received from them were not in agreement with the position revealed by the records maintained by the Company.

1.8.16 In Indian Iron and Steel Company Limited :

- Charges for materials issued to contractors were not recovered regularly at appropriate rates.
- Advances amounting to Rs. 206.51 lakhs given to certain suppliers had not been linked up/adjusted with corresponding liabilities for a considerable period.

1.8.17 In India Tourism Development Corporation Limited (Akbar Hotel), there was no system of pricing the issues.

1.8.18 In Jessop and Company Limited :

- Quantitative records of scrap were not maintained.
- There was no comprehensive purchase procedure.



1.8.19 In Minerals and Metals Trading Corporation of India Limited—(Delhi Divisional Office), no procedure had been laid down for the accounting of empty crates/drums.

1.8.20 In Mining and Allied Machinery Corporation Limited :

- Due to wrong codification in different stores documents, accounting of purchases/consumption of stores, spares etc., got complicated as a result in some cases stock of stores, etc. showed credit balances.
- Original bills were not always readily available for checking the pricing of materials.
- In some cases, payments of suppliers bills were made without linking up with advances paid earlier.
- The raw materials, work-in-progress, etc. lying with the ancillary units/sub-contractors had been partly accounted for on the basis of physical checking and partly on the basis of book records.
- No register was maintained to record the material received from customers for reconditioning/repairing, etc.
- Difference between the issue and recovery rates of materials issued to civil contractors were not adjusted regularly. In some cases, materials given on loan to contractors were not linked while settling their final bills as such it could not be ensured that there was adequate procedure for recovery of charges of materials issued to civil works.
- The closing stock had been valued at net/gross/provisional selling price/average sale order rate without considering whether the same was lower/higher than the cost price of the product.
- Most of the finished goods, work-in-progress and other materials lying with ancillary contractors at site or with the project contractors were included in closing stock without physical verification and/or obtaining certificates from the contractors.
- No accounting record had been maintained for work in progress and material lying at shop floors.

1.8.21 In National Seeds Corporation Limited, relevant movement of seeds and other assets needed to be streamlined and internal control procedures improved.

1.8.22 In National Textile Corporation (Gujarat) Limited :

*Virangam Textile Mills*

The system of internal control was inadequate in the following aspects :

- Issue of stores without making out material issue note.
- Materials given on loan were accounted for at 'Nil' value.
- Consumption of coal was accounted for on a derived method.

1.8.23 In National Textile Corporation (South Maharashtra) Limited—(Mumbai Textile Mills), there was no system of weighing in the Mill premises the cotton purchased and consequently shortages, if any, in transit or due to other reasons could not be ascertained.

## 2. Internal Control

2.1 There was no manual outlining the scope and programme of work for Internal Audit in the following Companies :

1. Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.
2. Basmatia Tea Company Limited (Subsidiary of Andrew Yule and Company Limited).
3. Bharat Brakes and Valves Limited.
4. Bharat Leather Corporation Limited.
5. Bharat Ophthalmic Glass Limited.
6. Bharat Process and Mechanical Engineers Limited.
7. Bharat Wagon & Engineering Company Limited.
8. Biecco Lawrie Limited.
9. Birds Jute and Exports Limited (Subsidiary of Bharat Process and Mechanical Engineers Limited).
10. Braithwaite and Company Limited.

11. Bridge and Roof Company (India) Limited.
12. Burn Standard Company Limited.
13. British India Corporation Limited.
14. Coal India Limited and its subsidiary Eastern Coalfields Limited.
15. Computer Maintenance Corporation Limited.
16. Cycle Corporation of India Limited.
17. Dredging Corporation of India Limited.
18. Delhi State Industries Development Corporation Limited.
19. Goa Shipyard Limited (Subsidiary of Mazagon Dock Limited).
20. Hindustan Aeronautics Limited (Nasik and Koraput Divisions).
21. National Instruments Limited.
22. Indian Oil Blending Limited.
23. IISCO Stanton Pipe and Foundry Company Limited.
24. Lagan Jute Machinery Company Limited.
25. Metal Scrap Trade Corporation Limited and its subsidiary Ferro Scrap Nigam Limited.
26. National Aluminium Company Limited.
27. National Buildings Construction Corporation Limited.
28. North Eastern Electric Power Corporation Limited.
29. National Fertilizers Limited.
30. National Film Development Corporation Limited.
31. National Instruments Limited.
32. The following subsidiaries of National Textile Corporation Limited :
  - (i) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited—(Arati Cotton Mills).
  - (ii) National Textile Corporation (Maharashtra North) Limited (India United Mills No. 4 including Cloth Distribution Centre).

- (iii) National Textile Corporation (U.P.) Limited (Elgin Mills).
- (iv) National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited (Mysore Spinning and Weaving Mills and Minerva Mills).
- 33. Punjab Maize Products Limited (Subsidiary of Indian Drugs and Pharmaceuticals Limited).
- 34. Rail India Technical and Economic Services Limited.
- 35. Rehabilitation Industries Corporation Limited.
- 36. Richardson and Cruddas (1972) Limited (Byculla and Mulland Units).
- 37. Smith Stanistreet Pharmaceuticals Limited.
- 38. The Southern Pesticides Corporation Limited.
- 39. The State Trading Corporation of India Limited (Bombay Branch) and its subsidiary—The Projects and Equipment Corporation of India Limited.
- 40. Tannery and Footwear Corporation of India Limited.
- 41. Tea Trading Corporation of India Limited.
- 42. Trade Fair Authority of India.
- 43. Triveni Structurals Limited.
- 44. Water and Power Consultancy Services (India) Limited.
- 45. Weighbird (India) Limited (Subsidiary of Bharat Process and Mechanical Engineers Limited).

2.1.1 In Bharat Coking Coal Limited, though it had to follow internal audit manual of its holding Company, it did not do so due to several constraints.

2.1.2 In Bridge & Roof Company (India) Limited, there was an inadequate system of internal control and internal audit had not covered the major portion of contract activity.

2.1.3 In Central Cottage Industries Corporation of India Limited, scope of internal audit did not cover the activities with regard to audit of stores, which was a major activity of the Company.

2.1.4 In Mining and Allied Machinery Corporation Limited, the manual outlining the area and scope of work to be carried out by the internal auditors was very old and not up-to-date.

2.1.5 In National Textile Corporation (Delhi, Punjab and Rajasthan) Limited, the manual outlining the scope and programme of work for internal audit was neither exhaustive nor adequate in comparison to size and nature of the organisation.

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

1. Bharat Ophthalmic Glass Limited
2. The Southern Pesticides Corporation Limited.

2.2.1 Bharat Wagon Engineering Company Limited had no internal audit department to conduct audit.

2.2.2 In National Film Development Corporation Limited, no internal audit system was in force to exercise control on the payments made by the departments other than accounts department.

2.3 *Internal Audit was not conducted in the following Companies during the year under report.*

- (1) Bengal Chemical and Pharmaceuticals Limited.
- (2) Bharat Heavy Electricals Limited (Magneto Hydro Dynamics Research Project)
- (3) Central Coalfields Limited (Orissa Area).
- (4) Engineering Projects (India) Limited (major foreign projects).
- (5) Indian Road Construction Corporation Limited (Projects except Jalawala Bridge Project-Iraq).
- (6) National Aluminium Company Limited.
- (7) National Textile Corporation (West Bengal, Bihar, Assam and Orissa) Limited (Arati Cotton Mills, Orissa Cotton Mills, Bengal Laxmi Cotton Mills and Sodepur Cotton Mills).
- (8) North Eastern Electric Corporation Limited.
- (9) Punjab Maize Products Limited (Subsidiary of Indian Drugs and Pharmaceuticals Limited).
- (10) Western Coalfields Limited (Calcutta Sales and Marketing Office and some Areas/collieries).

2.3.1 In the Fertilizer Corporation of India Limited (Ramagundam Unit), internal audit by central office team was in arrears since January 1977. The Unit's own internal audit did not cover important areas like inventory control, sales, etc.

2.3.2 In the Handicrafts and Handlooms Exports Corporation of India Limited (New Delhi), audit of records of foreign branches could not be adequately carried out as the important records like debtors/creditors ledger, stock records, etc. were not received in the Head Office.

2.3.3 In India Tourism Development Corporation Limited (Aurangabad Unit), internal audit was not conducted regularly.

2.3.4 In Mining and Allied Machinery Corporation Limited, internal audit of project site stores, ancillary units which covered major area of operation had not been conducted.

2.3.5 In National Textile Corporation (Madhya Pradesh) Limited (Hira Mills), the production department was not covered by the internal audit during the year.

2.3.6 In Weighbird (India) Limited, internal audit did not cover areas, such as production, consumption of stores and raw materials etc.

2.4 *The existing system of internal audit was not considered to be comprehensive and adequate with reference to the volume of transactions and coverage of units etc. in the following Companies :*

- (1) Burn Standard Company Limited.
- (2) Bharat Leather Corporation Limited.
- (3) Central Inland Water Transport Corporation Limited.
- (4) Delhi State Industries Development Corporation Limited.
- (5) Hindustan Aeronautics Limited (Nasik Division).
- (6) Indian Drugs and Pharmaceuticals Limited (Rishikesh Plant).
- (7) Indian Roads Construction Corporation Limited.
- (8) National Buildings Construction Corporation Limited.
- (9) National Projects Construction Corporation Limited.

- (10) National Seeds Corporation Limited.
- (11) The following subsidiaries of National Textile Corporation Limited :
- (i) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited (Panipat Woollen Mills and Edward Mills).
  - (ii) National Textile Corporation (Gujarat) Limited, (Jehangir Textile Mills).
  - (iii) National Textile Corporation (South Maharashtra) Limited, (Jupiter-Textile Mills, Mumbai Textile Mills, Digvijay Textile Mills and Nanded Textile Mills).
- (12) Rashtriya Chemicals and Fertilizers Limited.
- (13) Rehabilitation Industries Corporation Limited.
- (14) Smith Stanistreet Pharmaceuticals Limited.
- (15) The State Trading Corporation of India Limited (Bombay Branch).
- (16) Triveni Structurals Limited.
- (17) Water and Power Consultancy Services (India) Limited.

2.4.1 In Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited :

- The area, scope and extent of checking of accounts undertaken by the internal audit department were not sufficient and commensurate with the size and nature of work of the Company.
- The internal control needs strengthening in the existing projects at Little Andaman and North Andaman.

2.4.2 In Bharat Electronics Limited, the area and scope of the programme drawn up for the internal audit needed to be enlarged and widened.

2.4.3 In Bharat Heavy Electricals Limited, (Heavy Electricals Equipments Plant, Hardwar), the scope of internal audit needed to be enlarged to cover inventory control and production areas.

2.4.4 In Bharat Heavy Plate and Vessels Limited the scope and operation of Internal audit system needed to be enlarged

to cover more areas of operations including transactions relating to erection at sites so as to make the system commensurate with the size and operation of the Company.

2.4.5 In Bharat Pumps and Compressors Limited internal audit did not check sales bills with reference to escalation claims, purchase vouchers with reference to stores receipt vouchers and adjustment of advances, etc. Thus, there was need for considerable improvement in the scope and working of internal audit.

2.4.6 In Braithwaite and Company Limited, internal control procedures were inadequate in as much as :

- They were not commensurate with the size of the Company and volume of transactions.
- There was absence of perpetual verification of components, raw materials, stores and spare parts and physical verification of contracts-in-progress.
- There was lack of systematic determination of unserviceable or damaged stores and raw materials.
- Absence of scrutiny, following up, reconciliation of escalation and de-escalation claims and maintenance of reasonable records thereof.

2.4.7 In Central Cottage Industries Corporation of India Limited, internal control procedure was deficient in regard to the following :—

- (a) Perpetual inventory system and fixing up minimum and maximum level of stocks had not been drawn up resulting in over and under stocking.
- (b) There was no proper reconciliation between the financial and stores books of accounts resulting in differences in purchase and sale.
- (c) Control over the payment to consignors for goods received on consignment basis was inadequate which resulted in defalcation of money.
- (d) There was no proper control on stationery especially on cash memo books.
- (e) There was no control over the issue of stores from stores department to other departments and the shortages in stores department were not determined separately.



- (f) The Company's purchase procedure did not provide for the calling of open tender of merchandise in view of the lack of homogeneity of items dealt with.

2.4.8 In Delhi State Industrial Development Corporation Limited :

- (a) There was no set procedure for allowing rebates/ discounts and/or for granting refunds.
- (b) The procedure for recovery of charges for material issued in respect of construction of Industrial Sheds activities was inadequate.
- (c) The Company had no well-defined purchase procedure. No specific limits had been laid down for calling open tenders and purchases were also being made without open tenders.

2.4.9 In Coal India Limited, during the year under report internal audit department had taken up cash verification and some other minor scrutiny work only.

The scope of internal audit should be increased to cover all important areas, specifically those relating to the accounts of current year.

2.4.10 In Bharat Coking Coal Limited :

- The coverage of operation in internal audit during the year was very inadequate and the internal audit carried out normal routine checkings only.
- The frequency of examination should be increased after categorising various operating units/areas according to their importance.
- Head of internal audit was also responsible for giving financial concurrence as a part of operating control.

In Sudamadih Area of the Company, owing to lacuna in the internal control over accounting, there was total chaos in the accounting system of the Area.

2.4.11 In Central Coalfields Limited, the internal audit department being inadequately staffed, the coverage in internal audit was not commensurate with the size of the Company and nature of its business.

The internal control was deficient inasmuch as it did not ensure :

- Regular review of goods inward records for explosives, iron and steel materials, etc. for which no invoices had been received.
- Whether all purchase invoices had been received and correctly accounted for and reconciled with goods receipt notes.
- Wage sheets were not always checked before payment resulting in many errors; e.g. both normal wages as well as sick wages were paid for sick leave, excess bonus was paid due to wrong attendance records, fall back wages to piece rated workers were paid in excess for the days miners were absent as per form 'C' Attendance Register and Lumps issue register wages were paid as per entry in Form IV A at the central workshop; there was difference between attendance records of time offices and shops.
- Physical verification of cash at collieries was not carried out by the imprest holders though required to be done at least monthly.
- — Reconciliation of quantities and values as shown in purchase invoices with receipts into store records.

2.4.12 In Eastern Coalfields Limited, having regard to the deficiencies in accounting system and considering the size of the units, the internal audit system was not adequate and needed to be strengthened both in respect of coverage and areas i.e. review of systems, procedures, operational audit, verification of fixed assets, current assets and implementation of accounting and other instructions in respect of stores issued to contractors on recoverable basis, maintaining minimum cash balances, soiled notes, reconciliation of receipts and issues of stores, record of contingent liabilities, unserviceable stores, regular scrutiny and follow up of sundry debtors, providing for statutory liabilities, etc. :

- In respect of sales effected through Calcutta Sales Office during the year under report, an amount of Rs. 197.39 lakhs was deducted by Steel Plants and Railways on account of quality, quantity, etc. The total provision at the end of the year to cover possible bad and doubtful debts of Calcutta Sales Office stood at Rs. 125.37 lakhs.

2.4.13 In Western Coalfields Limited, there was no proper control on issue of credit notes to customers for discounts, rebates, write-off etc. (Calcutta Sales and Marketing Office).

Deficiencies in internal control were observed with regard to :

- (a) Advances for purchases/expenses and adjustment thereof.
- (b) Recording and accounting of fixed assets.
- (c) Periodical review of dead inventories in area stores and physical verification of colliery stores at short interval (Wardha Valley Area).

2.4.14 In Hindustan Cables Limited, internal control was deficient in respect of the following :

- There was no comprehensive purchase manual.
- Primary documents e.g. stores requisition notes, stores receiving vouchers, purchase orders, etc. were not prenumbered.
- Suppliers' ledger was not reconciled with financial books.
- Subsidiary records relating to issue of materials to contractors, recovery thereof and balances with them were not reconciled with financial books.

2.4.15 In Hindustan Insecticides Limited, the entire internal audit system needed to be strengthened especially at Rasayani.

2.4.16 In Hindustan Steel Works Construction Limited, there was scope for effective internal control in the following areas :

- Maintenance of detailed records in respect of disallowances/deductions from running bills.
- Age-wise and party-wise analysis of debtors and creditors.
- Advances to sub-contractors.
- Introduction of perpetual inventory system at major units of the Company (other than Bokaro) to ensure coverage of physical verification of each item of inventory once a year or over a specified period of time and adjustment of shortages/excesses, if any, noticed during physical verification.

2.4.17 In Instrumentation Limited, the advances, inventory and debtors were not fully covered in internal audit.

#### 2.4.18 In Indian Oil Corporation Limited :

- (i) The internal audit of Assam Oil Division was not considered adequate in respect of the following items :
- (a) accounting of materials awaiting inspection. "
  - (b) Clearance of old outstanding balances (including follow up measures) against agents, sundry creditors, DGS&D claims recoverable, suspense account, etc.
- (ii) The system of internal audit required to be strengthened in the case of MJPL (Gurgaon), SMPL (Rajkot) and Mathura Refinery.

2.4.19 In Indian Petrochemicals Corporation Limited, the coverage of internal audit in respect of marketing activities and general accounts needed to be increased to a greater extent.

2.4.20 In India Tourism Development Corporation Limited (Hotel Airport Ashok, Calcutta, Airport Restaurant and Flight Kitchen Calcutta, Kaziranga Forest Lodge, Assam) :

There was lack of internal control in the following areas :

- There was no system of pricing of stores issued.
- Priced stores ledgers were not maintained.
- In the cost of consumption of raw materials, cost of food consumed by operational staff of catering establishment had been included.

2.4.21 In IISCO Stanton Pipe and Foundry Company Limited, there was scope for improvement in internal audit system in the following areas :

- Physical verification of fixed assets.
- Periodical review of the working of the Company.

2.4.22 In Indian Telephone Industries Limited, the internal audit should review periodically old debtors, advances, unadjusted credit balances, general and stores suspense accounts and balances lying in excise duty payable/refundable accounts.

2.4.23 In Mining and Allied Machinery Corporation Limited:

- The internal audit system was not commensurate with the size and nature of business of the Company.
- Frequency of internal audit needed to be increased with increased coverage of more areas.

- The Company should have technical audit which should cover technical matter such as production.

2.4.24 In National Instruments Limited, internal audit was inadequate inasmuch as it was confined to routine checking of cash balances and accounts of regional sales offices.

2.4.25 In Neyveli Lignite Corporation Limited, the scope of internal audit system needed to be enlarged, particularly, in respect of expansion projects.

2.4.26 In the National Small Scale Industries Corporation Limited (Bombay Branch), the internal audit was carried out on test check basis without going in depth.

2.4.27 In National Textile Corporation Limited (Marketing Division, Ahmedabad), considering size and activities of the division, the internal audit should be done continuously with particular emphasis on stock at show rooms and depots.

2.4.28 In National Textile Corporation (South Maharashtra) Limited (New Hind Textile Mills), the scope of internal audit was required to be adequately enlarged and extended to various areas of operations so as to make it commensurate with the size and nature of business as there was no in-depth checking either of all the financial records or the operational aspects and policies of the unit except in the case of cotton purchase.

2.4.29 In National Textile Corporation (Maharashtra North) Limited (India United Mills Nos. 2 and 3), internal audit was confined to partial verification of routine financial transactions only.

2.4.30 In Punjab Maize Products Limited :

- There was lack of internal control, efficient accounting system and procedure commensurate with the size and investment involved and the same required improvement.
- Parties/contractors' accounts as appearing in the books were subject to scrutiny, reconciliation and confirmation from parties.

2.4.31 In Steel Authority of India Limited (Durgapur Steel Plant), internal control system offered scope for further improvement in the following areas :

- Capital equipment awaiting disposal, clearance of sundry debtors, township dues, claims for raw materials, stores, railway freight, claims for missing wagons, suspense accounts, and assessment/evaluation of surplus/unserviceable/damaged stores.
- Control on generation of iron and steel scrap.
- Minimisation of soiled/mutilated notes amounting to Rs. 1.37 lakhs.

2.4.32 In Tannery and Footwear Corporation of India Limited, the internal control system in respect of accounting of sale at depot needed to be streamlined and strengthened.

2.4.33 In Trade Fair Authority of India, the internal audit department had till now only checked the foreign fair accounts.

2.4.34 In Fertilizer Corporation of India Limited :

(Sindri Unit, Calcutta Unit, Jodhpur and Lucknow Marketing Divisions).

Internal audit was confined to routine checking of cash transactions, checking of invoices, etc.

Talchar and Gorakhpur Units

Technical aspects and inventory were not subjected to internal audit.

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

1. Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.
2. Bharat Aluminium Company Limited.
3. Engineering Projects (India) Limited.
4. Hindustan Aeronautics Limited (Bangalore Complex Design Bureau and Hyderabad Division).
5. Hindustan Copper Limited.
6. Hindustan Fertilizers Corporation Limited.

7. Hindustan Zinc Limited.
8. Indo-Burma Petroleum Company Limited (Engineering Division).
9. Indian Drugs and Pharmaceuticals Limited (Regional Sales Offices at Calcutta, Cuttack and Patna, Synthetic Drugs Plant, Hyderabad).
10. Indian Iron and Steel Company Limited (Subsidiary of Steel Authority of India Limited).
11. Indian Rare Earths Limited.
12. National Textile Corporation (U.P.) Limited—New Victoria Mills.
13. The Mogul Line Limited.

2.5.1 In Bharat Coking Coal Limited considering the volume of transactions of the Company, the internal audit department was not adequately staffed.

2.5.2 In Western Coalfields Limited, considering the size and nature of business of the Company and in view of various weaknesses in accounting system and in internal control, the scope of internal audit should be substantially enlarged and improved in all the critical spheres of the activities of the Company.

2.5.3 In Bharat Heavy Electricals Limited (Bhopal Unit), the internal audit needed to be strengthened as it did not cover all the sections during the year.

2.5.4 In Hindustan Shipyard Limited, the present scope and extent of verification by Internal Audit Department needed to be reviewed and further strengthened in view of the defalcations (LTC advances) which came to light during the year.

2.5.5 In Hindustan Paper Corporation Limited, Internal Audit Department needed to be strengthened in order to cover extensively the increased volume of work of Marketing Division and projects and also to ensure periodical physical verification of assets and inventories.

2.5.6 In National Textile Corporation (South Maharashtra) Limited (Dhule Textile Mills), internal control system needed to be strengthened in respect of stores department, canteen, ration shop and coal department.

2.5.7 In National Projects Construction Corporation Limited, out of total 40 working units, only 11 units were covered in internal audit during the year, audit of only 5 units was conducted by Internal Audit Department of the Company and audit of other 6 units was conducted by external agencies.

2.5.8 In Richardson and Cruddas (1972) Limited, internal audit needed to be strengthened and enlarged in its scope and coverage at Byculla and Mulland Units.

2.5.9 In Steel Authority of India Limited (Salem Steel Plant), the internal audit system needed to be strengthened in view the nature of business and commencement of commercial production.

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

- (1) Central Electronics Limited.
- (2) Garden Reach Shipbuilders and Engineers Limited.
- (3) Goa Shipyard Limited.
- (4) Hindustan Cables Limited.
- (5) India Tourism Development Corporation Limited (Aurangabad Unit).
- (6) The Minerals and Metals Trading Corporation of India Limited (Delhi Divisional Office).
- (7) The following subsidiaries of National Textile Corporation Limited :
  - (a) National Textile Corporation (Gujarat) Limited—Ahmedabad Jupiter Textile Mills).
  - (b) National Textile Corporation (South Maharashtra) Limited (Jupiter Textile Mills).
- (8) The National Newsprint and Paper Mills Limited.

2.6.1 In Bharat Coking Coal Limited, there was no regular system/programme for internal audit except random checking of cash, stores and stock of a few collieries (Areas No. VII, VIII, IX, X and Gore Magnetite Project).

2.6.2 In Central Inland Water Transport Corporation Limited, the programme drawn up for internal audit from time to time had not been implemented satisfactorily due to inadequacy of staff.



2.6.3 In Eastern Coalfields Limited, programme for internal audit was not drawn up.

2.6.4 In Engineering Projects (India) Limited, the detailed internal audit programme was not made available to auditors.

2.6.5 In Hindustan Aeronautics Limited (Nasik Division), the areas, viz. bills payable, other charges, cost and material accounts, claims and bills receivable, initially programmed had not been actually covered in internal audit.

2.6.6 In HMT (international) Limited, there was no staff to follow up the programme for internal audit.

2.6.7 In Indo-Burma Petroleum Company Limited (Head Office), the internal audit programme formulated by the Management was not commensurate with the size and nature of the business of the Company.

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

2.6.9 In National Textile Corporation (Maharashtra North) Limited (India United Mills No. 4 and head office including cloth distribution centre), audit of cost and production records was not included in the programme of internal audit.

2.7 *In the following cases follow-up action on points thrown up in internal audit was not adequate:*

- (1) Central Inland Water Transport Corporation Limited.
- (2) Engineering Projects (India) Limited (Calcutta Branch).
- (3) Hindustan Cables Limited.
- (4) Hindustan Insecticides Limited.
- (5) Indian Road Construction Corporation Limited (in respect of Jalawala Bridge Project—Iraq).
- (6) National Small Industries Corporation Limited (Bombay Branch).
- (7) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—(Kharar Mills).

- (8) The National Newsprint and Paper Mills Limited.  
 (9) Western Coalfields Limited (Jhagrakhand Area).

2.7.1 In Delhi State Industries Development Corporation Limited although outside agencies were appointed to carry out internal audit, the internal Auditor did not issue any reports for consideration by the Management.

2.7.2 In Electronics Trade and Technology Development Corporation Limited, some of the points thrown up by the Internal Auditors on the system of accounts were considered by the Management but no action was taken in reconciling accounts of many Sundry Debtors.

2.7.3 In Engineering Projects (India) Limited, there was need to expedite follow-up action in respect of audit reports relating to Home Projects.

2.7.4 In Hindustan Cables Limited, internal audit report for 1981-82 had not been prepared.

2.7.5 In India Tourism Development Corporation Limited :  
*Hotel Qutab Ashok, New Delhi*

There was need for an effective and timely followup of discrepancies and irregularities pointed out in the internal audit reports.

*Hotel Varanasi-Ashok, Airport Restaurant and Transport Unit*

Internal Audit Reports for two years were submitted late and consequently there was no follow up action.

2.7.6 In the Minerals and Metals Trading Corporation of India Limited (Bombay Branch), no action had been taken in respect of the following points raised by internal audit department :—

- There was considerable delay in lodging claims and there was lack of follow up action on the same.
- Clearance of old items from suspense account.
- Maintenance of godown-wise stock registers.
- Clearance/reconciliation of balances in the accounts of foreign suppliers, vessel owners, etc.

2.7.7 In Mining and Allied Machinery Corporation Limited, no important points had been thrown up in internal audit.

2.7.8 In National Buildings Construction Corporation Limited :

- There was delay in conducting internal audit and in submission of reports.
- There was no follow-up action on the points brought out in the internal audit reports.

2.7.9 In National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—(Edward Mills), the system of checking and reporting as well as follow-up of internal audit reports was not regular due to which defects could not be detected at an early stage.

2.7.10 In National Seeds Corporation Limited, there was considerable delay in considering the points revealed in internal audit reports.

2.7.11 In the State Trading Corporation of India Limited :

(a) *Bombay Branch* :

No internal audit report was available.

(b) *New Delhi Branch* :

No action was taken on important points raised in the internal audit report for the period ended 30th September 1981.

2.7.12 In the Fertilizer Corporation of India Limited (Gorakhpur Unit), no action was taken on certain points like adjustment of advances to suppliers, procedure for payments to contractors, etc. brought out in the internal audit reports.

2.7.13 In Triveni Structurals Limited, no major points were thrown up in internal audit reports. Besides, the queries/observations of internal audit department were not being promptly replied/complied with.

### 3. Budget Estimates

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

(1) Balmer Lawrie and Company Limited.

(2) In the following Units of Bharat Heavy Electricals Limited :

(i) Power Projects Division, Madras, (Capital and Revenue).

- (ii) Central Equipment Division—Bangalore (Revenue).
- (iii) Industrial Supplies Group (Capital).
- (iv) Heavy Electricals Equipment Plant, Hardwar (Capital).
- (3) Bharat Refractories Limited (Capital) and its subsidiary—Indian Fire Bricks and Insulation Company Limited (Capital).
- (4) Braithwaite and Company Limited.
- (5) Burn Standard Company Limited.
- (6) Central Electronics Limited.
- (7) Cotton Corporation of India Limited (Revenue).
- (8) Eastern Coalfields Limited (Revenue and Capital).
- (9) Garden Reach Shipbuilders and Engineers Limited.
- (10) Hindustan Copper Limited (Indian Copper Complex, Rakha Copper Project, Khetri Copper Complex, Chandaneri Copper Project).
- (11) HMT (Bearings) Limited (Revenue).
- (12) Hindustan Paper Corporation Limited (Capital).
- (13) Hindustan Zinc Limited.
- (14) Mazagon Dock Limited (Capital and Revenue).
- (15) Mining and Allied Machinery Corporation Limited (Capital and Revenue).
- (16) National Aluminium Company Limited.
- (17) The National Newsprint and Paper Mills Limited (Capital).
- (18) National Projects Construction Corporation Limited (Capital).
- (19) National Seeds Corporation Limited.
- (20) In the following subsidiaries of National Textile Corporation Limited :
- (i) National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited :
- Azam Jahe Mills (Capital).
- Minerva Mills (Revenue).

- (ii) National Textile Corporation (Maharashtra North) Limited :  
Model Mills.  
India United Mills No. 4.
- (iii) National Textile Corporation (South Maharashtra) Limited :  
Nanded Textile Mills } (Revenue)  
Digvijay Textile Mills }
- (iv) National Textile Corporation (Tamil Nadu and Pondicherry) Limited :  
Kaleeswarar Mills (Revenue).
- (v) National Textile Corporation (U.P.) Limited :  
Vikram Cotton Mills.
- (vi) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited :  
Arati Cotton Mills.
- (21) North Eastern Electric Power Corporation Limited (Capital).
- (22) Rehabilitation Industries Corporation Limited.
- (23) In the following Units of Steel Authority of India Limited :
  - (i) Bhilai Steel Plant.
  - (ii) Bokaro Steel Plant.
  - (iii) Durgapur Steel Plant.
  - (iv) Central Marketing Organisation (Transport and Shipping).
- (24) Western Coalfields Limited (Revenue).

3.1.2 In Delhi State Industrial Development Corporation Limited, Capital, Revenue and Sales Budgets were prepared without adequate details.

3.1.3 In National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited (Bihar Cooperative Weavers Spinning Mills), Production and Sales Budgets prepared were not upto the standard and were also not being followed.

3.2.1 *In the following Companies actual performance was not compared with the budget estimates :*

- (1) India Tourism Development Corporation Limited (Hotel Akbar) (Revenue).

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

- (i) National Textile Corporation (Gujarat) Limited—Viramgam Textile Mills.
- (ii) National Textile Corporation (U.P.) Limited—New Victoria Mills (Revenue).

3.2.2 In Central Coalfields Limited, the actual expenses in comparison to budgets were not reviewed and causes for significant variances also not examined.

3.3 In the following Companies, there was no system of preparing Capital, Revenue, Production and Sales Budgets :

- (1) Bharat Leather Corporation Limited (Production Budget).
- (2) Bharat Process and Mechanical Engineers Limited.
- (3) Coal India Limited (For all items of expenses).
- (4) India Tourism Development Corporation Limited (Units at Aurangabad).
- (5) The following subsidiaries of National Textile Corporation Limited :
  - (i) National Textile Corporation (Gujarat) Limited—Ahmedabad Jupiter Textile Mills.
  - (ii) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited, Bihar Co-operative Weavers Spinning Mills (Capital Budget).
  - (iii) National Textile Corporation (U.P.) Limited—Elgin Mills.
- (6) Punjab Maize Products Limited (Subsidiary of Indian Drugs and Pharmaceuticals Limited).
- (7) Southern Pesticides Corporation Limited (Capital and Revenue Budgets).
- (8) The Minerals and Metals Trading Corporation of India Limited (Delhi Divisional Office).

3.3.1 In National Buildings Construction Corporation Limited, Capital, Revenue, Production and Sales Budgets were not prepared with adequate details sufficiently in advance for any year.

3.3.2 In Jute Corporation of India Limited, performance budget for the year ended 30th June 1982 had not been prepared in advance.

#### 4. Targets of Production

4.1.1 Targets of production/rated/installed capacity were not achieved in the following Companies :

- (1) Andrew Yule and Company Limited and its following subsidiary companies :
  - (i) Banarhat Tea Company Limited.
  - (ii) Mim Tea Company Limited.
  - (iii) Hoolungooree Tea Company Limited.
- (2) Balmer Lawrie Company Limited (except Bombay Branch).
- (3) Bharat Refractories Limited and its subsidiary—Indian Firebricks and Insulation Company Limited.
- (4) Biecco Lawrie Limited.
- (5) Braithwaite and Company Limited.
- (6) Bridge & Roof Company (India) Limited.
- (7) Burn Standard Company Limited.
- (8) Hindustan Cables Limited (except plastic cables and wire).
- (9) Hindustan Copper Limited (Indian Copper Complex, Rakha Copper Project).
- (10) Heavy Engineering Corporation Limited (major products).
- (11) Indian Iron and Steel Company Limited and its subsidiary IISCO Stanton Pipe and Foundry Company Limited (Cast Iron Pipe).
- (12) Jessop and Company Limited.
- (13) Lagan Jute Machinery Company Limited (major products).
- (14) Pyrites, Phosphates and Chemicals Limited (in respect of Pyrites).
- (15) Steel Authority of India Limited :
  - Bhilai Steel Plant (all the products).
  - Durgapur Steel Plant (major products).
  - Rourkela Steel Plant (major products).
  - Bokaro Steel Plant (major products).

4.1.2 In Bharat Ophthalmic Glass Limited, while actual production was less than licensed capacity in respect of glass, there was no production of lens at all.

4.1.3 In Central Coalfields Limited, the yield percentage of washed coal and middlings was below the estimates.

4.1.4 In Indo-Burma Petroleum Company Limited, rated capacity and targets of production of Engineering Division had not been fixed.

4.1.5 In National Textile Corporation (Maharashtra North) Limited—Gopaldas Mohta Spinning and Weaving Mills, Akola, targets for production of yarn were not fixed.

4.1.6 In National Textile Corporation (Delhi, Punjab and Rajasthan) Limited, Ajudhia Textile Mills, no targets for production of cloth and yarn were fixed.

4.1.7 In Punjab Maize Products Limited, periodical quantity accounts of production were not maintained.

4.1.8 In Rehabilitation Industries Corporation Limited, rated capacity of the Units of production had not been ascertained.

4.1.9 In the following cases installed capacity/targets of production/rated capacity were not achieved as per details given below :

Sl. No.	Name of the Company	Particulars	Shortfall in production as compared to :	
			Capacity (in per cent)	Target
1	2	3	4	5
1.	HMT Limited :—		23	
	—Machins Tools Division		(Installed)	
	—Printing Machinery Division (Kalamassery Unit)		27	
	Watch Factory III	Watches		12
2.	Neyveli Lignite Corporation Limited.	—Power generation	12	
			(Rated)	
		—Urea	41	
			(Rated)	
		—Lead	71	
			(Rated)	
		—Washed Clay	50	
			(Rated)	



1	2	3	4	5
3.	Central Electronics Limited.	PFD Rated Capacity/ Targets 60 tonnes Actual 33.55 tonnes.		
4.	Hindustan Aeronautics Limited.		55.5 (Rated)	
5.	Bharat Heavy Electricals Limited			
	Jhansi Unit	Power Transformers		22
		Reactors		51
	Heavy Boiler Power Plant, Trichi	Seamless Steel tubes		11.8
	Central Equipment Division, Bangalore	Power capacitors Single and Poly phase meters.		45.7
		Capacitors		18.4
	Heavy Electricals Equip- ment Plant, Hardwar	Electrical Machines		13.1 15.25
		Turbo-Sets.		25.23
	Central Foundry Forge Plant Unit.	Steel Castings		15.84
		Billets & Blooms		45.88
		Ingots.		58.8
6.	Bharat Heavy Plate & Vessels Limited.	Main product	42.5	
		Diversified Product	100	
		Oxygen/Nitrogen Products	14	
7.	Central Coalfields Limited	Washeries	19 (Rated)	
8.	Hindustan Zinc Limited Tandoo Unit, Dhanbad	Lead		15.0
		Zinc Ingots		22.32
	Vishakhapatnam Branch	Sulphuric Acid		39.9
		Cadmium		66.0
		Lead		23.3
		Silver		86.7
		Zinc Ingots		18.39
		Sulphur Phosphate		18.94
		Sulphuric Acid		26.0
		Cadmium Ingots		32.9
9.	HMT (Bearings) Limited	Taper Roller Bearings		6

1	2	3	4	5
10.	Richardson and Crudas (1972) Limited.	C.I. Castings		28.9
		Sugar Mill Machinery		16.7
11.	Instrumentation Limited	Temperature- Transmitters		39.6
		Miscellaneous defence equipment		38.9
12.	National Mineral Develop- ment Corporation Limited	Donimalai Iron Ore project Bailadila	Lump Ore Fine Ore	30.5 22.5
		Iron Ore Project Deposit No.14	Fine Ore	20.0
13.	Praga Tools Limited	Machine Tools		34.8
		M.I. Accessories		30.8
		Drill chucks		21.09
		Machine vices		54.5
		Forgings		70.79
		Foundry		31.89

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

Name of the Company	Name of the Mill	Particulars of products	Shortfall in produc- tion (per- centage).
1	2	3	4
National Textile Corpora- tion Limited, New Delhi.	Sri Sarda Mills	Yarn	13.15
National Textile Corpora- tion (Gujarat) Limited	Jehangir Textile Mills	—	12.3
	Rajnaragar Textile Mills	Cloth	4.9
National Textile Cpropora- tion (Tamil Nadu, and Pondicherry) Limited.	Kaleeswarer Mills	Cloth Yarn	16.1 19.0
National Textile Corpora- tion (Madhya Pradesh) Limited	Hira Mills	Yarn	31
National Textile Corpora- tion (Delhi, Punjab and Rajasthan) Limited	Panipat Woollen Mills	Yarn	23
	Kharar Textile Mills	Yarn	40

1	2	3	4	
National Textile Corporation (Maharashtra North) Limited	Savatram Ramprasad Mills	Yarn	53	
National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mohe Limited)	Minerva Mills	Cloth	15.7	
	Azam Jahi Mills	Cloth	16.4	
	Parvathi Mills	Market Yarn	46.0	
	Anantapur Cotton Mills	Market Yarn	50.0	
National Textile Corporation (South Maharashtra) Limited	Aurangabad Textile Mills	Yarn	12.3	
	New Hind Textile Mills	Cloth	9.1	
	Jupiter Textile Mills	Yarn	37.4	
	Mumbai Textile Mills	Cloth	36.5	
		Yarn	35.6	
	Appollo Textile Mills	Cloth & FRC	38.7	
		Yarn	35.0	
	Nanded Textile Mills	Cloth & FRC	36.5	
		Yarn	31.2	
	Digvijay Textile Mills	Cloth & FRC	28.6	
Yarn		30.2		
National Textile Corporation (Maharashtra North) Limited.	Dhule Textile Mills	Yarn	99.4	
	RBBA Spinning & Weaving Mills	Yarn	26.7	
	India United Mills 2 and 3	Cloth	16.2	
	India United Mills-Dye Works	Cloth	17.3	
	India United Mills-No.4.	Yarn	12.3	
	India United Mills No. 5	Cloth	32.1	
	Gopaldas Mahta Spinning and Weaving Mills	Yarn	35.6	
	National Textile Corporation (U.P.) Limited	Vikram Cotton Mills	Cloth	42.0
		Elgin Mills	Cloth	26.6
		Bijili Cotton Mills	Cloth	29.9
National Textile Corporation (West Bengal, Assam, Bihar, Orissa) Limited	Bihar Co-operative Weavers Spinning Mills	Yarn	28.4	
	Central Cotton Mills	Cloth	20.6	
	Arati Cotton Mills	Yarn	12.6	
	Sodepur Cotton Mills	Yarn	28.2	
		Yarn	27.0	
		Yarn	48.4	
		Cloth	57.1	
		Yarn	70.9	
		Yarn	16.0	

4.1.11 In Mining and Allied Machinery Corporation Limited, as against rated capacity of 22,662 tonnes and targeted production of 19,895 tonnes for the year under report the actual production was 18,797 tonnes.

4.1.12 In Weighbird (India) Limited, as against the installed/licensed capacity of 16,000 and 13,812 nos. respectively in respect of weighing machines, the actual production during the year under report was 9,934 nos. only. The production of springs during 1981-82 was 69 tonnes as against installed/licensed capacity of 160 tonnes.

4.1.13 In the following cases, the production targets were fixed lower than the installed/rated capacity :

- (i) National Mineral Development Corporation Limited (Donimalai Iron Ore Project).
- (ii) Bharat Aluminium Company Limited (55 per cent and 37 per cent of rated capacity in respect of intermediate products and final products respectively).

4.1.14 In Eastern Coalfields Limited, production accounts did not indicate grade-wise details (Salanpur, Satgram and Sodepur Areas).

## 5. Cost Control

5.1 In the following Companies, no costing system was in operation :

1. Bharat Heavy Electricals Limited—Jhansi Unit (except for material).
2. Bharat Leather Corporation Limited.
3. Bharat Ophthalmic Glass Limited.
4. Bharat Refractories Limited.
5. Eastern Coalfields Limited (S. P. Mines Area).
6. The Fertilizer Corporation of India Limited—Jodhpur Marketing Division.
7. India Tourism Development Corporation Limited (Units of Southern Region, Hotel Qutab—Ashok, New Delhi and Units at Aurangabad).
8. National Seeds Corporation Limited.

5.1.1 In Bharat Coking Coal Limited, double entry costing system was not followed and consequently, no ledgers were maintained nor were the cost and performance reports prepared.

5.1.2 In Bridge & Roof Company (India) Limited :

- (a) The accounting system though integrated with costs, failed to disclose job costs during the year as the accounts were always in arrears.
- (b) There was no system for analysing variances in material consumption or manpower utilisation.

5.1.3 In Central Inland Water Transport Corporation Limited :

- (a) There was considerable time lag in compilation of costs resulting in delay in the feed back information as to the cost of work-in-progress, completed jobs and operations at any particular point of time.
- (b) The system of costing had been characterised by the fact of substantial under-recovery of overheads. The under-recovery in Rajbagan Dockyard alone was Rs. 127.77 lakhs in the year 1981-82.
- (c) The cost of each unit of product was not prepared in the absence of system of standard costing.
- (d) The cost estimates prepared for the purpose of quotations did not compare favourably with actual cost incurred for jobs undertaken.
- (e) The various contracts entered into did not have sufficient coverage for claim of escalation.
- (f) Works in progress at Rajbagan Dockyard included a number of jobs which were carried forward for the last several years without any addition to the said jobs.

5.1.4 In Coal India Limited, no separate set of cost records to ascertain the cost of production of coal and bricks had been kept.

5.1.5 In Eastern Coalfields Limited :

- (a) Separate books of accounts to indicate separate cost of major product had not been maintained.

- (b) Cost statements prepared in the Areas did not include administrative overheads.

5.1.6 In Braithwaite and Company Limited, proper accounts indicating cost of each unit of principal products had not been maintained.

5.1.7 In Burn Standard Company Limited, the system of costing being followed had the following deficiencies :

- There was considerable time lag between manufacture of products and compilation of cost sheets thereof.
- Work orders pending for a long time were not reviewed from time to time.
- There was heavy loss in the manufacture of major products like wagons, silica, firebricks, etc.

5.1.8 In Engineering Projects (India) Limited, while compiling project-wise monthly cost sheets, overheads were not considered.

5.1.9 In Garden Reach Shipbuilders and Engineers Limited in the absence of unit-wise costing the effectiveness of the costing system for the purpose of management decision was lacking. The overheads were distributed on the basis of pre-determined rates some of which were fixed in 1977-78. The pre-determined overheads were not reconciled with actuals periodically to ascertain under/over absorption for taking corrective action and for ascertaining correct cost of products. The cost records were compiled at the time of finalisation of the accounts.

5.1.10 In HMT Limited—(Watch Factory III, Srinagar) :

- (a) The costs were compiled long after they were incurred. The machine hour rate adopted was fixed in 1978 and had become obsolete.
- (b) The Manufacturing Accounts were drawn up at the close of the year leaving little scope for comparing the actuals with standards for consumption of materials per watch.

5.1.11 In Indo-Burma Petroleum Company Limited (Engineering Division), there was defective allocation of material cost to each unit.

5.1.12 In India Tourism Development Corporation Limited (Eastern Region), no accounts were maintained indicating the cost of each major product.

5.1.13 In Indian Oil Corporation Limited :

- (a) B. K. Pipe Line—cost records were not maintained.
- (b) Gauhati Refinery—Cost of individual items of products was not determined.

5.1.14 In Indian Telephone Industries Limited, accounts were not maintained indicating the ultimate cost of each unit of its major products.

5.1.15 In National Textile Corporation (Gujarat) Limited (Virangam Textile Mills), grade-wise cost of unit of production had not been ascertained.

5.1.16 In Punjab Maize Products Limited, cost accounts were not maintained indicating the cost of each unit of major products.

5.1.17 In Smith Stanistreet Pharmaceuticals Limited, no cost control measures were in force.

5.1.18 In Triveni Structurals Limited, the Company did not follow a formal system of costing. The costing system followed had the following defects :

- (a) The wastages and scrap were not properly considered for arriving at the cost.
- (b) The maintenance of records for distribution of overheads needed to be streamlined.
- (c) There was considerable time lag in the preparation and presentation of cost data.

5.1.19 In Weighbird (India) Limited, there was no proper costing system at factory to determine the exact cause of decrease/increase in the profit/loss disclosed by financial accounts and then to eliminate or reduce the un-profitable activities. Cost was, however, determined at factory upto the level of prime cost only. Indirect and other variable expenses were not taken into account in arriving at the production cost on the plea that these were not identifiable with the unit of production.

5.1.20 In Tea Trading Corporation of India Limited, the following deficiencies in costing system were noticed :—

- (i) No norms were fixed for the percentage of recovery of tea from green leaves.
- (ii) No targets were fixed for blending tea at Trading Division. For Pathini Tea Garden, no rated capacity and targets were fixed.
- (iii) Cost records were not maintained at Trading Division to determine the cost of blending or packet tea per Kg.
- (iv) Cost of idle hours was not determined.

5.7 In the following Companies, there was no effective system of reconciliation of cost accounts with financial accounts :

- (1) Bharat Coking Coal Limited (Subsidiary of Coal India Limited).
- (2) Bharat Brakes and Valves Limited.
- (3) British India Corporation Limited.
- (4) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited (Ajudhia Textile Mills)—(Subsidiary of National Textile Corporation Limited).
- (5) Smith Stanistreet Pharmaceuticals Limited.

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

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

- (1) Bharat Coking Coal Limited (Major products).
- (2) Bharat Brakes and Valves Limited.
- (3) Bharat Heavy Electricals Limited.
  - (a) Central Equipment Division (except meters).
  - (b) Electro Porcelain Division.
  - (c) Jhansi unit.
- (d) Heavy Electricals Equipment Plant.
- (e) Central Foundry Forge Plant.



- (4) Bharat Gold Mines Limited.
- (5) Bharat Wagons and Engineering Company Limited (main products).
- (6) Braithwaite and Company Limited.
- (7) Central Coalfields Limited (main products).
- (8) Central Electronics Limited.
- (9) Central Inland Water Transport Corporation Limited.
- (10) Coal India Limited (Coal and bricks).
- (11) Cycle Corporation of India Limited.
- (12) Dredging Corporation of India Limited.
- (13) Engineering Projects (India) Limited.
- (14) Eastern Coalfields Limited.
- (15) Garden Reach Shipbuilders and Engineers Limited.
- (16) Hindustan Aeronautics Limited.
- (17) Hindustan Antibiotics Limited.
- (18) Hindustan Cables Limited.
- (19) Hindustan Copper Limited (KCC and CCP).
- (20) Hindustan Fertilizers Limited—Durgapur Unit.
- (21) Hindustan Insecticides Limited.
- (22) Hindustan Shipyard Limited.
- (23) Hindustan Zinc Limited.
- (24) India Firebricks and Insulation Company Limited (subsidiary of Bharat Refractories Limited).
- (25) Indian Drugs and Pharmaceuticals Limited :
  - (a) Rishikesh Plant.
  - (b) Muzaffarpur Plant.
  - (c) Gurgaon Unit.
- (26) India Tourism Development Corporation Limited—Eastern Region (main products).
- (27) Indo-Burma Petroleum Company Limited (Engineering Division).
- (28) Instrumentation Limited.

- (29) Lagan Jute Machinery Company Limited.
- (30) Madras Fertilizers Limited.
- (31) The National Newsprint and Paper Mills Limited (newsprint and caustic soda).
- (32) National Buildings Construction Corporation Limited (manufacture of bricks).
- (33) National Textile Corporation Limited (Sri Sarada Mills) and its following subsidiaries :
- (a) National Textile Corporation (South Maharashtra) Limited :
- (i) New Hind Textile Mills.
  - (ii) Dhule Textile Mills.
  - (iii) Chalisgaon Textile Mills.
  - (iv) Nanded Textile Mills.
  - (v) Digvijay Textile Mills.
- (b) National Textile Corporation (U.P.) Limited :
- (i) New Victoria Mills.
  - (ii) Vikram Cotton Mills.
  - (iii) Bijali Cotton Mills (main products).
- (c) National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited :
- (i) Cannanore Spinning and Weaving Mills.
  - (ii) Azam Jahi Mills.
  - (iii) Parvathi Mills.
  - (iv) Mysore Spinning and Weaving Mills.
  - (v) Minerva Mills.
- (d) National Textile Corporation (Gujarat) Limited :
- (i) Viramgam Textile Mills.
  - (ii) Jahangir Textile Mills.
  - (iii) New Manek-chowk Textile Mills.
  - (iv) Rajnagar Textile Mills.
- (e) National Textile Corporation (Maharashtra North) Limited :
- (i) RBBA Spinning and Weaving Mills.

- (ii) India United Mills No. 2, 3, 4 and 5 (including cloth distribution centre) and Dye Works.
- (iii) Model Mills.
- (iv) Gopaldas Mohta Spinning and Weaving Mills.
- (v) Vidharba Mills.
- (vi) Navatram Ramprasad Mills.
- (f) National Textile Corporation (Madhya Pradesh) Limited :
  - (i) Hira Mills (main products):
  - (ii) Kalyanmal Mills.
  - (iii) Indore Malwa Mills.
- (g) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited :
  - (i) Bihar Weavers Cooperative Spinning Mills.
  - (ii) Central Cotton Mills.
  - (iii) Orissa Cotton Mills.
  - (iv) Laxmi Narain Cotton Mills.
  - (v) Sodepur Cotton Mills.
- (h) National Textile Corporation (Tamil Nadu and Pondicherry) Limited—Kalecswarer Mills.
- (34) Punjab Maizs Products Limited (subsidiary of Indian Drugs and Pharmaceuticals Limited).
- (35) Richardson and Crudas (1972) Limited.
- (34) The State Trading Corporation of India Limited—(Madras branch—leather garments unit).
- (37) Tea Trading Corporation of India Limited.
- (38) Weighbird (India) Limited (subsidiary of Bharat Process and Mechanical Engineers Limited).

5.3.1 In National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—Panipat Woollen Mills, though standard costs were fixed they were not being followed.

5.3.2 In National Textile Corporation (South Maharashtra Limited)—(Jupiter Textile Mills); the actual cost of production was not compared with the standard cost

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

- (1) Bharat Ophthalmic Glass Limited (major raw materials).
- (2) Braithwaite and Company Limited (Steel Components, etc.).
- (3) Bridge and Room Company (India) Limited.
- (4) Central Inland Water Transport Corporation Limited (repair jobs).
- (5) Dredging Corporation of India (craft/dredger-wise).
- (6) Garden Reach Shipbuilders and Engineers Limited (major products including shipbuilding).
- (7) The following subsidiaries of the National Textile Corporation Limited :
  - (a) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—Panipat Woollen Mills.
  - (b) National Textile Corporation (Gujarat) Limited—Viramgam Textile Mills (Raw Materials)—Ahmedabad Jupiter Textile Mills.
  - (c) National Textile Corporation (Maharashtra North) Limited :  
India United Mills—Dye Works.
  - (d) National Textile Corporation (Tamil Nadu and Pondicherry) Limited :  
Kaleeswarer Mills.
- (8) Rehabilitation Industries Corporation Limited.
- (9) Tannery and Foot-wear Corporation of India Limited.

5.4.1 In Central Inland Water Transport Corporation Limited, adequate records had not been maintained for activities like general engineering, deep seaship repairs etc. to enable comparison of actual consumption of raw material with the estimated consumption.

5.4.2 In Cycle Corporation of India Limited, norms for consumption of major raw materials were fixed by the Management for manufacture of products of Asansol factory only.

5.4.3 In Hindustan Aeronautics Limited (Nasik Division) no comparison of consumption of imported raw materials with norms, if any, fixed had been made.

5.4.4 In Mining and Allied Machinery Corporation Limited :

- (a) Norms for consumption of materials for any of the products had not been fixed.
- (b) The materials were issued for production on the basis of requisitions prepared based on drawings and designs of jobs/sale orders. At no point reconciliation was done with actual consumption of materials.

5.5.1 In the following Companies, the actual consumption of raw materials for manufacture of main products was not compared with estimated consumption :

- (1) Engineering Projects (India) Limited (Calcutta Branch).
- (2) Indo-Burma Petroleum Company Limited (Engineering Division).
- (3) Triveni Structurals Limited.

5.5.2 In India Tourism Development Corporation Limited (Hotel Outab-Ashok), the consumption of materials was not being reconciled regularly through analysis of KOTs in Food Beverage Department so as to ascertain excess consumption.

5.5.3 In National Textile Corporation (South Maharashtra) Limited :

#### *Jupiter Textile Mills*

There was variance in consumption of cotton as compared to the estimated quantity fixed by the Management.

#### *Mumbai Textile Mills*

There was variance in respect of the consumption of the quantity of major raw materials, viz., cotton as compared with the estimated quantity fixed by Management.

5.6 In the following Companies, the consumption of raw materials were more than the standards/estimates/design norms/accepted norms :

- (1) Bharat Heavy Plate and Vessels Limited (Excess consumption of raw material ranged between 3 and 564 per cent).
- (2) The Fertilizer Corporation of India Limited (Ramagundam Unit) (raw material).
- (3) Hindustan Cables Limited (major raw material).
- (4) H.M.T. Limited (material for watches).
- (5) Indian Iron and Steel Company Limited (major raw materials) and its subsidiary IISCO Stanton Pipe and Foundry Company Limited (Ferro Silicon).
- (6) National Buildings Construction Corporation Limited (foreign contracts).
- (7) National Textile Corporation Limited (Sri Sarda Mills).
- (8) National Instruments Limited (raw materials).
- (9) Neyveli Lignite Corporation Limited (consumption of lignite in excess of the norm by 42 per cent).
- (10) Steel Authority of India Limited :
  - (i) Bhilai Steel Plant (major raw materials).
  - (ii) Bokaro Steel Plant (major raw materials).
  - (iii) Central Coal Washeries Organisation. (Magnetite at Dugda and Pathardih Washeries).
  - (iv) Durgapur Steel Plant (major raw materials).
  - (v) Rourkela Steel Plant (major raw materials).

## 5.6 Rejections

### 5.6.1 Bharat Heavy Electricals Limited :

#### *Central Foundry Forge Plant*

Rejection in respect of cast iron castings, non-ferrous castings, steel castings and steel forgings was high ; the percentage of rejection being 14, 10, 8 and 11 respectively.

#### *Heavy Boiler Power Plant, Trichi*

The rejection in production of seamless steel tubes was high ; percentage being 7.7.

5.6.2 In Biecco Lawrie Limited, scrap arising in Hide Road Factory had increased from 1.02 lakh kgs. in 1980-81 to 1.15 lakh kgs. in 1981-82.

5.6.3 In Central Coalfields Limited, the percentage of rejects over clean coal in the case of Washeries was 1/5th more than estimated.

5.6.4 In Eastern Coalfields Limited (S. P. Mines Area), records for determining rejections in production were not maintained.

5.6.5 In Heavy Engineering Corporation Limited :

- (i) Percentage of rejections in respect of G.I. castings, G.I. Mould, S. Castings and S. Ingot was more than the norms fixed (Foundry Forge Plant).
- (ii) No norms for rejection were fixed (HMBP & HMTP).
- (iii) No account for rejection in production awaiting inspection, rectification and/or disposal was maintained (HMTP).

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

5.6.7 In India Tourism Development Corporation Limited, no records were maintained to determine rejections in production (Airport Restaurant and flight kitchen, Calcutta).

5.6.8 In Indian Iron and Steel Company Limited, percentage of total rejection of gross production ranged between 3.42 and 21.63.

5.6.9 In Mining and Allied Machinery Corporation Limited :

- (a) No comparison had been made of actual rejections, wastages, or process losses with the norms.
- (b) The percentage of rejections in Steel Castings and non-ferrous castings in hot shops were of the order of 5.9 and 10.9 per cent respectively

5.6.10 In National Buildings Construction Corporation Limited, no records were maintained for determining the rejections in production.

5.6.11 In National Textile Corporation (U.P.) Limited—(Elgin Mills), production of substandard cloth, viz., seconds, fents, rags and chindies was higher, being 18.64 per cent of total production during 1981-82.

5.6.12 In National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—(Edward Mills), as against the norms of 7 per cent for seconds and 3 per cent for rags, production of seconds and rags cloth was 11.19 per cent and 3.91 per cent respectively.

5.6.13 In National Textile Corporation (Madhya Pradesh) Limited—(Hira Mills), there was no regular procedure for determining quantum of damaged and obsolete stores and raw materials.

5.6.14 In Steel Authority of India Limited :

*Bokaro Steel Plant*

Norms for rejections in production had not been fixed.

*Durgapur Steel Plant*

*Rourkela Steel Plant*

In case of a number of products actual rejections were more than the norms fixed.

5.7 In the following Companies, actual cost of production was more than the estimated/standard cost

- (1) Andrew Yule and Company Limited (for conveyor fans and belts) and its following subsidiaries :
  - (i) Banarhat Tea Company Limited.
  - (ii) Mim Tea Company Limited.
- (2) Biecco Lawrie Limited (major works).
- (3) Bharat Aluminium Company Limited (main products).
- (4) British India Corporation Limited.
- (5) Garden Reach Shipbuilders and Engineers Limited.
- (6) Hindustan Latex Limited.
- (7) HMT Limited.
  - (a) Bangalore Unit (Watches).



- (b) Kalamessarry Unit (Machine Tools and Printing Machinery Division).
- (8) HMT (Bearings) Limited.
- (9) Hindustan Photo Films Manufacturing Company Limited.
- (10) Hindustan Zinc Limited (Vishakhapatnam Unit) (zinc ingots, lead ingots and cadmium).
- (11) Indian Iron and Steel Company Limited (major products).
- (12) Jessop and Company Limited.
- (13) Neyveli Lignite Corporation Limited (lignite, urea and leco).
- (14) National Instruments Limited (major products).
- (15) National Textile Corporation (South Maharashtra) Limited (Mumbai Textile Mills).
- (16) Rehabilitation Industries Corporation Limited (fruit canning unit, leather works and steel metal factory).
- (17) Steel Authority of India Limited :
- (a) Bhilai Steel Plant,
  - (b) Bokaro Steel Plant (major products except B.F. coke).
  - (c) Central Coal Washeries Organisation : (ROM in respect of Dugda and Patherdih Washeries).
  - (d) Durgapur Steel Plant (washed coal and B.F. and nut coke).
  - (e) Rourkela Steel Plant (major products except blast furnace coke, hot metal and pig iron).

5.7.1 In Bharat Ophthalmic Glass Limited, in the absence of cost records, selling prices could not be compared with the cost of production.

5.7.2 In Eastern Coalfields Limited, the average selling price of coal as a whole for the year was Rs. 155 per tonne as against the estimated average cost of Rs. 176.91 per tonne as determined by the Management.

5.7.3 In Western Coalfields Limited, the selling price of coal had generally been higher than the cost of production. However, in certain Areas the cost of production was higher than the

selling price due to the fact that old and exhausted mines were still in operation and working conditions were also uneconomical (Pathakhera, Jhagrakhand, Sohagpur, Kanhan, Bishrampur, Chirimiri and IB Valley, Pench and Korba areas, Bilaspur Divisional Office and Headquarters).

5.7.4 In Mining and Allied Machinery Corporation Limited, cost records maintained were not adequate to arrive at the actual cost of each unit of product. In the absence of standard cost and/or adequate cost records, comparison with actual cost of production and/or cost estimates was not possible.

5.7.5 In National Textile Corporation (Maharashtra North) Limited—(India United Mills Nos. 2 and 3), the cost of production of certain products were higher than that of similar products manufactured by other mills.

5.7.6 In National Textile Corporation (Delhi, Punjab and Rajasthan) Limited :

- (a) No comparison was made at mill level between actual cost and standard cost (Kharar Textile Mills).
- (b) Actual cost of main products had not been compared with the standard cost fixed (Edward Mills).

5.8 In the following cases, selling price was less than the cost of production/procurement :

- (1) Andrew Yule and Company Limited (fans and belts of Belting Division) and its subsidiary Hoolungoree Tea Company Limited.
- (2) Bharat Aluminium Company Limited (main products).
- (3) Bharat Heavy Electricals Limited—Central Foundry Forge Plant, Hardwar—(non-ferrous, aluminium castings, magnet frames, steel forgings and billets and blooms).
- (4) Bharat Gold Mines Limited.
- (5) Bharat Refractories Limited.
- (6) Braithwaite and Company Limited (wagons manufactured).
- (7) British India Corporation Limited.

- (8) Burn Standard Company Limited (except in Salem Unit).
- (9) Central Inland Water Transport Corporation Limited
- (10) Garden Reach Ship-builders and Engineers Limited (Ship-building cranes, deep well, turbine pump, general engineering).
- (11) Heavy Engineering Corporation Limited (major projects).
- (12) Hindustan Copper Limited (Indian Copper Complex, Khetri Copper Complex and Chandmari Copper Project).
- (13) Hindustan Photo Films Manufacturing Company Limited.
- (14) Hindustan Aeronautics Limited—Kanpur Unit (main products).
- (15) Hindustan Prefab Limited (P.C. Poles of 7.5 metres, 8.5 metres and 8.10 metres length)
- (16) Indian Drugs and Pharmaceuticals Limited—Muzaffarpur Unit.
- (17) Indian Iron and Steel Company Limited (major products except cast iron, other castings and washed coal).
- (18) Jessop and Company Limited.
- (19) The following subsidiaries of National Textile Corporation Limited :
- (a) National Textile Corporation (U.P.) Limited :
- (i) New Victoria Mills.
  - (ii) Elgin Mills.
  - (iii) Bijili Cotton Mills.
- (b) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—Kharar Textile Mills.
- (c) National Textile Corporation (South Maharashtra) Limited :
- (i) Chalisgaon Textile Mills.
  - (ii) Jupiter Textile Mills.
  - (iii) Mumbai Textile Mills.

- (iv) Digvijay Textile Mills.
- (v) Bharat Textile Mills.
- (d) National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited :
  - (i) Azam Jahi Mills.
  - (ii) Cannanore Spinning and Weaving Mills.
  - (iii) Mysore Spinning and Weaving Mills.
  - (iv) Minerva Mills.
  - (v) Anantapur Cotton Mills.
- (e) National Textile Corporation (Maharashtra North) Limited :
  - (i) India United Mills No. 2, 3, and 4 (including cloth distribution centre).
  - (ii) Viderba Mills.
- (f) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited :
  - (i) Orissa Cotton Mills.
  - (ii) Bengal Laxmi Cotton Mills.
  - (iii) Sodepur Cotton Mills.
- (g) National Textile Corporation (Madhya Pradesh) Limited :
  - (i) Kalyanmal Mills.
  - (ii) Indore Malwa Mills.
- (20) National Instruments Limited (some major products).
- (21) Neyveli Lignite Corporation Limited (Leco, neckolime and pulverised clay).
- (22) The Handicrafts and Handlooms Exports Corporation of India Limited (Hamburg Branch) (Subsidiary of the State Trading Corporation of India Limited).
- (23) Praga Tools Limited (some of the products).
- (24) Rehabilitation Industries Corporation Limited (fruit canning, leather works and metal sheet factory).
- (25) In the following units of the Steel Authority of India Limited :
  - (i) Bokaro Steel Plant (Ammonia sulphate and slab).

- (ii) Rourkela Steel Plant (major products).
- (iii) Bhilai Steel Plant.
- (iv) Durgapur Steel Plant (major products except slab, billets and merchant bar).

5.8.1 In Bharat Heavy Plate and Vessels Limited, there was a loss of Rs. 174.27 lakhs on sale of its products to 14 parties during the year under report.

5.8.2 In Bharat Coking Coal Limited, coal was sold at below cost and the Company incurred heavy losses during the year. The cost of production of each product was, however, not available.

5.8.3 In Central Coalfields Limited, the average selling price of washed coal and coke was less than the cost of production (Giridih).

5.8.4 In Central Inland Water Transport Corporation Limited, in a few cases where actual cost was more than the estimated cost in ship building activities in Rajbagan dockyard are given below :

Yard No.	Job description	(Rs. in lakhs)		
		Budgetted cost	Actual cost	Variance
353-54	Single screw launch (2 Nos.)	11.43	33.27	21.84
355	Twin screw Tug	19.16	77.66	58.50

5.8.5 In Coal India Limited, comparison of selling prices with cost of production could not be made as the product-wise cost of production had not been ascertained.

5.8.6 In Bharat Process and Mechanical Engineers Limited, heavy losses were incurred due to low production and high cost of operation.

5.8.7 In Hindustan Aeronautics Limited (Hyderabad Division), loss had been incurred on supply of certain products supplied on fixed cost quotations.

5.8.8 In Mining and Allied Machinery Corporation Limited, in the absence of adequate costing system selling price could not

be compared with the cost of production, accordingly material loss, if any, incurred on sale could not be ascertained.

5.8.9 In Tannery and Footwear Corporation of India Limited, generally the selling prices of products were lower than the cost of production. The Management had assigned the reasons for the adverse working results to machines being old and frequent breakdowns, poor productivity of workmen and poor management, heavy overheads, etc.

5.8.10 In Weighbird (India) Limited, in the absence of proper costing system, comparison of selling prices with cost of production of major products could not be made.

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

- (1) Balmer Lawrie and Company Limited.
- (2) Bharat Gold Mines Limited.
- (3) Bharat Brakes and Valves Limited.
- (4) Bharat Ophthalmic Glass Limited.
- (5) Bharat Heavy Electricals Limited :
  - (i) Electro Porcelain Division.
  - (ii) Jhansi Unit (Labour).
  - (iii) Central Foundry Forge Plant (labour).
- (6) Burn Standard Company Limited.
- (7) Central Electronics Limited.
- (8) Central Coalfields Limited (Singrauli)—(labour).
- (9) Eastern Coalfields Limited.
- (10) Engineering Projects (India) Limited (Calcutta Branch).
- (11) HMT (Bearings) Limited (labour).
- (12) HMT Limited.
- (13) Hindustan Fertilizers Corporation Limited (labour).
- (14) Hindustan Copper Limited (ICC & KCC).
- (15) Hindustan Insecticides Limited.

- (16) Hindustan Salts Limited.
- (17) Hindustan Zinc Limited (labour).
- (18) ISCO Stanton Pipe and Foundry Company Limited (subsidiary of IISCO Ltd.) (labour).
- (19) Indian Oil Corporation Limited.
- (20) Jessop and Company Limited.
- (21) Mining and Allied Machinery Corporation Limited.
- (22) National Buildings Construction Corporation Limited (labour).
- (23) Pyrites, Phosphates and Chemicals Limited.
- (24) Richardson and Crudas (1972) Limited.
- (25) Smith Stanistreet Pharmaceuticals Limited.
- (26) Steel Authority of India Limited :
  - (i) Rourkela Steel Plant (labour).
  - (ii) Bokaro Steel Plant (-do-).
  - (iii) Durgapur Steel Plant (-do-).
- (27) Tannery and Footwear Corporation of India Limited (labour).
- (28) The State Trading Corporation of India Limited (Madras Branch).
- (29) The Mica Trading Corporation of India Limited (Giridih Regional Office). (subsidiary of Minerals and Metals Trading Corporation of India Limited).
- (30) The Fertilizer Corporation of India Limited :
  - (i) Ramagundam Unit.
  - (ii) Sindri Unit (labour).
- (31) Weighbird (India) Limited (subsidiary of Bharat Process and Mechanical Engineers Limited).
- (32) In the following subsidiaries of National Textile Corporation Limited :
  - (a) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited :
    - (i) Panipat Woollen Mills.
    - (ii) Kharar Textile Mills (labour).

- (b) National Textile Corporation (Madhya Pradesh) Limited :
- (i) Kalyanmal Mills.
  - (ii) Indore Malwa Mills.
- (c) National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited :
- Azam Jahi Mills (labour).
- (d) National Textile Corporation (Gujarat) Limited :
- (i) Virangam Textile Mills.
  - (ii) New Manekchowk Textile Mills (labour).
  - (iii) Jehangir Textile Mills.
  - (iv) Rajnagar Textile Mills.
- (e) National Textile Corporation (West Bengal, Bihar, Assam and Orissa) Limited.
- Sodepur Cotton Mills.
- (f) National Textile Corporation (Maharashtra North) Limited :
- RBBA Spinning and Weaving Mills.
- (g) National Textile Corporation (South Maharashtra) Limited :
- (i) Jupiter Textile Mills (labour).
  - (ii) Apollo Textile Mills.
- (h) National Textile Corporation (U.P.) Limited :
- (i) Vikram Cotton Mills.
  - (ii) New Victoria Mills.
  - (iii) India United Mills No. 5 (labour).
  - (iv) Bijili Cotton Mills.
- (33) Indian Drugs and Pharmaceuticals Limited :
- (a) Gurgaon Unit.
  - (b) Rishikesh Plant
  - (c) Muzaffarpur Unit.
- (34) Punjab Maize Products Limited.

5.9.1 In Biecco Lawrie Limited, productivity of labour was low. In Mayur Bhanj Factory, the extent of idle labour hours was 0.69 lakh during the year under report.



5.9.2 In Bharat Pumps and Compressors Limited, while in the case of gas cylinders there was no system of ascertaining idle time, in the case of pumps and compressors the system had not been implemented.

5.9.3 In Braithwaite and Company Limited, the existing system of ascertaining the idle time for labour and machinery required improvement.

5.9.4 In Ferro Scrap Nigam Limited, reason-wise analyses of idle time for labour and machinery was not made for control purposes.

5.9.5 In Indian Drugs and Pharmaceuticals Limited (Rishikesh Plant), plant and machinery each costing more than Rs. 5 lakhs aggregating Rs. 82.47 lakhs were awaiting installation.

One vial filling machine and line costing Rs. 91 lakhs approximately was held in stock since long in a damaged condition.

5.9.6 In Indian Iron and Steel Company Limited, though idle time records relating to different mills/shops were maintained for Burnpur and Kulti works, records for idle time in respect of individual plant and machinery were not maintained separately.

5.9.7 In National Buildings Construction Corporation Limited, though the mechanised brick plant remained idle for more than six months, the labour was not properly deployed.

5.9.8 In the National Newsprint and Paper Mills Limited, percentage of idle time for paper machine No. 2 was 19.24 (previous year—15.81) and for caustic Soda and Chlorine Plant 20.97 (previous year 14.56).

5.9.9 In Western Coalfields Limited (Headquarters, Pathakhera, Kanhan, Jhagrakhand, Sohagpur, Bistrampur, Chirimiri and IB Valley, Pench, Korba Areas, Bilaspur Divisional Office and Wardha Valley Area). There was no system of ascertaining the ideal time for labour and machinery specifying the reason therefor

5.10 In the following Companies, certain equipment, plant and machinery remained/idle/un-installed as indicated against each :

Sl. No.	Name of the Company	Description of plant/machinery	Value (Rs. in lakhs)	Remarks
1	2	3	4	5
1.	Bharat Heavy Electricals Limited Hydro Dynamics Research Project, Tiruchirapalli	Gas Compressor	10.00 (including cables)	Received in February 1981.
		Air Compressor	13.51	Received in 3rd quarter of 1980
		Oxygen Plant	112.40	Received in September 1981.
	Central Foundry Forge Plant	Sand Reclamation Hydro Blast Chamber	5.14 } 14.40 }	Procured in March 1976 but awaiting installation.
2.	Bharat Pumps and Compressors Limited	Fitment of Hot Spinning.	5.23	
		N. C. System Model 6643 for Horizontal barer WHNB	4.12	Imported during 1979-80— Under inspection.
3.	Bharat Gold Mines Limited	Power Hammer	7.22	Installed in 1980-81 but awaiting commissioning due to defect in motor.
		Primary Tube Mill Assembly	11.09	Purchased in 1981-82 but not commissioned as civil work was under progress.
4.	Bharat Coking Coal Limited : Washery Construction Division	Pilot Coal Washery	Cost not indicated	Several years.
	Area I	Coal cutting machine	3.84	Last 3 years.
		2 Nos Scraper chain conveyer	15.00	Purchased in 1980-81.



Nirsha Area	Machinery	49.46	Awaiting installation on account of late receipt of materials.
Rajmahal Area	Lighting Transformer crane	83.49	
Pandavaswar Area	Diesel Locomotive, drilling/cutting machine, haulage, etc.	48.06	
7. Heavy Engineering Corporation Limited Heavy Machine Building Plant Foundry Forge Plant	Plant and machinery —do—	61.00 } 325.10 }	Not commissioned
8. Hindustan Copper Limited (Indian Copper Complex)	Machines each costing more than Rs. 5 lakhs	322.00	Awaiting installation (April 1983).
9. Hindustan Organic Chemicals Limited	Pilot plants of Research and Development Division and Benzene Hexolchloride Plant.	5.00 each	Remained idle for more than 3 months during the year due to problems of maintenance.
10. HMT Limited Bangalore unit	Imported machine	11.79	Not erected as it was received (on 3rd December 1980) in a damaged condition.
11. Indo-Burma Petroleum Company Limited (Engineering Division)	Machines	8.83	Awaiting commissioning.
12. Indian Iron and Steel Company Limited	3 Hammer Mills	34.31	Procured in 1974-75 and 1975-76 awaiting installation being defective.
13. India Tourism Development Corporation Limited (Akbar Hotel)	Dish washing machine.	5.63	Procured in 1979-80 and awaiting installation for want of special accessories.
14. National Seeds Corporation Limited :	Plant and Machinery	43.74	Awaiting installation/Commissioning.

1	2	3	4	5
15.	National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Maha) Limited : Parvathi Mills	Humidification Machinery	10.75	Received in July 1981 and awaiting installation due to non-completion of civil works for want of cement.
16.	National Textile Corporation (South Maharashtra) Limited : Mumbai Textile Mills	Plant and machinery	97.75	Awaiting installation/commissioning.
17.	National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited : Bengal Laxmi Cotton Mills	Machinery	69.20	Awaiting installation.
18.	Tannery and Footwear Corporation of India Limited.	Plant and machinery	2.25	Awaiting installation since November 1976.
			15.46	Received between July 1981 and December 1981—awaiting installation.
19.	The State Trading Corporation of India Limited Leather Garment Unit, Madras	Plant and machinery	3.13	Received in March 1979 but awaiting installation.

5.10.1 In Bharat Process and Mechanical Engineers Limited the entire foundry and machine tools division were closed with effect from 10th October, 1975.

5.10.2 In Birds Jute and Exports Limited, there was no production since October 1980.

5.10.3 In Central Coalfields Limited, on an average, utilisation of heavy earth moving machinery was below 50 per cent.

5.10.4 In Indian Road Construction Corporation Limited, plant and machinery was being utilised to the extent of 50 per cent of the capacity and some of the machinery like dumpers, trucks, vibrators, etc. costing more than Rs. 20 lakhs were lying idle for more than 110 days.

5.10.5 In Western Coalfields Limited (Headquarters, Pathakhera, Kanhan, Jhagarakhand, Sohagpur, Bishrampur, Chirimiri and IB Valley Pench and Korba Areas, Bilaspur Divisional Office), complete inventory of machinery lying in stores was not available, as a result the value of uninstalled machinery could not be ascertained.

#### 5.11 Manpower

*In the following Companies, norms for manpower were not fixed :*

- (a) Bharat Coking Coal Limited (subsidiary of Coal India Limited).
- (b) Bharat Gold Mines Limited.
- (c) Bienco Lawrie Limited.
- (d) Braithwaite and Company Limited.
- (e) Bridge and Roof Company (India) Limited.
- (f) Burn Standard Company Limited.
- (g) Central Inland Water Transport Corporation Limited.
- (h) The Fertilizer Corporation of India Limited (Marketing Division).
- (i) Indian Oil Blending Limited.
- (j) Indian Iron and Steel Company Limited (subsidiary of Steel Authority of India Limited).

- (k) Mazagon Dock Limited.
- (l) National Research Development Corporation of India.
- (m) The following subsidiaries of National Textile Corporation Limited :
  - (a) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited :
    - (i) Panipat Woollen Mills.
    - (ii) Kharar Textile Mills.
    - (iii) Ajudhia Textile Mills.
  - (b) National Textile Corporation (South Maharashtra) Limited :
    - (i) Chalisgaon Textile Mills.
    - (ii) Mumbai Textile Mills.
  - (c) National Textile Corporation (Maharashtra North) Limited :  
RBBA Spinning and Weaving Mills.
  - (d) National Textile Corporation (U.P.) Limited :
    - (i) Vikram Cotton Mills.
    - (ii) Bijili Cotton Mills.
    - (iii) New Victoria Mills.
    - (iv) Elgin Mills.
  - (e) National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited :  
Tirupati Cotton Mills.
  - (f) National Textile Corporation (West Bengal, Bihar, Assam and Orissa) Limited :  
Central Cotton Mills.
- (n) Punjab Maize Products Limited (subsidiary of Indian Drugs and Pharmaceuticals Limited).
- (o) Smith Stanistreet Pharmaceuticals Limited.

5.11.1 In Hindustan Salts Limited, manpower requirement had not been indicated in the project report.

5.11.2 In India Tourism Development Corporation Limited, (Aurangabad Units), in the absence of project report, the actual man power employed could not be compared with the projected manpower.

5.12 *In the following Companies, actual strength of manpower was more than the sanctioned strength/norms fixed by the Management :*

- (i) In Bharat Heavy Plate and Vessels Limited, actual manpower employed was in excess by 190 per cent of the project norms which were not revised keeping in view the current product profile.
- (ii) In Bharat Pumps and Compressors Limited, the manpower actually engaged was 1618 as against 1500 envisaged in the project report.
- (iii) In Fertilizer Corporation of India Limited (Sindri Unit), actual employees on roll were 7264 as against 6740 recommended by a High Powered Committee.
- (iv) In Goa Shipyard Limited, there were no norms for the employment of manpower.
- (v) In Hindustan Latex Limited, as against the required strength of 697 personnel, the number of workers actually employed was 754.
- (vi) In Hindustan Teleprinters Limited, as against 1396 personnel envisaged in the sanctioned Expansion Project Report, the actual manpower engaged stood at 1971.
- (vii) In Indian Drugs and Pharmaceuticals Limited (Muzaffarpur Unit), actual manpower in position was 393 as against 360 envisaged in the Project Report.
- (viii) In Indian Oil Corporation Limited, as against the manpower of 1397 envisaged in the project report, actual manpower employed was 2644.
- (ix) In Mining and Allied Machinery Corporation Limited, as against the manpower of 4244 persons provided in DPR, actual was 6054.
- (x) In National Mineral Development Corporation Limited (Bailadila Iron Ore Project Deposit No. 5), the manpower actually engaged was 30.4 per cent in excess of the provision made in the DPR.
- (xi) In National Textile Corporation Limited Marketing Division Bombay actual man power employed was 137.5 per cent more than that provided in the rules.



- (xii) In National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited (Azamjahi Mills), the manpower employed in factory was in excess by 10.5 per cent than that envisaged in the budget.
- (xiii) In National Textile Corporation (Gujarat) Limited (Viramgam Textile Mills), there was no system of comparing the actual manpower employed with **norms fixed**.
- (xiv) In Steel Authority of India Limited (Bhilai Steel Plant), manpower employed in works department was more than that envisaged in the project Report.
- (xv) In Western Coalfields Limited (Peach Area), the actual strength of manpower was 14,846 as against the sanctioned strength of 13,966.

## 6. Inventory

6.1 In the following Companies, maximum and minimum limits, re-ordering levels of stores/spare-parts etc. had not been fixed :

- (1) Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.
- (2) Balmer Lawrie and Company Limited.
- (3) Brarat Brakes and Valves Limited.
- (4) Brarat Leather Corporation Limited.
- (5) Bharat Ophthalmic Glass Limited.
- (6) Bharat wagons and Engineering Company Limited.
- (7) Birds Jute and Exports Limited (subsidiary of Bharat Process and Mechanical Engineers Limited).
- (8) Birdge and Roof Company (India) Limited.
- (9) Braithwaite and Company Limited.
- (10) British India Corporation Limited (Except for items falling under category 'A').
- (11) Burn Standard Company Limited.
- (12) Central Inland Water Transport Corporation Limited.

- (13) Central Cottage Industries Corporation of India Limited.
- (14) The following subsidiaries of Coal India Limited.
- (i) Bharat Coking Coal Limited.
  - (ii) Central Coalfields Limited (Kuju and Daltonganj Areas).
  - (iii) Eastern Coalfields Limited (Except Kunustoria Area).
  - (iv) Western Coalfields Limited (Headquarters, Pathakhera, Kanhan, Jhagrakhand, Sohagpur, Bishrampur, Chirimiri and IB Valley, Pench, Korba, Wardha Valey and Nagpur Areas, Bilaspur Divisional Office).
- (15) Central Electronics Limited.
- (16) Computer Maintenance Corporation Limited.
- (17) Engineering Projects (India) Limited.
- (18) The Fertilizer Corporation of India Limited (Sindri unit).
- (19) Garden Reach Shipbuilders and Engineers Limited (for items other than stores and spares).
- (20) Hindustan Insecticides Limited.
- (21) Hindustan Fertilizer Corporation Limited :
- (a) Durgapur unit—(for items other than fast-moving and consumables).
  - (b) Marketing Division (Gunny bags).
- (22) HMT Limited (Pinjore unit).
- (23) Indian Iron and Steel Company Limited (Subsidiary of Steel Authority of India Limited).
- (24) Indian Oil Corporation Limited (SMPL Unit).
- (25) Indian Oil Blending Limited.
- (26) Indo-Burma Petroleum Company Limited (Head Office and Engineering Division).
- (27) India Tourism Development Corporation Limited (Units at Aurangabad, Hotel Qutab—Ashok, Akbar Hotel and units of Southern region).

- (28) Indian Drugs and Pharmaceuticals Limited (Synthetic Drugs Plant, Hyderabad, Gurgaon and Muzaffarpur units).
- (29). Indian Rare Earths Limited (Mineral Division).
- (30) Jessop and Company Limited.
- (31) Lagan Jute Machinery Company Limited.
- (32) Mining and Allied Machinery Corporation Limited.
- (33) National Mineral Development Corporation Limited (Bailadila Iron Ore Project Deposit No. 14).
- (34) National Textile Corporation Limited (Sri Sarada Mills) and its following subsidiaries :
- (a) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited (Panipat Woollen Mills, Ajudhia Textile Mills and Edward Mills).
  - (b) National Textile Corporation (Gujarat) Limited (Viramgam Textile Mills, Ahmédabad Jupiter Textile Mills, New Manekchowk Textile Mills and Rajnagar Textile Mills).
  - (c) National Textile Corporation (Maharashtra North) Limited. (RBBA Spinning and Weaving Mills, India United Mills No. 2, 3, 4, 5, (including Cloth Distribution Centre, Dye Works, RSRG Mohfa Spinning and Weaving Mills and Savatram Ramprasad Mills).
  - (d) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited—(Arati Cotton Mills, Bihar Cooperative Weavers Spinning Mills, Central Cotton Mill, Laxmi Narayan Cotton Mill, Orissa Cotton Mills and Bengal Laxmi Cotton Mills).
  - (e) National Textile Corporation (Madhya Pradesh) Limited (Hira Mills, Kalyanmal Mills and Indore Malwa Mills).
  - (f) National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited—(Parvati Mills, Cannanore Spinning and Weaving Mills and Kerala Lakshmi Mills).
  - (g) National Textile Corporation (U.P.) Limited—(Vikram Mills and New Victoria Mills).

- (h) National Textile Corporation (Tamil Nadu and Pondicherry) Limited—(Kaleeswarar Mills).
- (i) National Textile Corporation (South Maharashtra) Limited—(Dhule Textile Mills, Mumbai Textile Mills and Jupiter Textile Mills) (for items other than those falling under category 'A').
- (35) Praga Tools Limited (Maintenance items, spares, imported items, etc.).
- (36) Punjab Maize Products Limited (subsidiary of Indian Drugs and Pharmaceuticals Limited).
- (37) Richardson and Crudas (1972) Limited.
- (38) Rehabilitation Industries Corporation Limited.
- (39) Smith Stanistreet Pharmaceuticals Limited.
- (40) Weighbird (India) Limited (subsidiary of Bharat Process and Mechanical Engineers Limited).

6.1.1 In Hindustan Cables Limited, maximum and minimum limits of miscellaneous stores and spares had not been fixed and hence the system of procurement and disposal did not ensure that stores in excess of reasonable requirement were not accumulated.

6.1.2 In Heavy Engineering Corporation Limited, stock limits for 26,172 items (out of 28,891 items) of stores were not prescribed.

6.1.3 In HMT (Bearings) Limited, there was no effective system of fixing maximum and minimum levels for the items of raw materials, stores and spare parts.

6.1.4 In India Fire Bricks and Insulation Company Limited, though the maximum and minimum limits in respect of spares, tools, lubricants and fuel had been fixed, the same were not being followed.

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

- (1) Bharat Ophthalmic Glass Limited.
- (2) Braithwaite and Company Limited.

- (3) Eastern Coalfields Limited (subsidiary of Coal India Limited).
- (4) Ferro Scrap Nigam Limited (subsidiary of Metal Scrap Trade Corporation Limited).
- (5) Jessop and Company Limited.
- (6) The following subsidiaries of National Textile Corporation Limited :
  - (a) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—Panipat Woollen Mills.
  - (b) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited—Arati Cotton Mills.

6.2.2 In Delhi State Industries Development Corporation Limited :

- (i) There was no uniform basis of valuation of stocks.
- (ii) The inventories of stock prepared and certified by Management as on 31st March 1980 when compared with book balances revealed shortages to the extent of Rs. 97.54 lakhs. These shortages were reduced from the stocks.
- (iii) There were certain inventory records showing minus balances, mainly in the case of steel stocks. These minus balances had been reduced from the total inventory and the net amount was shown as "stock on hand".
- (iv) The year-end inventory also included old and damaged stocks which might not fetch full value on disposal.
- (v) Shirts and cloth meant for export valued at Rs. 27.11 lakhs and Rs. 2.92 lakhs respectively were lying with a party for the past few years. Confirmation of the party that these goods were lying on Company's account as on 31st March 1980 was not on record.
- (vi) The physical verification of stocks had not been carried out at most of the Divisions. In respect of the Divisions where such verification was carried out, the relevant physical inventory sheets were not available.

- (vii) The records for RRs/GRs for goods despatched by the suppliers to the various Divisions had not been maintained properly.
- (viii) The inventory of stocks of building materials as on 31st March 1980 valued Rs. 3.67 lakhs could not be verified in the absence of proper records.
- (ix) Supplier's invoices for the purchase of candles and exercise books valuing Rs. 27.88 lakhs were not available.
- (x) In respect of sales of liquor, candles and exercise books neither daily sales sheets nor cash memos were available for verification.

6.2.3 In HMT Limited (Bangalore unit), the system of inviting open tenders for purchases was not being followed.

6.2.4 In India Tourism Development Corporation Limited (Units at Aurangabad), open tenders were not invited for purchases.

6.2.5 In Tea Trading Corporation of India Limited, the following shortcomings were noticed in the existing purchase procedure :—

- (i) Tea (unblended) was purchased from private market instead of going to auction purchase.
- (ii) In respect of purchase of unblended and finished tea from private suppliers for export, the files were incomplete in respect of the following :
  - (a) No justification for each such purchase regarding price as quoted by the supplier and price prevailing in auction in respect of each specification or quality of unblended tea was available.
  - (b) In the case of purchase of blended finished tea, sanctions, financial concurrence and justification for each such purchase where the Company had its own blending godowns, labour and other facilities in full, were not available.
  - (c) Purchase Committee's recommendations containing justification for price and quality as regards each such purchase were also not available.

- (iii) Stocks of tea, stores and spare parts had not been physically verified.
- (iv) There was no regular system of determination of unserviceable, damaged stores, raw and packing material for writing off losses thereon.

6.2.6 In Western Coalfields Limited, in the absence of reconciliation and adjustment of stores and spare parts lying at central stores with the financial books and system of declaring slow-moving, surplus and obsolete items of stores and disposal thereof, it would not be ascertained whether the stores in excess of reasonable requirements of maintenance and production were not accumulated.

6.2.7 In Weighbird (India) Limited, the system of procurement of stores and spares was not commensurate with the actual requirement and as a result there had been accumulation of stock.

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

- (1) Bharat Coking Coal Limited (subsidiary of Coal India Limited).
- (2) Bharat Leather Corporation Limited.
- (3) Bharat Ophthalmic Glass Limited.
- (4) Braithwaite and Company Limited.
- (5) Burn Standard Company Limited.
- (6) Central Inland Water Transport Corporation Limited.
- (7) Garden Reach Shipbuilders and Engineers Limited.
- (8) Hindustan Cables Limited.
- (9) IISCO Stanton Pipe and Foundry Company Limited (subsidiary of IISCO Limited).
- (10) Jessop and Company Limited.
- (11) The following subsidiaries of National Textile Corporation Limited :
  - (a) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—Panipat Woollen Mills and Kharar Textile Mills.

- (b) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited—Arati Cotton Mills, Laxmi Narayan Cotton Mills and Bihar Cooperative Weavers Spinning Mills.
- (c) National Textile Corporation (South Maharashtra) Limited—Digvijay Textile Mills.
- (d) National Textile Corporation (Maharashtra North) Limited—India United Mills and Dye Works.

(12) Triveni Structural Limited,

6.3.1 In Bharat Heavy Electricals Limited ·

*Heavy Electricals Equipment Plant :*

Stores valued at Rs. 53.35 lakhs were declared surplus during the year under report.

*Bhopal Unit :*

Stores of the value of Rs. 74.07 lakhs were declared surplus/obsolete during the year under report.

*Heavy Boiler Power Plant—Trichi*

Stores of the value of Rs. 53.39 lakhs were declared surplus during the year under report.

*Electro Porcelain Division*

Value of surplus stores charged off to revenue during the year under report was Rs. 7.15 lakhs.

6.3.2 In Central Coalfields Limited, the value of stores declared surplus/obsolete was Rs. 350.46 lakhs.

6.3.3 In Coal India Limited, though the Company had not declared any stores items as surplus or obsolete during the last 3 years, a provision to the extent of Rs. 4.12 lakhs had been made in the accounts.

6.3.4 In Central Inland Water Transport Corporation Limited, non-moving items of stores had not been identified.

6.3.5 In Fertilizer Corporation of India Limited (Talcher unit), stores and spares valuing Rs. 285 lakhs had been declared surplus.



6.3.6 In Hindustan Aeronautics Limited, stores valued Rs. 32.41 lakhs were declared surplus and not disposed of for more than two years (Hyderabad Division).

6.3.7 In Hindustan Fertilizer Corporation Limited :

- (a) There was surplus stock of construction stores amounting to Rs. 74.70 lakhs (Haldia Unit).
- (b) Stores valued Rs. 36.17 lakhs were declared surplus/obsolete during the year (Barauni Unit).
- (c) Items of stores held surplus to requirement amounted to Rs. 38.50 lakhs (Durgapur Unit).

6.3.8 In National Newsprint and Paper Mills Limited, there was no system of identifying surplus and unserviceable stores.

6.3.9 In Punjab Maize Products Limited, there was no regular system of determining the unserviceable or damaged stores and raw materials and as such no provision had been made in the accounts for loss arising thereon.

6.3.10 In Pyrites, Phosphates and Chemicals Limited, unserviceable/damaged stores had not been determined in a systematic manner.

6.3.11 In Rashtriya Chemicals and Fertilizers Limited, stores valuing Rs. 148.53 lakhs were declared surplus during the year under report.

6.3.12 In Steel Authority of India Limited :

- (a) Unserviceable and damaged stores were not determined. (Central Coal Washeries Organisation).
- (b) Stores worth Rs. 46.82 lakhs were declared surplus during the year (Rourkela Steel Plant).
- (c) The value of surplus stores at the end of the year under report was Rs. 81.14 lakhs (Bhilai Steel Plant).

6.3.13 In the following Companies stores and spares of the values mentioned thereagainst had not moved for two to three years as on 31st March 1982 :—

Sl. No.	Name of the Company	Value (Rs. in lakhs)	Description	Period for which the stores did not move
1	2	3	4	5
1.	Andrew Yule and Company Limited	5.26	Stores and spares	3 years or more.
2.	Bharat Aluminium Company Limited.	250.04	Stores	More than 3 years.
3.	Bharat Electronics Limited	84.25	Raw materials and components	} 2 years and more
		25.92	Stores and spares	
		4.82	Manufactured items	
4.	Bharat Gold Mines Limited	41.97	Stores and spares	3 years and more.
5.	Bharat Heavy Electricals Limited			
	(a) Heavy Electricals Equipment Plant	304.26	Stores	Last 3 years.
	(b) Central Foundry Forge Plant	20.94	Stores and spares	Last 3 years.
	(c) Bhopal unit	144.01	Stores	Last 3 years.
	(d) Trichi unit	243.83	Stores and spares	3 years or more.
6.	Bharat Heavy Plate and Vessels Limited	192.90	Stores	3 years and more
7.	Bharat Pumps and Compressors Limited	84.66	Dormant and slow moving raw materials and components.	—
8.	Burn Standard Company Limited	92.06	Slow/non-moving stores	—
		17.72	Non-moving Scrap.	—
9.	Central Coal Fields Limited (excluding Kuju and Daltonganj Areas)	679.45	Stores and spares (excluding insurable spares).	Last 3 years.
10.	Cochin Refineries Limited	137.34	Stores and spares	3 years and more.

1	2	3	4	5
11.	Garden Reach Shipbuilders and Engineers Limited	12.27	Stores and spares	3 years and more.
12.	The Fertilizers and Chemicals Travancore Limited.	940.28	Stores and spares	More than 3 years.
13.	The Fertilizer Corporation of India Limited :			
	(a) Talcher unit	453.94	Stores and spares	More than a year.
	(b) Gorakhpur Unit	48.50	Stores	More than 3 years.
		25.24	Spares	More than 3 years.
14.	Heavy Engineering Corporation Limited	392.36	} Finished products Stores and spares	} More than 3 years.
	(a) Foundry Forge Plant	412.48		
	(b) Heavy Machine Tools Plant.	353.40		
	(c) Heavy Machine Building Plant	716.82		
	(d) Headquarters	14.52		
15.	<i>Hindustan Aeronautics Limited</i>			
	(a) Bangalore Complex and Design Bureau	377.43	Stores and spares including raw materials.	3 years.
	(b) Hyderabad Division	10.80	1859 items of maintenance and operative stores.	More than 3 years.
	(c) Koraput Division	80.25	Stores and spare parts	More than 3 years.
	(d) Nasik Division	61.50	7964 items of stores	More than 2 years.
16.	Hindustan Antibiotics Limited	61.49	Stores	Over 3 years.
17.	Hindustan Copper Limited (KCC)	295.73	Stores	2 years and more.
18.	HMT (Bearings) Limited	25.45	Stores	More than 3 years.
19.	<i>HMT Limited</i>			
	Bangalore Unit	9.09	Stores	3 years and above.

20. Hindustan Fertilizer-Corporation Limited	472.92	Stores and spares	More than 3 years.
21. Hindustan Insecticides Limited—Delhi Unit	9.73	Stores and spares	3 years and more.
22. Hindustan Prefab Limited	1.27	Stores	More than 3 years.
23. Hindustan Photo Films Manufacturing Company Limited	8.54	Raw materials and packing materials.	3 years and more.
24. <i>Hindustan Steel works Construction Limited :</i>			
(a) Bhilai Unit	15.72	Stores	More than 3 years.
(b) Bokaro Unit	27.84	Stores	More than 3 years.
25. Hindustan Teleprinters Limited	1.50	Raw materials	3 years and more.
26. Hindustan Zinc Limited	342.12	Stores and spares	3 years and more.
27. Instrumentation Limited	28.02	Stores	3 years or more.
28. India Fire Bricks and Insulation Company Limited	12.25	Imported stores and spares	More than 3 years.
	5.01	Indigenous stores and spares	—do—
29. <i>Indian Oil Corporation Limited :</i>			
(a) Haldia Refinery	296.00	Stores and spares	2 years and more.
(b) Assam Oil Division	58.08	—do—	—do—
(c) Gauhati Refinery	86.86	—do—	—do—
(d) Barauni Refinery	193.28	—do—	—do—
(e) B. K. Pipe-line, Barauni	49.78	—do—	3 years and more.
30. Indian Petrochemicals Corporation Limited	294.54	Stores	Last 3 years.
31. Indian Rare Earths Limited	26.94	Stores	More than 3 years.
32. Indian Telephone Industries Limited	1056.42	Dormant/slow moving stores	—
33. Jessop and Company Limited	48.23	Raw materials and components, etc.	3 years and more.
34. Mining and Allied Machinery Corporation Limited.	101.97	Raw materials Stores and spares	More than 3 years.
	85.35		

1	2	3	4	5
35. <i>National Mineral Development Corporation Limited :</i>				
(a) Bailadila Iron Ore Project Deposit No. 14	310.35 (including Rs. 125.73 lakhs represent- ing insu- rance and surplus stores)	Stores and spares		2 years and more.
(b) Diamond Mining Project	10.12	Stores and spares		Last 3 years.
36. National Projects Construction Corporation Limited	39.52	Stores and spares		2 to 3 years.
37. National Fertilizer Limited—Nangal Unit	461.93	Stores and spares		3 years and above.
38. National Instruments Limited	19.10	Stores and spares		3 years and more.
39. Neyveli Lignite Corporation Limited	1103.47 38.01	Spares —Consumable items		3 years and more.
40. The National Newsprint and Paper Mills Limited	107.00	Stores		More than three years.
41. Praga Tools Limited	36.10	Raw materials other stores materials.		2 years and above.
42. Rashtriya Chemicals and Fertilizers Limited.	315.95	Stores and spares.		Last 3 years.

43. <i>Steel Authority of India Limited :</i>			
(a) Bhilai Steel Plant	625.69	Stores and refractories	3 years and more.
(b) Bokaro Steel Plant	1765.14	Stores	—do—
	33.39	Capital items	—do—
(c) Durgapur Steel Plant	2819.41	Stores and spares	—do—
(d) Rourkela Steel Plant	4023.15	Stores and spares	—do—
44. Triveni Structural Limited	6.06	Stores	More than 3 years.
45. Uranium Corporation of India Limited	15.49	Stores and spares	More than three years.

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6.3.14 In Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited, classification and value of stores and spares which did not move for 3 years and more had not been made.

6.3.15 In Bharat Coking Coal Limited, the items of stores and spares which did not move for 3 years and more had not been identified.

6.3.16 In Birds Jute and Exports Limited, slow moving and non-moving items of stores and spares had not been determined.

6.3.17 In Braithwaite and Company Limited, value of non-moving stores and spare parts, raw materials and erection plant and loose tools was Rs. 127.78 lakhs as on 31st March 1982.

6.3.18 In Eastern Coalfields Limited :

- (i) Records were not maintained to indicate the classification and value of stores which had not moved for 3 years and above.
- (ii) The provision of Rs. 45 lakhs made in earlier years for slow moving/non-moving stores had been carried forward for the year under report.

6.3.19 In Engineering Projects (India) Limited (Calcutta Branch), there was no system of ascertaining the value of stores/spares which had not moved for 3 years or more.

6.3.20 In Electronics Trade and Technology Development Corporation Limited, in many cases indiscriminate and erratic purchases had been made without having market survey and going into the technical needs of the items purchased resulting in accumulations of slow-moving and non-moving stock worth Rs. 24.86 lakhs.

6.3.21 In HMT Limited (Watch Factory III, Jainakot) the value of stores which did not move for more than 3 years had not been segregated.

6.3.22 In Hindustan Steelworks Construction Limited, no age-wise analysis of stocks had been made except at Bhilai and Bokaro units.

6.3.23 In Indian Iron and Steel Company Limited the value of stores and spares which did not move for 3 years and more was not ascertained.

6.3.24 In India Tourism Development Corporation Limited (Hotel Qutab—Ashok, New Delhi), lists of slow/non-moving stores had not been prepared periodically.

6.3.25 In National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited (Orissa Cotton Mills), the non-moving and slow moving items of stores and spare parts had not been ascertained.

6.3.26 In Pyrites, Phosphates and Chemicals Limited, the value of non-moving/slow moving/obsolete/surplus stores had not been determined.

6.3.27 In Western Coalfields Limited, age-wise classification of inventories had not been made, as a result, value of non-moving stock could not be ascertained.

6.3.28 In Weighbird (India) Limited, stores and spares which had not moved for 3 years or more had not been determined.

6.4.1 In the following Companies, the surplus/obsolete stores of the values indicated thereagainst were awaiting disposal as on 31st March 1982 :—

Sl. No.	Name of the Company	Value (Rs. in lakhs)
1	2	3
1.	Bharat Gold Mines Limited . . . . .	8.03
2.	Bharat Heavy Electricals Limited . . . . .	
	(a) Heavy electricals Equipment Plant . . . . .	89.98
	(b) Bhopal unit . . . . .	56.91
	(c) Electro Porcelain Division . . . . .	7.15
3.	Bharat Process and Mechanical Engineers Limited . . . . .	1.06
4.	Central Coalfields Limited . . . . .	6.46
5.	Computer Maintenance Corporation Limited . . . . .	39.54
		During 1980-81 40.98
		During 1981-82
6.	Engineering Projects (India) Limited—Calcutta Branch . . . . .	9.37
7.	The Fertilizer Corporation India Limited . . . . .	
	(a) Gorakhpur unit . . . . .	3.60
	(b) Jodhpur Marketing Division . . . . .	4.47



1	2	3
8.	The Fertilizers and Chemicals Travencore Limited	21.64
9.	Heavy Engineering Corporation Limited	94.72
10.	Hindustan Antibiotics Limited.	14.76
11.	Hindustan Copper Limited	
	(a) Indian Copper Complex	24.78
	(b) Rakha Copper Project	3.25
	(c) Khetri Copper Complex	33.51
12.	Hindustan Fertilizers Corporation Limited—Marketing Division.	2.57
13.	HMT Limited	2.83
	(a) Kalamassery Unit	5.97
	(b) Bangalore Unit	
14.	Hindustan Aeronautics Limited	377.15
	(a) Banagalore Complex and Design Bureau	2.59
	(b) Koraput Division	2.54
15.	Hindustan Prefab Limited	2.80
16.	Hindustan Teleprinters Limited	6.09
17.	Hindustan Photo Films Manufacturing Company Limited	48.08
18.	Hindustan Zinc Limited	49.16
19.	Indian Drugs and Pharmaceuticals Limited—Rishikesh Plant	60.50
20.	Indian Iron and Steel Company Limited	
21.	Indian Oil Corporation Limited	43.36
	(i) Haldia Refinery	43.01
	(ii) Barauni Refinery	23.49
22.	Instrumentation Limited	5.06
23.	Mining and Allied Machinery Corporation Limited	
24.	The following subsidiaries of National Textile Corporation Limited	
	(i) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited—Ajudhia Textile Mills	3.68
	(ii) National Textile Corporation (Andhra Pradesh, Karnataka Kerala, and Mahe) Limited—Minerva Mills	4.75
25.	National Fertilizers Limited—Nangal unit	116.45
26.	Neyveli Lignite Corporation Limited	63.53
27.	National Mineral Development Corporation Limited	
	(i) Diamond Mining Project	10.30
	(ii) Donimalai Iron Ore Project.	0.44
28.	Steel Authority of India Limited.	360.08
	(i) Bokaro Steel Plant	60.50
	(ii) Durgapur Steel Plant	

6.4.2 In Eastern Coalfields Limited, unserviceable or damaged stores had not been determined (Salanpur, Satgram, Sripur, Sodepur and Kunustoria Areas).

6.4.3 In National Textile Corporation (Madhya Pradesh) Limited (Hira Mills), stores of the value of Rs. 1.92 lakhs were awaiting disposal for more than 2 years. Further, stores valuing Rs. 2.29 lakhs were not found physically since 1978-79.

6.5.1 In the following Companies, inventories as on 31st March 1982, were considered to be on the higher side.

Sl. No.	Name of the Company	Description	Stock in terms of month's consumption
1	2	3	4
1.	Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.	Stores and spares	44
2.	Coal India Limited and its following subsidiaries:	Stores and spares	10
	(i) Central Coalfields Limited	Raw materials, spares and stores	10.50
	(ii) Western Coalfields Limited.		
	Sohagpur Area	Stores and spares and coal	68
	Bishrampur Area	---do---	(cost of production) 27 -do-
	Nagpur Area	Stores and spares	20 -do-
	Wardha Valley Area	Inventory	11
3.	The Fertilizer Corporation of India Limited :		
	Sindri unit	Stores and spares	22
4.	HMT (Bearings) Limited	Stores	16.30
5.	Indian Oil Corporation Limited :		
	(i) SMPL Unit	Stores and spares	29
	(ii) Haldia Refinery	Stores and spares (excluding those meant for repair and maintenance and sheets for bitumen drums).	35
		Stores	27
	(iii) HMRB Pipelines, Calcutta	Raw materials	35
6.	National Mineral Development Corporation Limited :		
	Diamond Mining Project	Stores and spares	30
7.	The National Newsprint and Paper Mills Limited	Stores	16

### 6.5.2 In Bharat Coking Coal Limited :

- (a) For the following products the closing stock exceeded six months' sales;

	Value of closing stock (Rs. in lakhs)
(i) Magnetite . . . . .	40.31
(ii) By-products . . . . .	104.56

- (b) 1.43 lakh tonnes and 6.44 lakh tonnes of coal had accumulated in Areas I and III respectively.

### 6.5.3 In Central Coalfields Limited :

- (a) Large quantity of middling (fines) had accumulated at Gidi Washery as there was no market for the same.
- (b) In the following collieries the closing stock had exceeded 6 months' despatches :
- Kedla (N), Kedla (S), Kedla (Opencast), Topin (N), Topin (S), Jharkhand, Loiyo, Arah, Pindra, Pure, Dhori and Kargali Areas.

6.5.4 In Cotton Corporation of India Limited, the closing stock of cotton as on 31st March 1982 represented 10.3 months in terms of sales as against 2.7 months as on 31st March 1981.

6.5.5 In Eastern Coalfields Limited (S. P. Mines Area), the value of closing stock was equivalent to 33 months' sale value.

6.5.6 In Electronic Trade and Technology Development Corporation Limited, inventories included components valuing Rs. 36.51 lakhs purchased by the Company on behalf of M/s. Orient Vision Limited. Saleability and utility of these components was uncertain and no provision had been made to cover their obsolescence.

### 6.5.7 In National Seeds Corporation Limited :

- (a) Closing stock of seeds increased from Rs. 523 lakhs in 1980-81 to Rs. 652 lakhs in 1981-82.
- (b) Percentage of inventory over sales had gone up from 25 in 1980-81 to 33 in 1981-82.

- (c) Percentage of inventory to working capital had gone up from 88 in 1980-81 to 126 in 1981-82.

6.5.8 In Neyveli Lignite Corporation Limited, there was substantial accumulation of finished products like M.P. Cresol, M. V. Phenol, Ortho Cresol, Neutral Oil, Tar and Xylenol.

#### 6.6. Physical verification

##### 6.6.1 In Bharat Coking Coal Limited :

- (a) Raw coal at the Sudamadih Washery and Pellets in Kusumda Pellet Plant were not verified. Stores and spares had not been verified in Areas IV, V and XI.
- (b) Significant discrepancies were noticed in most of the Areas and specially in Area VII where shortage of one lakh tonnes was noticed.
- (c) The frequency of physical verification of stores and spares was not adequate and in a few locations checking was not at all done. By and large the system of physical verification followed by the Company was not satisfactory.

##### 6.6.2 In Bharat Pumps and Compressors Limited :

- (a) The quantities physically available had not been cross checked with the balances appearing in the priced stores ledgers.
- (b) Physical verification of stores under inspection and those with fabricators/contractors was not conducted.

##### 6.6.3 In Bharat Ophthalmic Glass Limited :

- (i) Stocks lying in various divisional offices were not physically verified.
- (ii) The stock in respect of work-in-progress was not physically verified.

##### 6.6.4 In Braithwaite and Company Limited :

- (a) Raw materials valued at Rs. 167.72 lakhs had not been physically verified and were accounted for on the basis of ledger balances.

- (b) Physical verification of erection plant, loose tools, components, bulk of stores and spare parts, raw materials (except steel at Clive Works) and contracts in progress was not carried out during the year.

6.6.5 In Burn Standard Company Limited, stock of spares at Crane Shop of Howrah unit had not been verified since inception though attempts of theft had been reported earlier.

6.6.6 In Central Coalfields Limited :

- (a) Though there was perpetual inventory system in respect of stores, spares and raw materials only a small portion of inventories had been verified. In certain areas, no evidence of physical check of these items was available.
- (b) Headquarters surveys pointed out shortages of 1.91 lakh tonnes of coal valuing Rs. 2.42 crores as per book records which had not been adjusted.

6.6.7 In Coal India Limited :

- (a) Stores lying at collieries had not been physically verified.
- (b) The results of physical verification of central stores had not been reconciled with book records and discrepancies, if any, ascertained.

6.6.8 In Eastern Coalfields Limited :

- (a) Books and records of Coal India's dumps at Firozabad had not been produced to the Auditors for scrutiny.
- (b) No physical verification of stock of stores and spares had been conducted at Sitarampur, Sodepur, Rajmahal, J. K. Ropeways, S. P. Mines Areas, Area Stores, Parasea OCP and Damada colliery of Kunustoria Area.
- (c) Substantial shortages of coal were revealed during periodical physical verification of stock of coal (Pandaveswar Area).
- (d) No provision was made against weathered and deteriorated stocks of coal which had been evaluated at full price (Salanpur, Satgram, Sodepur and Sripur Areas).

6.6.9 In Engineering Projects (India) Limited, there was no system of physical verification in respect of jobs in progress.

6.6.10 In Hindustan Cables Limited, miscellaneous stores valuing Rs. 469.65 lakhs had not been physically verified.

6.6.11 In Hindustan Aeronautics Limited (Nasik Division), physical verification of spares and raw materials in respect of work-in-progress was not conducted.

6.6.12 In Hindustan Fertilizer Corporation Limited (Marketing Division), physical verification of finished goods and packing materials was not conducted in 1980-81 and 1981-82.

6.6.13 In Heavy Engineering Corporation Limited :

(a) Physical verification in respect of the following had not been conducted :—

(i) Movable assets other than vehicles and rolling stock.

(ii) Immovable assets other than plant and machinery.

(iii) Loose tools, drawings, etc. (value Rs. 339.62 lakhs) issued to shops.

(iv) Sizeable portion of raw material.

(b) The system of physical verification of shop floor material required to be strengthened

6.6.14 In Garden Reach Shipbuilders and Engineers Limited, physical verification of finished and semi-finished goods, launches, barges and boats, motor cars/lorries, trailers, mobile cranes and capital work-in-progress was not conducted.

6.6.15 In Indo-Burma Petroleum Company Limited, the method of stock taking was not satisfactory and there was scope for improvement.

6.6.16 In Indian Oil Corporation Limited (SMPL Unit) the frequency of physical verification was considered inadequate.

6.6.17 In Indian Iron and Steel Company Limited :

- (i) Physical verification of fixed assets of Calcutta Office was not conducted.
- (ii) Stock of scrap lying at Burnpur Works was not physically verified.
- (iii) Neither stock records were maintained nor physical verification was done in respect of special projects and plant rehabilitation schemes. The bills were passed on the basis of certificates issued by the engineers of the concerned departments.

6.6.18 In IISCO Stanton Pipe and Foundry Company Limited, physical verification of pig iron and scrap was not adequate.

6.6.19 In Jessop and Company Limited, steel and stock in bonded warehouses was not physically verified.

6.6.20 In Mazagon Dock Limited, equipment and stores for construction of ships valued at Rs. 399.35 lakhs were not verified physically during the year under report.

6.6.21 In National Textile Corporation (Delhi, Punjab and Rajasthan) Limited (Edward Mills), physical verification was not regular. Neither the physical verification reports were signed by the verifiers nor any copy of the report of physical verification as submitted to the authorities was produced to Auditors.

6.6.22 In National Seeds Corporation Limited, the prescribed periodicity of physical verification of stock of seeds at least twice in a year and in case of other stocks once in a year had not been adhered to in the case of some stocking points.

6.6.23 In Punjab Maize Products Limited, physical verification of stocks of finished goods, semi-finished goods, spares and raw materials was not conducted in 1981-82.

6.6.24 In Steel Authority of India Limited :

- (i) Physical verification of stores and spares at Dugda Washery and Central Office was not conducted. (Central Coal Washeries Organisation).
- (ii) Coverage of physical verification in the case of stores and spares needed improvement (Salem Steel Plant).

6.6.25 In Triveni Structural Limited, the coverage of physical verification of materials at site was inadequate.

6.6.26 In the Minerals and Metals Trading Corporation of India Limited, (Delhi Divisional Office), there was no system of ascertaining shortages/excesses consignment-wise.

6.6.27 In Western Coalfields Limited, physical verification of colliery stores was not conducted. The system of physical verification of stores and spares was not satisfactory.

6.6.28 In the following Companies, shortages and excesses were noticed during physical verification :—

Sl. No	Name of the Company	Description of stores, etc. verified.	Shortage/Excess (Rs. in lakhs)	
1	2	3	4	
1.	Burn Standard Company Limited (Burnpur unit)	Scrap		33.48
2.	Eastern Coalfields Limited.	Coal (in Coal india Limited dumps)	0.28 lakh tonnes (A provision for Rs. 126.20 lakhs was made in accounts for 1981-82 to cover the shortages).	
3.	The Fertilizer Corporation of India Limited —Sindri unit	Steam Coal, Ammonium Sulphate, Urea, Sulphate etc.	93.31	..
		Stores and spares	5.66	..
		Coking coal, pyrite, Rock Phosphate.	..	4.19
4.	Indian Oil Corporation Limited (Assam Oil Division)	Stores and spares	4.26	9.24
5.	Indian Iron and Steel Company Limited (Burnpur Works).	Coking coal	357.49	..
		Ferro Manganese	..	64.92
6.	Rashtriya Chemicals and Fertilizers Limited	Finished/semi-finished goods.	64.85	..
		Raw materials	65.64	..



1	2	3	4
<i>Steel Authority of India Limited</i>			
(i) Rourkela Steel Plant	Finished/semi-finished products (including Rs. 11.59 lakhs for CAN)	305.44	651.21
	Raw materials (including abnormal shortage of Rs. 141.44 lakhs)	316.08	161.56
	Stores and spares.	0.54	2.88
(ii) Bokaro Steel Plant	Finished/semi-finished goods	376.63	286.22
	Raw material (abnormal shortages and excesses)	5.86	335.03
	Stores and spares	6.29	6.96
(iii) Durgapur Steel Plant	Finished and semi-finished products at plants (including scrap) and at stock yards.	985.92	923.15
	Raw materials	71.43	107.13
	Stores and Spares	15.93	16.58
(iv) Bhilai Steel Plant	Finished/semi-finished products.		
	(a) at plant excluding coke	361.31	14.77
	(b) at stock yards	627.90	819.68
	(c) at Export-yards	1.44	1.70
	(ii) Coke ( + ) 22 mm	31.43	..
	(iii) Stock of by products	1.00	4.15
	(iv) Stores and spares		
	(a) operation	20.77	9.83
	(b) expansion	0.49	0.55
	(v) Raw materials	1346.92	..
	(a) at Plant	(including abnormal shortages of Rs. 245.47)	..
	(b) at Mines	44.97	..

6.6.29 In Bhilai Steel Plant of Steel Authority of India Limited, a number of stock items *i.e.* ferrous metal, bearings, automobile spares, pipes and stores of Nandini Stores Depot were not physically verified.

6.6.30 In Central Cottage Industries Corporation of India Limited there was net shortage of Rs. 5.10 lakhs in stocks which in the opinion of the Management was abnormal.

6.6.31 In Hindustan Copper Limited (Khetri Copper Complex) as per physical verification report of stock of finished and semi-finished goods, shortage of 173.131 tonnes of anode valuing Rs. 42.24 lakhs was found.

6.6.32 In Indian Oil Corporation Limited, (Barauni Refinery), the following unadjusted shortages and excesses found on physical verification were stated to be under scrutiny :—

Year	(Rs. in lakhs)	
	Shortages	Excesses
1979-80	6.33	1.28
1980-81	2.30	5.97
1981-82	9.07	0.31

6.6.33 In Mining and Allied Machinery Corporation Limited :

- (a) Physical verification of fixed assets had not been carried out during the year under Report
- (b) As no accounting records were maintained for work-in-progress and materials lying at shop floors, the discrepancies, if any, in stock could not be ascertained.

6.6.34 In Western Coalfields Limited :

- (a) The discrepancies noticed on physical verification in some of the collieries were of the order of Rs. 91.25 lakhs and were written off after scrutiny.
- (b) The system of perpetual inventory verification was not fully implemented in some Areas.
- (c) In some other Areas either no physical verification was conducted or it was done partially.

## 7. Credit Control

7.1 In the following Companies, the system of obtaining confirmation of balances from sundry debtors was not in vogue

and/or confirmation of balances had not been obtained from all parties :

- (1) Bengal Chemicals and Pharmaceuticals Limited.
- (2) Bharat Coking Coal Limited (Subsidiary of Coal India Limited).
- (3) Bharat Brakes and Valves Limited.
- (4) Bharat Gold Mines Limited.
- (5) Bharat Heavy Electricals Limited :-
  - (i) Heavy Boiler Power Plant, Trichl.
  - (ii) Heavy Equipment Plant, Hardwar.
- (6) Bharat Ophthalmic Glass Limited.
- (7) Bharat Process and Mechanical Engineers Limited.
- (8) Braithwaite and Company Limited.
- (9) Bridge and Roof Company (India) Limited.
- (10) Burn Standard Company Limited.
- (11) Central Cottage Industry Corporation Limited.
- (12) Central Coalfields Limited (Subsidiary of Coal India Limited).
- (13) Central Inland Water Transport Corporation Limited.
- (14) Coal India Limited (Regional Sales and other branch offices and Dankuni Coal Complex).
- (15) Cotton Corporation of India Limited.
- (16) Cycle Corporation of India Limited.
- (17) Delhi State Industrial Development Corporation Limited.
- (18) Eastern Coalfields Limited.
- (19) Garden Reach Ship-builders and Engineers Limited.
- (20) Engineering Projects (India) Limited.
- (21) Hindustan Aeronautics Limited—Bangalore Complex and Design Bureau.
- (22) Hindustan Cables Limited.
- (23) Hindustan Prefab Limited.

- (24) Hindustan Teleprinters Limited.
- (25) Hindustan Zinc Limited.
- (26) HMT Limited.
- (27) HMT (Bearings) Limited.
- (28) Indo-Burma Petroleum Company Limited.
- (29) Indian Iron and Steel Company Limited. (Subsidiary of Steel Authority of India Limited).
- (30) Indian Telephone Industries Limited.
- (31) Instrumentation Limited.
- (32) India Tourism Development Corporation Limited :
- (i) Hotel Patliputra Ashok, Patna.
  - (ii) Transport Unit, Patna.
  - (iii) Units of Southern Region.
  - (iv) Units of Aurangabad.
  - (v) Hotel Quatab Ashok, New Delhi.
  - (vi) Hotel Varanasi Ashok, Airport's Transport.
- (33) Jessop and Company Limited.
- (34) Madras Fertilizers Limited.
- (35) The Mogul Line Limited.
- (36) The National Industrial Development Corporation Limited.
- (37) National Research Development Corporation of India.
- (38) National Seeds Corporation Limited.
- (39) Following subsidiaries of National Textile Corporation Limited :
- (a) National Textile Corporation (Andhra Pradesh Karnataka, Kerala and Mahe) Limited.  
— Parvathi Mills.

- (b) National Textile Corporation (Delhi, Punjab and Rajasthan) Limited :
    - (i) Kharar Textile Mills.
    - (ii) Ajudia Textile Mills.
  - (c) National Textile Corporation (Gujarat) Limited :
    - Virangam Textile Mills.
  - (d) National Textile Corporation (Maharashtra North) Limited :
    - (i) India United Mills No. 2, 3, 4 (including cloth distribution centre) and 5.
    - (ii) Gopaldas Mehta Spinning and Weaving Mills.
  - (e) National Textile Corporation (Madhya Pradesh) Limited :
    - (i) Kalyanmal Mills.
    - (ii) Indore Malwa Mills.
  - (f) National Textile Corporation (South Maharashtra) Limited :
    - (i) Jupiter Textile Mills.
    - (ii) Nandini Textile Mills.
    - (iii) Digvijay Textile Mills.
    - (iv) Bharat Textile Mills.
  - (g) National Textile Corporation (U.P.) Limited :
    - Elgin Mills.
  - (h) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited :
    - (i) Bihar Cooperative Weavers Spinning Mills.
    - (ii) Orissa Cotton Mills.
    - (iii) Central Cotton Mills.
- (40) Neyveli Lignite Corporation Limited..
  - (41) North Eastern Electric Power Corporation Limited.
  - (42) Rural Electrification Corporation Limited.
  - (43) Shipping Corporation of India Limited.
  - (44) Smith Stainstreet Pharmaceuticals Limited.

- (45) Steel Authority of India Limited—Central Coal Washeries Organisation.
- (46) Trade Fair Authority of India.
- (47) The Minerals and Metals Trading Corporation of India Limited :
  - (i) Calcutta Zone.
  - (ii) New Delhi Zone.
- (48) The State Trading Corporation of India Limited :
  - (i) Madras Branch.
  - (ii) Bombay Branch.
- (49) The Handicrafts and Handlooms Exports Corporation of India Limited.
- (50) Triveni Structural Limited.
- (51) Western Coalfields Limited (Subsidiary of Coal India Limited).
- (52) Weighbird (India) Limited (Subsidiary of Bharat Process and Mechanical Engineers Limited).
- (53) Tea Trading Corporation of India Limited.

7.1.1 In Bharat Leather Corporation Limited, all the amounts due from debtors were not got confirmed. There were many disputed amounts which needed to be followed up. Age-wise break-up of the debtors was not maintained. In many cases, outstandings shown against debtors were not in agreement with the book balances.

7.1.2 In Bridge & Roof Company (India) Limited, the debtors other than those of structural Division had not been accounted for.

7.1.3 In Birds Jute and Exports Limited :

- (a) Though norm of one month had been fixed for allowing credit, it was not being followed in actual practice.
- (b) Old brought forward debts of long outstanding were carried forward in the books of accounts and were not pursued vigorously.

7.1.4 In Central Inland Water Transport Corporation Limited, a uniform system of allowing credits was not there.

7.1.5 In Delhi State Industries Development Corporation Limited, there was no proper system of allowing credits. The system of follow up of debts was inadequate. No rules had been framed in respect of credit allowed/allowable to the parties.

7.1.6 In Hindustan Antibiotics Limited, there was delay in finalising individual accounts of debtors as a result, confirmation of balances had not been called for from them.

7.1.7 In Heavy Engineering Corporation Limited :

- (a) In the absence of adequate procedure for obtaining confirmation from sundry debtors/creditors, ancillary/loaded parties, etc. the balances against them remained unconfirmed.
- (b) Sundry Debtors as at 31st March 1982 included Rs. 1339.73 lakhs representing the value of goods or services rendered for which bills were not raised.

7.1.8 In Electronics Trade and Technology Development Corporation Limited, Sundry Debtors included Rs. 51.55 lakhs and Rs. 26.22 lakhs being the amount due from M/s. Orient Vision Limited and M/s. Orientronics Equipments Limited respectively, for which no confirmation was received and both these balances were doubtful of recovery. A provision of Rs. 20 lakhs only had been made against these outstandings, which was inadequate.

7.1.9 In Western Coalfields Limited :

- (i) Headquarters, Pathakhera, Kanhan, Jhagrakhand, Sohagpur, Bishrampur, Chirimiri and I. B. Valley, Pench, Korba Areas and Bilaspur Divisional Office :

The system of recording and follow up of various claims lodged with Railways, Insurance and other parties needed to be strengthened.

- (ii) Calcutta Sales and Marketing Office :

- (a) Credit balances aggregating Rs. 872.91 lakhs arising due to wrong or non-codification of customers code had been set off against sundry debtor balances.
- (b) There was no proper system of follow up for collection of debts. No interest for delayed payments had been levied as per terms and conditions laid down in invoices.
- (c) The basis for making provision for bad and doubtful debts was not proper.

7.2. In the following Companies, debts for the amounts shown against each were outstanding for three years and above :—

Sl. No.	Name of the Company	Amount outstanding (Rs. in lakhs)	Due from	Remarks
(1)	(2)	(3)	(4)	(5)
(1)	Balmer Lawrie and Company Limited (Other than Bombay Branch).	13.50	Government Departments/ Companies/Undertakings.	
		13.63	Others.	
(2)	Bengal Chemicals and Pharmaceuticals Limited.	1.20	Not specified.	
(3)	Bharat Coking Coal Limited	67.05	Government Departments.	
		236.98	Private parties.	
(4)	<i>Bharat Heavy Electricals Limited :</i>			
	(i) Heavy Boiler Plant, Trichi	702.27	Parties other than Govt. Departments.	
	(ii) Industrial Systems Group	42.70	-do-	
	(iii) Electro Porcelain Division	11.59	-do-	
	(iv) Bhopal Unit	28.75	Other than Government parties.	
(5)	Bharat Process and Mechanical Engineers Limited.	14.51	Government Departments.	Over one year but less than 2 years.
		44.41	Others.	
(6)	Bharat Pumps and Compressors Limited	23.16	Government Departments/ Undertakings.	
(7)	Biecco Lawrie Limited	16.89	Government Departments.	
		11.00	Others.	



(1)	(2)	(3)	(4)	(5)
(8)	Braithwaite and Company Limited	22.16 295.11	Government Departments. Private parties.	
(9)	Bridge & Roof Company (India) Limited	43.74 0.84	Government Departments. Others.	
(10)	Burn Standard Company Limited	318.78 197.96	Government parties. Others.	
11)	Central Coalfields Limited	761.19 211.38	Government Departments. Others.	Details of outstanding debts Rs. 44.45 lakhs were not available.
(12)	Central Inland Water Transport Corporation Limited.	288.77 47.06	Government Departments. Others.	
(13)	Coal India Limited (Other than Regional Sales and other branch offices and Dankuni coal complex).	27.20 2.79	Government Departments. Others.	Major portion of the outstanding amounts was from North Eastern Frontier Railways and Defence authorities substantial amount was disputed.
(14)	Cotton Corporation of India Limited	237.61	Other than Government Departments and Companies.	
(15)	Cycle Corporation of India Limited	200.00	Private parties.	More than one year but less than 2 years.
(16)	Delhi State Industries Development Corporation Limited.	1.35 72.69	Government parties. Others.	
(17)	Dredging Corporation of India Limited	65.95	Government Companies.	
(18)	Eastern Coalfields Limited	694.96 495.68	Government Departments. Others.	
(19)	Electronics Trade and Technology Development Corporation Limited.	12.68 7.19	Government Departments. Others.	

(20)	The Fertilizers and Chemicals Travancore Limited.	6.95	Government Departments.
		47.56	Others.
(21)	Goa Shipyard Limited . . . . .	24.76	Other than Government parties.
(22)	Garden Reach Shipbuilders and Engineers Limited.	64.24	Government Departments.
		40.90	Others.
(23)	Hindustan Aeronautics Limited (Kanpur Unit).	56.52	Government Departments.
		2.04	Others.
(24)	Hindustan Antibiotics Limited . . . . .	37.47	Government Departments.
		0.22	Others.
(25)	Hindustan Cables Limited . . . . .	15.28	P&T Department.
		3.46	Others.
(26)	<i>Hindustan Fertilizer Limited :</i>		
	(i) Haldia Division . . . . .	6.68	Other than Government Departments.
	(ii) Marketing Division . . . . .	25.77	Government Departments.
		7.05	Others.
	(iii) Durgapur Unit . . . . .	4.28	Government Departments.
		0.88	Others.
	(iv) Barauni Unit . . . . .	41.18	Government Departments.
		1.52	Others.
(27)	Hindustan Insecticides Limited . . . . .	14.16	Government Departments.
		2.83	Others.
28)	Hindustan Latex Limited . . . . .	3.67	Government Departments.
(29)	Hindustan Organic Chemicals Limited . . . . .	33.05	Private parties.
(30)	Hindustan Photo Films Manufacturing Company Limited.	5.29	Government Departments/ Undertakings.
		18.80	Private parties.
(31)	Hindustan Shipyard Limited . . . . .	27.49	Private parties.

(1)	(2)	(3)	(4)	(5)
(32)	<i>Indian Telephone Industries Limited : Bangalore Complex</i>	11.42	Other than Government Departments.	
(33)	HMT Limited—Bangalore Unit	13.21	—	
(34)	HMT (Bearings) Limited	5.42	Other than Government Departments.	
(35)	HMT (International) Limited	7.87	Do.	
(36)	Indo-Burma Petroleum Company Limited (Engineering Division).	7.19	Government Departments.	
(37)	<i>Indian Drugs and Pharmaceuticals Limited :</i>			
	(i) Synthetic Drugs Plant, Hyderabad	7.53	Government Departments.	
		2.86	Private parties.	
	(ii) Regional Sales Office at Madras, Bangalore, Hyderabad and Cochin.	31.81	Government Departments.	
		5.71	Private parties.	
(38)	<i>Indian Oil Corporation Limited :</i>			
	(i) Assam Oil Division	5.79	Government Departments	Besides year-wise analysis for Rs. 19.54 lakhs was not available.
		8.72	Others.	
	(ii) Marketing Division	15.10	Government Departments.	
		11.16	Others.	
		11.92	Others.	
(39)	Indian Iron and Steel Company Limited	748.00	Government Departments.	
		338.00	Others.	
(40)	Jessop and Company Limited.	293.41	Government Departments.	
		99.19	Others.	
(41)	Jute Corporation of India Limited	684.00	Private parties.	

(42) Madras Refineries Limited	128.85	Government Departments/ Undertakings.
(43) Mazagon Dock Limited	579.76	Other than Government Departments.
(44) <i>The Minerals and Metals Trading Corporation of India Limited :</i>		
(i) Calcutta Zone (including Malda and Haldia).	62.35	Government Departments/ Undertakings.
	52.50	Private parties.
(ii) New Delhi	199.63	Government Departments/ Companies.
	335.54	Other than Government Departments.
(iii) Bombay Branch	81.71	Other than Government parties.
(45) Mining and Allied Machinery Corporation Limited.	222.19	Government Departments.
	17.05	Others.
(46) The Mogul Line Limited	10.03	Other than Government Departments.
(47) National Fertilizer Limited	149.52	Others.
(48) The National Small Industries Corporation Limited, New Delhi.	902.73	From hirers.
	8.50	Others.
(49) National Projects Construction Corporation Limited.	301.42	Government Departments.
(50) National Research Development Corporation of India.	24.31	—
51) National Seeds Corporation Limited	141.52	Government Departments/ Companies.
	22.71	Private parties.

1	2	3	4	5
(52)	The following subsidiaries of National Textile Corporation Limited.			
(i)	National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited.			
	Azam Jahi Mills	1.91	Other than Government Companies/Departments.	
	Minerva Mills	12.80	Other than Government Departments.	
	Mysore Spinning Mills	19.53	Other than Government Departments.	
(ii)	National Textile Corporation (Gujarat) Limited :			
	Jahangir Textile Mills	2.77	Other than Government Departments.	
	Rajnagar Textile Mills	2.71	Other than Government Departments.	
(iii)	National Textile Corporation (Madhya Pradesh) Limited :			
	Kalyanmal Mills	366.00	Other than Government Departments.	
	Indore Malwa Mills	8.33	Other than Government Departments.	
(iv)	National Textile Corporation (Maharashtra North) Limited :			
	India United Mills No. 2, 3	24.13	Other than Government Departments.	
	Head office and India United Mill No. 4	119.49	Other than Government Departments.	

(v) National Textile Corporation (South Maharashtra) Limited : Jupiter Textile Mills	25.30	Other than Government Departments.
Apollo Textile Mills	10.84	Other than Government Departments.
(vi) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited : Bengal Laxmi Cotton Mills	127.53	Other than Government Departments.
(53) Praga Tools Limited	21.17	Other than Government Departments.
	13.29	Government Departments.
	4.47	Other than Government parties.
(54) Projects and Equipments Corporation of India Limited.	89.17	Government Departments etc.
	57.52	Other than Government Departments.
(55) Pyrites, Phosphates and Chemicals Limited	155.21	Government Departments.
	2.22	Others.
(56) Rehabilitation Industries Corporation Limited.	2.14	Government Departments
	14.79	Others.
(57) Richardson and Cruddas (1972) Limited	7.66	Others.
(58) The Shipping Corporation of India Limited.	134.35	Others.
(59) Tannery and Footwear Corporation of India Limited	12.32	Government Departments.
	28.60	Others.

1	2	3	4	5
(60) <i>The Fertilizer Corporation of India Limited</i>				
(i) Talcher Unit		0.57	Government Departments	
		3.97	Others	
(ii) Ramagundam Unit		7.16	Government Departments	
		1.07	Others.	
(iii) Sindri Unit		13.05	Government Departments.	
		9.61	Others.	
(iv) Gorakhpur Unit		3.68	Government Departments.	
		0.82	Others.	
(v) Jodhpur Marketing Division.		6.09	Others.	
(61) <i>The Handicrafts and Handloom Exports Corporation of India Limited.</i>		63.30	Other than Government Departments.	
(62) <i>The National Newsprint and Paper Mills Limited.</i>		20.34	Others.	
(63) <i>The State Trading Corporation of India Limited.</i>				
(i) Madras Branch		16.05	Other than Government parties.	
(ii) Bombay Branch		6.61	Government Departments	
(iii) Colcutta Branch		146.07	Other than Government Departments.	
		89.81	Government Departments.	
(iv) New Delhi		1028.80	Private parties.	
(64) <i>Trade Fair Authority of India</i>		1.11	Others.	

(65) Triveni Structural Limited	111.11	Government Departments/ Undertakings.
	2.85	Others.
(66) Weighbird (India) Limited	2.29	Government parties.
	0.19	Others.
(67) <i>Western Coalfields Limited :</i>		
(i) Headquarters, Pathakhera, Konhan, Jhegrakhand, S-hagpur, Bishram- pur, Chirimiri, IB Valley, Pench and Korba Areas and Bilaspur Di- visional Office.	1135.22	Government Undertakings.
(ii) Calcutta Sales and Marketing Office	576.82	Government Departments.
	6.09	Others.

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7.2.1 In Bharat Coking Coal Limited, vigorous efforts were not being made for realisation of debts resulting in increase of doubtful debts.

7.2.2 In Fertilizer Corporation of India Limited (Gorakhpur unit), old balance under loans and advances were carried forward year after year; there was neither any recovery nor any procedure for write off was adopted.

7.2.3 In Indo-Burma Petroleum Company Limited (Engineering Division), the debts needed to be pursued vigorously.

7.2.4 In Indian Oil Corporation Limited, sundry debtors/claims/advances/deposits etc. required vigorous pursuance.

7.2.5 In India Tourism Development Corporation Limited, the debts were not vigorously pursued. (Hotel Varanasi Ashok, and units at Aurangabad).

7.2.6 In Mining and Allied Machinery Corporation Limited :

- (a) Almost all the sales effected were credit sales. The delay in realisation was mostly due to short, incomplete or defective supplies as well as procedural formalities.
- (b) Regular/continuous follow-up and intensive chasing was needed for debt realisation.

7.2.7 In the National Industrial Development Corporation Limited, realisations were not effected promptly.

7.2.8 In National Research Development Corporation of India, though there was no system of allowing credit, the licencees defaulted in several cases to pay the royalty on the due dates.

7.2.9 In the National Small Industries Corporation Limited (Calcutta Branch), more effective system of collection and review of debts was required.

7.2.10 In National Seeds Corporation Limited, though there was policy to sell the seeds only on cash basis, credit sales had been effected to Government parties as well as to some private parties.

7.2.11 In Rashtriya Chemicals and Fertilizers Limited :

- (i) Debts outstanding for 3 years and above amounted to Rs. 238.22 lakhs.
- (ii) Debts amounting to Rs. 109.42 lakhs were considered doubtful of recovery.

7.3. In the following Companies, there was no fixed system for allowing credit/discounts/refunds :

- (1) Rail India Technical and Economics Services Limited—Bombay branch.
- (2) Weighbird (India) Limited.

7.3.1 In Neyveli Lignite Corporation Limited, special discount of 12.5 per cent amounting to Rs. 1.13 lakhs was allowed in respect of a by-product sold during 1978-79.

## 8. General

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

- (1) Basmatia Tea Company Limited (Subsidiary of Andrew Yule and Company Limited).
- (2) Bharat Heavy Electricals Limited—PPWR, Baroda—(transport and canteen).
- (3) Bharat Refractories Limited.
- (4) Bharat Heavy Plate and Vessels Limited.
- (5) Birds Jute and Exports Limited (Subsidiary of Bharat Process and Mechanical Engineers Limited).
- (6) Braithwaite and Company Limited.
- (7) British India Corporation Limited.
- (8) The following subsidiaries of Coal India Limited :
  - (a) Eastern Coalfields Limited
  - (b) Western Coalfields Limited.
  - (c) Bharat Coking Coal Limited.
  - (d) Central Coalfields Limited
- (9) Heavy Engineering Corporation Limited.
- (10) Hindustan Fertilizer Corporation Limited.

- (11) Hindustan Salts Limited.
- (12) Hindustan Shipyard Limited (transport, canteen and schools).
- (13) Hindustan Zinc Limited.
- (14) HMT Limited (Kalamassery unit).
- (15) Indian Drugs and Pharmaceuticals Limited—Gurgaon unit (in respect of canteen and transport Division)
- (16) IISCO Stanten Pipe and Foundry Company Limited (Subsidiary of IISCO Limited).
- (17) Indian Petrochemicals Corporation Limited.
- (18) Indian Rare Earths Limited (OSCOM Project).
- (19) The Mica Trading Corporation of India Limited.
- (20) National Mineral Development Corporation Limited—Bailadilla Iron Ore Project Deposit No. 5.
- (21) The following subsidiaries of the National Textile Corporation Limited :
  - (i) National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited (Anantapur Cotton Mills).
  - (ii) National Textile Corporation (Gujarat) Limited—Jupiter Textile Mills.
  - (iii) National Textile Corporation (Maharashtra North) Limited—India United Mills 2, 3, 4 and 5.
  - (iv) National Textile Corporation (South Maharashtra) Limited—Mumbai Textile Mills.
  - (v) National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited :
    - (a) Bihar Cooperative Weavers Spinning Mills.
    - (b) Orissa Cotton Mills.
- (22) National Seeds Corporation Limited.
- (23) Pyrites, Phosphates and Chemicals Limited.
- (24) Richardson and Cruddas (1972) Limited (canteen).
- (25) Trade Fair Authority of India.
- (26) Weighbird (India) Limited (Subsidiary of Bharat Process and Mechanical Engineers Limited).
- (27) The National Newsprint and Paper Mills Limited.

8.2 In the following Companies demurrage/warfage was paid/adjusted as per details given below :—

(Rs. in lakhs)

Sl. No.	Name of the Company	Amount paid/adjusted	Remarks
(1)	(2)	(3)	(4)
(1)	Bharat Aluminium Company Limited	24.02	
(2)	Bharat Heavy Electricals Limited		
	— Heavy Electricals Equipment Plant	66.45	
	— Bhopal unit	24.67	
(3)	Bharat Pumps and Compressors Limited.	5.94	
(4)	The following subsidiaries of Coal India Limited :		
	(a) Bharat Coking Coal Limited		
	— Area I	9.76	
	— Area III	5.62	
	(b) Central Coalfields Limited	35.88	On left behind wagons
		52.26	Freight demurrage
	(c) Eastern Coalfields Limited	20.22	
	(d) Western Coalfields Limited :		
	(i) Headquarters, Pathakhera, Kanhan, Jhagrakhand, Sohagpur Bishrampur, Chirimiri, IB valley, Pench and Korba Areas and Bilaspur Divisional Office	149.83	Paid on account of demurrage and penalty to Railways mainly on account of detained wagons.
	(ii) Wardha Valley Area	12.96	
(5)	The Fertilizers and Chemicals Travancore Limited	7.46	
(6)	Heavy Engineering Corporation Limited :		
	(a) Foundry Forge Plant	22.74	
	(b) Heavy Machine Building Plant	25.00	
(7)	Hindustan Fertilizer Corporation Limited	16.71	
(8)	Indian Iron and Steel Company Limited	303.99	

(1)	(2)	(3)	(4)
(9)	Indian Telephone Industries Limited	17.23	
(10)	The Minerals and Metals Trading Corporation of India Limited (Bombay Branch)	129.00	
(11)	Mining and Allied Machinery Corporation Limited	1.74	
(12)	National Fertilizers Limited	38.62	
(13)	National Mineral Development Corporation Limited : Bailadilla Iron Ore Project Deposit No. 5	1.82	
(14)	Rashtriya Chemicals and Fertilizers Limited	238.23	
(15)	Richardson and Crudas (1972) Limited	2.41	
(16)	Steel Authority of India Limited :		
	(a) Bokaro Steel Plant	163.95	Detention of Railway wagon beyond permissible limits.
	(b) Bhilai Steel Plant	247.13*	
	(c) Durgapur Steel Plant	350.01	
	(d) Rourkela Steel Plant	412.42	
(17)	The National News Print and Paper Mills Limited	4.34	
(18)	The state Trading Corporation of India Limited.		
	(a) Madras Branch	30.49	
	(b) Bombay Branch	366.98	
	(c) New Delhi	721.66	

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*SECTION II*

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

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

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

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

Out of 215 Government Companies (including 62 subsidiaries) of the Union Government as on 31st March, 1982 vide details given in Appendix I, accounts of 203 Government Companies (including 61 subsidiaries) for 1981-82 were received upto January 1984. In addition, there were 53 Companies (details given in Appendix II) as on 31st March, 1982 falling within the purview of Section 619 B of Companies Act in which Central Government and/or Central Government Companies and Corporations owned or controlled by the Central Government, had dominant shares ; out of these, accounts of 44 Companies for 1981-82 were received upto January 1984.

Out of 247 Companies (203 Government Companies including 61 subsidiaries and 44 Section 619 B Companies) referred to above, the accounts of 227 Companies (174 Government Companies and their subsidiaries and 53 Section 619 B Companies) had been selected for the purpose of comments upon or supplement to the Auditors' Reports. On the basis of the observations on the accounts made by Government Audit, the accounts of 47 Companies were revised by the Managements.

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

1. *Sales were overstated due to :*

- (i) Non-consideration of reduction in the sale price of a product as mutually agreed upon with another Company.
- (ii) Inclusion of bills for the materials still lying with the company pending inspection and approval by the customer.
- (iii) Valuation of despatches at a composite rate arrived at after taking into account additional items having generally higher value per tonne but supplied at later part of the long-term contract.
- (iv) Inclusion of price escalation claims in respect of supplies made in earlier year.
- (v) Refund to a customer on account of excess billing of sales debited to book debts instead of to sales.
- (vi) Inclusion of equated freight realised from customers.
- (vii) Pricing high-sea deliveries of imported cement at ex-jetty price instead of high-seas sales price.
- (viii) Set-up of sales immediately on despatches of goods although sales in terms of agreements took place on actual delivery at destinations.
- (ix) Inclusion of excise duty.

2. *Sales were understated due to :*

- (i) Non-inclusion of differential price chargeable but not billed.
- (ii) Non-inclusion of despatches made in March 1982.
- (iii) Non-accountal of sale of engines and spares.

3. *Income was overstated on account of :*

- (i) Inclusion of miscellaneous receipts which were surrenderable to a Pool Account.
- (ii) Taking credit for 100 per cent sale value in respect of part despatches and incomplete contracts.



- (iii) Treating revised retention margin/additional margin in respect of products of a Division relating to the period prior to its vesting with the Company.
- (iv) Inclusion of difference between excise duty paid and realised which was surrenderable.
- (v) Inclusion of estimated sale value of scrap material not yet sold.
- (vi) Inclusion of adventitious gain surrenderable to Pool Account.
- (vii) Taking credit for capital gain on sale of fixed assets.
- (viii) Inclusion of excess subsidy refundable to Government..
- (ix) Taking credit for a claim for interest on the cost of equipment loaned to a Company not accepted by the loanee Company.
- (x) Inclusion of a claim disallowed by a customer.
- (xi) Inclusion of revenue receipts in respect of the previous year.
- (xii) Taking credit for claims lodged but withdrawn subsequently.

4. Income was understated due to short accountal of reimbursement of import losses.

5. *Provision was not made for :*

- (i) Interest accrued and due on unsecured loan from the Government of India.
- (ii) Gratuity.
- (iii) Fall in price of closing stock/deterioration in stock.
- (iv) Debts considered doubtful.
- (v) Possible exchange loss consequent to devaluation of a foreign currency.
- (vi) Enhanced rates of warehousing charges.
- (vii) Fee payable to a Consultant.
- (viii) Liability towards interest/penal interest.

- (ix) Salaries and other expenses of Central Industrial Security Force.
  - (x) Exchange variation in respect of fixed fee payable to Consultants.
  - (xi) Amounts disallowed by the customer on a cost plus contract.
  - (xii) Customs duty, agency commission, electricity charges.
  - (xiii) Liability for materials-in-transit.
  - (xiv) Bills of sub-contractors for supplies made or services rendered.
  - (xv) Penal interest/liquidated damages payable to financial Institutions for defaults in payments.
6. *Profit was overstated due to :*
- (i) Inclusion of revenue receipts in respect of previous years.
  - (ii) Taking credit of gain accrued on the closing stock of crude oil on account of increase in price required to be deposited to Pool Accounts of Oil Coordination Committee as per orders of the Government of India.
  - (iii) Loss incurred on the operation of a Government owned vessel shown as recoverable from the Government of India which was not admissible as per Government decision conveyed in November 1981.
  - (iv) Excess valuation of finished products resulting from incorrect calculations.
  - (v) Capitalising the revenue expenditure incurred after commissioning of a plant.
  - (vi) Accountal of subsidy claimed in excess.
  - (vii) Transfer of Development Rebate Reserve vested in the Company in terms of Acquisition Act to Profit and Loss Account instead of the Capital Reserve.
  - (viii) Under valuation of fuel for own consumption.
  - (ix) Under-statement of.
    - (a) Consumption of raw materials due to adoption of incorrect rate.

- (b) Excise duty due to excess adjustment towards prepaid excise duty.
- (c) Customs duty due to double adjustment of advance towards customs duty.
- (x) Non-provision/under provision of revenue expenses like salaries and allowances, handling charges, insurance charges, railway freight, etc.
- (xi) Non-inclusion of liability for excise duty on finished goods.
- (xii) Over-capitalisation of interest charges.
- (xiii) Excess insurance claim for loss of profit.
- (xiv) Inclusion of income relating to period prior to vesting of assets instead of crediting it to Capital Reserve.
- (xv) Taking credit of capital profit realised on sale of assets.
- (xvi) Over-valuation of work-in-progress.

7. Claims for refund of sales tax pertaining to years 1976-77 to 1981-82 (including claims not preferred within the prescribed time limit) were treated as income for the year though these claims were still pending with Sales Tax Authorities.

8. *Profit was understated due to :*

- (i) Treating spares which were not delivered to the ships before the close of year as consumption.
- (ii) Short accountal of cash assistance.
- (iii) Provision of liability for expenses though it was already discharged.
- (iv) Treating the closing stock of Light Diesel Oil, High Speed Diesel, Liquid Petroleum Gas as consumption.
- (v) Under-statement of work in progress resulting from a deduction twice over.

9. *Loss was under-stated due to :*

- (i) Non-provision of depreciation.
- (ii) Capitalisation of revenue expenditure.
- (iii) Capitalisation of interest on Capital funds utilised towards working capital.

- (iv) Taking credit of value of raw materials recovered out of raw materials treated as consumed in the previous year.
- (v) Non-provision for :
  - (a) Deduction made by a foreign buyer.
  - (b) Demurrage incurred on an export consignment ; and
  - (c) Claims for loss of goods destroyed in fire which were rejected by the insurance Company.
- (vi) Understatement of consumption of stores spares, gas, etc.
- (vii) Charging of development expenditure at a lower rate than prescribed.
- (viii) Under-provision for freight, commission etc.

10. Revenue expenditure incurred beyond the period of 6 months from the date of completion of plant was treated as capital work-in-progress instead of treating it as deferred revenue expenditure.

11. Over-statement of loss due to treating the capital expenditure on Railway sidings as revenue expenditure.

12. Depreciation was understated due to charging the difference between depreciation calculated on the revalued cost and that on the original cost of Assets to 'Capital Reserve for Revaluation of assets' instead of to Profit and Loss Account.

13. Plant and Machinery though issued long back had not been capitalised resulting in under-statement of depreciation.

14. Depreciation was under-stated due to :

- (i) Non-ascertainment of life of the drills and pumps.
- (ii) Wrong calculation/charging of the lower rate.
- (iii) Non-capitalisation of hoists and temporary buildings.

15. Excess/under provision of depreciation due to over/under capitalisation of assets.

16. Assets received in subsequent year was capitalised resulting in over-statement of depreciation.

17. Depreciation was not provided on semi-detached type masonry houses and assets acquired for science and technology project capitalised during the year.

18. *Liabilities were understated due to non-provision for :*

- (i) Interest on overdue instalments of interest.
- (ii) Cost of raw materials received.
- (iii) Overtime and other establishment expenses.
- (iv) Sales tax collected from dealers/customers but not deposited with Sales Tax Authorities.
- (v) Demand raised by Customs Authorities on import of materials.
- (vi) Subsidy refundable on products on which subsidy was not admissible.
- (vii) Extra retention marketing margins on volume of additional sales to be surrendered to Pool Account.
- (viii) Dues to a foreign supplier for supplies made on f.o.b. basis before the close of the year.
- (ix) Freight and price differential claimed in excess.
- (x) Value of work measured.
- (xi) Payments due to employees, transportation/handling charges, other revenue expenses, etc.
- (xii) Liabilities were understated on account of provision for demurrage payable in foreign currency on the basis of rates applicable as on 31st March 1981 instead of rates as on 31st March, 1982.

19. *Fixed Assets were overstated due to :*

- (i) Inclusion of land on which full/limited surface rights were being enjoyed by private parties.
- (ii) Capitalisation of semi-type masonry houses not taken over from contractors.

20. *Sundry Debtors considered good included :*

- (i) Amounts shown as due from parties since 1980-81 though the materials were not accepted and lifted by them.
- (ii) Difference between formal claims and monetary claims lodged with Railways on account of missing wagons.
- (iii) Claims for subsidy rejected by Government.
- (iv) Claims short released from insurers.
- (v) Sales valued at rates not yet accepted by a customer.

21. *Capital work-in-progress included :*

- (i) Cost of a coal fired boiler house completed in 1978 which resulted in under-provision of depreciation.
- (ii) Estimated cost of work yet to be completed resulting in over-valuation of work-in-progress.
- (iii) L.P.G. Pipe line commissioned in October 1981.
- (iv) Stationery Digester capitalised in June 1981.

22. Plant and Machinery-in-transit did not include machinery for which payment had been effected by bank in March 1982.

23. *Inventories were overstated/understated due to :*

- (i) Inclusion of goods already despatched to another unit :
- (ii) Non-adjustment of shortages and excesses noticed in physical verification of stock.
- (iii) Over-valuation resulting from inclusion of rejected bulk drugs with 'nil' value but valued at approved selling rate.
- (iv) Overstatement resulting from valuation of bulk drugs and vials under test on the basis of percentage rejection of April 1982 instead of actual rejection of March 1982 batches under test.
- (v) Overstatement resulting from salvage of rejected drug at 63 per cent instead of prescribed 37 per cent.
- (vi) Valuation of a product manufactured in 1980-81 at cost of production of 1981-82.
- (vii) Over-valuation of closing stock owing to adoption of higher net realisable value.
- (viii) Valuation of raw materials at higher than cost.
- (ix) Inclusion of stores consignment lost on high seas.
- (x) Inclusion of defective quality of a product, sale of which had been suspended.
- (xi) Inclusion of coal lying at the quarry bed in the closing stock.
- (xii) Inclusion of capital stores, both in inventories as well as in capital stores.
- (xiii) Inclusion of cut bits as raw materials and evaluating SS tubes at sale price instead of at average factory cost.

24. Cash in hand included advances given to employees during 1977-78 to 1980-81 as imprest for which accounts were not rendered.

25. Cheques received prior to March 1982 were not accounted for.

26. *Contingent liabilities in respect of the following cases had not been disclosed :*

- (i) Escalation claims not acknowledged as debts.
- (ii) Claim of contractor for underground piping work.
- (iii) Sales tax for the years 1977-78 to 1980-81.

27. *Non-disclosure of information in respect of the following :*

- (i) The fact that the Company had entered into an agreement for setting up of a mechanised Dye House Plant at a cost of Rs. 142 lakhs had not been disclosed.
- (ii) Amount payable to the auditors as fees, expenses or otherwise had not been shown distinctly as required in Part-II of Schedule-VI of the Companies Act, 1956.
- (iii) The fact that cash credit was secured by hypothecation of assets had not been disclosed.
- (iv) Change in accounting policy had not been disclosed.
- (v) Loans and advances due from Directors were not disclosed separately as required in Schedule-VI of Companies Act, 1956.
- (vi) Prior approval of the Company in Annual General Meeting as required under Section 293(1)(d) of the **Companies Act, 1956** for borrowings in excess of the aggregate of the paid-up capital and free reserves of the Company was not obtained.
- (vii) Interest accrued but not due on unsecured loans had not been shown under current liabilities and provision as required under Part-I of Schedule-VI of the Companies Act, 1956.
- (viii) The fact that account of certain items of income was on cash basis and certain items of expenditure on accrual basis was not disclosed.
- (ix) Number of employees drawing more than Rs. 36,000 per annum was either not disclosed or found to be incorrect.

28. The income and expenditure of two Companies in construction stage were shown in a schedule to the Balance Sheet

although it is mandatory in terms of Section 210 of the Companies Act, 1956 for every Company to prepare a separate Profit and Loss Account detailing its revenue expenditure and income even when the Company is in construction stage.

29. Equity shares included shares allotted as bonus shares by capitalisation of general reserve.

30. Proportionate amount of deferred revenue expenditure had neither been charged to the Profit and Loss Account nor the fact of its not being charged was disclosed in the notes forming part of accounts.

31. Installed capacity was found to be under-stated.

32. Actual production included supplies made by outside parties on job-work basis.

33. Licensed capacity did not include the licences granted by Government in May 1981.

34. Liability for accrued gratuity had not been quantified.

35. Expenditure pertaining to previous years was treated as expenditure of current year.

36. The fact that Company had provided cars to the Chairmen/Managing Directors/Functional Directors/other top executives not wholly and exclusively for the performance of official duties and the value of perquisite for the use of such cars had not been disclosed.

M. Prem Kumar

(M. PREM KUMAR)

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

New Delhi,  
The 19-1, 1986

Countersigned

T. N. Chaturvedi

(T. N. CHATURVEDI)

*Comptroller and Auditor General of India*

New Delhi  
The 19-1, 1986



## APPENDIX-I

### List of Government Companies

1. Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.
2. Andrew Yule and Company Limited.
3. Air India Charters Limited.
4. Artificial Limbs Manufacturing Corporation of India
5. Balmer Lawrie and Company Limited.
6. Banarhat Tea Company Limited.
7. Bharat Heavy Electricals Limited.
8. Basmatia Tea Company Limited.
9. Bharat Brakes and Valves Limited.
10. Bengal Chemicals and Pharmaceuticals Limited
11. Bharat Earth Movers Limited.
12. Bharat Dynamics Limited.
13. Bharat Electronics Limited.
14. Bharat Heavy Plate and Vessels Limited.
15. Bharat Ophthalmic Glass Limited.
16. Bharat Process and Mechanical Engineers Limited.
17. Bharat Wagon and Engineering Company Limited.
18. Biecco Lawrie Limited.
19. Bridge and Roof Company (India) Limited.
20. Bharat Pumps and Compressors Limited.
21. Bharat Gold Mines Limited.
22. Bharat Refractories Limited.
23. Birds Jute and Exports Limited.
24. Banana and Fruit Development Corporation Limited.
25. Bharat Leather Corporation Limited.
26. Bharat Aluminium Company Limited.
27. Bharat Coking Coal Limited.

28. Bongaigaon Refinery and Petrochemicals Limited.
29. Burma-Shell Properties Private Limited.
30. Braithwaite and Company Limited.
31. Burn Standard Company Limited.
32. Bharat Petroleum Corporation Limited.
33. Central Electronics Limited.
34. Cement Corporation of India Limited.
35. Central Coalfields Limited.
36. Central Inland Water Transport Corporation Limited.
37. Cochin Refineries Limited.
38. Computer Maintenance Corporation Limited.
39. Central Cottage Industries Corporation of India Limited.
40. Chandigarh Scheduled Castes Financial and Development Corporation Limited.
41. Chandigarh Child and Women Development Corporation Limited.
42. Chitpore Golabari Company Limited.
43. Clive Row Investment Holding Company Limited.
44. Cochin Shipyard Limited.
45. Central Road Transport Corporation Limited (in liquidation with effect from 12th April 1979).
46. Coal India Limited.
47. Central Fisheries Corporation Limited (out of operation from September 1977).
48. Central Mine Planning and Design Institute Limited.
49. Chandigarh Industrial and general Development Corporation Limited.
50. Cycle Corporation of India Limited.
51. Dredging Corporation of India Limited.
52. Delhi State Industries Development Corporation Limited.
53. Delhi Tourism Development Corporation Limited.
54. Delhi State Civil Supplies Corporation Limited.
55. Educational Consultants India Limited.
56. Electronics Trade and Technology Development Corporation Limited.

57. Electronics Corporation of India Limited.
58. Engineers India Limited.
59. Engineering Projects (India) Limited.
60. Export Credit and Guarantee Corporation Limited.
61. Eastern Coalfields Limited.
62. Ferro Scrap Nigam Limited.
63. Garden Reach Shipbuilders and Engineers Limited.
64. Goa Antibiotics and Pharmaceuticals Limited.
65. Goa Shipyard Limited.
66. General Insurance Corporation of India.
67. H.M.T. Limited.
68. H.M.T. (Bearings) Limited.
69. Hindustan Cables Limited.
70. Heavy Engineering Corporation Limited.
71. Hindustan Fertilizers Corporation Limited.
72. Hindustan Aeronautics Limited.
73. Hindustan Antibiotics Limited.
74. Hindustan Insecticides Limited.
75. Hindustan Photo Films Manufacturing Company Limited.
76. Hindustan Organic Chemicals Limited.
77. Hindustan Zinc Limited.
78. Hindustan Copper Limited.
79. Hindustan Shipyard Limited.
80. Hindustan Petroleum Corporation Limited.
81. Hindustan Prefab Limited.
82. Hindustan Steelworks Construction Limited.
83. Hindustan Latex Limited.
84. H.M.T. (International) Limited
85. Housing and Urban Development Corporation Limited.
86. Hindustan Paper Corporation Limited
87. Hindustan Teleprinters Limited.
88. Hindustan Salts Limited.
89. Hooghly Printing Company Limited.

90. Hoolungooree Tea Company Limited.
91. Hotel Corporation of India Limited.
92. Indian Drugs and Pharmaceuticals Limited.
93. Indian Telephone Industries Limited.
94. Indian Petrochemicals Corporation Limited.
95. Indian Medicines Pharmaceuticals Corporation Limited.
96. Indian Rare Earths Limited.
97. Indian Oil Corporation Limited.
98. Indo-Burma Petroleum Company Limited.
99. Indian Railway Construction Company Limited.
100. Indian Road Construction Corporation Limited.
101. India Firebricks and Insulation Company Limited.
102. Indian Dairy Corporation.
103. India Tourism Development Corporation Limited.
104. Indian Iron and Steel Company Limited.
105. Instrumentation Limited.
106. Indian Oil Blending Limited.
107. Industrial Credit Company Limited.
108. IISCO Stanton Pipe and Foundry Company Limited.
109. Jessop and Company Limited.
110. Jute Corporation of India Limited.
111. Kudremukh Iron Ore Company Limited.
112. Karnataka Antibiotics and Pharmaceuticals Limited.
113. Lagan Jute Machinery Corporation Limited.
114. Lubrizol India Limited.
115. Mining and Allied Machinery Corporation Limited.
116. Madras Fertilizers Limited.
117. Maharashtra Antibiotics and Pharmaceuticals Limited.
118. Mineral Exploration Corporation Limited.
119. Manganese Ore (India) Limited.
120. Maruti Udoyog Limited.
121. Mazagon Dock Limited.
122. Madras Refineries Limited.

123. Modern Bakeries (India) Limited.
124. Metal Scrap Trade Corporation Limited.
125. Metallurgical and Engineering Consultants (India) Limited.
126. Mim Tea Company Limited.
127. Mishra Dhatu Nigam Limited.
128. National Aluminium Company Limited.
129. National Bicycle Corporation Limited.
130. National Instruments Limited.
131. National Jute Manufactures Corporation Limited.
132. Neyveli Lignite Corporation Limited.
133. National Mineral Development Corporation Limited.
134. National Projects Construction Corporation Limited.
135. National Research Development Corporation of India.
136. Nagaland Pulp and Paper Company Limited.
137. National Fertilizers Limited.
138. National Thermal Power Corporation Limited.
139. National Hydro-Electric Power Corporation Limited.
140. North Eastern Electric Power Corporation Limited.
141. North Eastern Handicrafts and Handlooms Development Corporation Limited.
142. National Textile Corporation Limited.
143. National Seeds Corporation Limited.
144. National Film Development Corporation Limited.
145. National Textile Corporation (Tamilnadu and Pondicherry) Limited.
146. National Textile Corporation (U.P.) Limited.
147. National Textile Corporation (Delhi, Punjab and Rajasthan) Limited.
148. National Textile Corporation (Madhya Pradesh) Limited.
149. National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited.
150. National Textile Corporation (Gujarat) Limited.
151. National Textile Corporation (South Maharashtra) Limited.

152. National Textile Corporation (Maharashtra North) Limited.
153. National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited.
154. National Building Construction Corporation Limited.
155. National Insurance Company Limited.
156. Neelachal Ispat Nigam Limited (Incorporated on 27th February, 1982).
157. New India Assurance Company Limited.
158. Oil India Limited.
159. Oriental Fire and General Insurance Company Limited.
160. Orissa Drugs and Pharmaceuticals Limited.
161. Paradip Phosphates Limited (Incorporated on 24th December 1981).
162. Praga Tools Limited.
163. Punjab Maize Products Limited.
164. Pyrites, Phosphates and Chemicals Limited.
165. Rajgarh Tea Company Limited.
166. Rajasthan Drugs and Pharmaceuticals Limited.
167. Rajasthan Electronics and Instruments Limited.
168. Richardson and Cruddas (1972) Limited.
169. Rashtriya Chemicals and Fertilizers Limited.
170. Rashtriya Ispat Nigam Limited (Incorporated on 18th February, 1982).
171. Rail India Technical and Economics Services Limited.
172. Rural Electrification Corporation Limited.
173. Rehabilitation Industries Corporation Limited.
174. Semiconductor Complex Limited.
175. Scooters India Limited.
176. Smith Stanistreet Pharmaceuticals Limited
177. Sponge Iron India Limited.
178. Steel Authority of India Limited.
179. State Farms Corporation of India Limited
180. Steam and Mining (Switchgear) Limited.
181. Sambhar Salts Limited.

182. Telecommunication Consultants India Limited.
183. Tungabhadra Steel Products Limited.
184. Triveni Structurals Limited.
185. Trade Fair Authority of India.
186. The British India Corporation Limited.
187. The Bangalore Animal Food Corporation Limited.
188. The Elgin Mills Limited.
189. The Fertilizer Corporation of India Limited.
190. The Fertilizer and Chemicals Travancore Limited.
191. The Fertilizer (Planning and Development) India Limited.
192. The Mandya National Paper Mills Limited.
193. The National Newsprint and Paper Mills Limited.
194. The Mogul Line Limited.
195. The Shipping Corporation of India Limited.
196. Tannery and Footwear Corporation of India Limited.
197. The State Trading Corporation of India Limited.
198. The Minerals and Metals Trading Corporation of India Limited.
199. The Cotton Corporation of India Limited.
200. The Mica Trading Corporation of India Limited.
201. Tea Trading Corporation of India Limited.
202. The Cashew Corporation of India Limited.
203. The Projects and Equipment Corporation of India Limited.
204. The National Small Industries Corporation Limited.
205. The National Industrial Development Corporation Limited.
206. The Handicrafts and Handlooms Exports Corporation of India Limited.
207. The Murphulani (Assam) Tea Company Limited.
208. The Southern Pesticides Corporation Limited.
209. U.P. Drugs and Pharamaceuticals Company Limited.
210. Uranium Corporation of India Limited.
211. United India Insurance Company Limited.

- 212. Water and Power Development Consultancy Services (India) Limited.
- 213. Weighbird (India) Limited.
- 214. Western Coalfields Limited.
- 215. Zenith Securities and Investments Limited.

- NOTE :
1. In respect of Serial Nos. 11, 44, 49, 55, 57, 64, 99, 112, 117, 118, 119, 131, 163, 166, 181, 183, 187, 191, 192, 202 and 209 supplementary reports were not received from Statutory Auditors.
  2. In respect of Serial Nos. 3, 66, 107, 155, 157, 158, 159, 211 and 215 directions to Statutory Auditors were not issued.
  3. In respect of Serial Nos. 9, 39, 45, 47, 52, 53, 54, 129 and 180 accounts were in arrears, hence Supplementary Reports were not received; in respect of Serial Nos. 156, 161 and 170 accounts were not due and, therefore, Supplementary Reports were not received from Statutory Auditors. In respect of Serial Nos. 9, 39 and 52, the latest available supplementary reports for 1980-81, 1980-81 and 1979-80 respectively have been taken into account.
  4. In respect of Serial Nos. 8, 29, 41, 62, 64, 87, 95, 99, 108, 117, 160, 165, 166, 171, 176, 187, 207, 208, 209 and 212 accounts were not selected for the purpose of review under Section 619(4) of the Companies Act, 1956.
  5. In respect of Serial Nos. 4, 7, 11, 13, 14, 21, 23, 26, 27, 35, 46, 48, 61, 67, 69, 72, 75, 82, 83, 84, 86, 93, 98, 102, 104, 109, 111, 112, 113, 119, 120, 121, 132, 133, 148, 178, 182, 183, 192, 197, 198, 202, 203 and 214 accounts of the Companies were revised in the light of Comments raised under Section 619(4) of the Companies Act, 1956.



## APPENDIX II

List of Companies coming within the purview of Section 619-B of the Companies Act, 1956.

1. Ashok Paper Mills Limited.
2. Andhra Pradesh Industrial and Technical Consultancy Organisation Limited.
3. Agricultural Finance Corporation Limited.
4. Brindavan Alloys Limited.
5. Brushware Limited.
6. Bihar Industrial and Technical Consultancy Organisation Limited.
7. Bengal Assam Steamship Company Limited.
8. Coromandel Agro Products and Oils Limited.
9. Derco Cooling Coils Limited.
10. Delta Paper Mills Limited.
11. Dishergarh Power Supply Company Limited.
12. Hydrocarbons India Limited (Subsidiary to Oil and Natural Gas Commission).
13. Indian Fine Blanks Limited.
14. Industrial and Technical Consultancy Organisation of Tamil Nadu Limited.
15. Industrial Reconstruction Corporation of India Limited.
16. J & K Industrial and Technical Consultancy Organisation Limited.
17. Kerala Industrial and Technical Consultancy Organisation Limited.
18. Madan Industries Limited.
19. Mandovi Pellets Limited.
20. North Bengal Dolomite Limited.
21. Neivel Ceramics and Refractories Limited.

22. North Eastern Industrial and Technical Consultancy Organisation Limited.
23. Orissa Industrial & Technical Consultancy Organisation Limited.
24. Punjab Tractors Limited.
25. Shriram Pistons and Rings Limited.
26. Siporex India Limited.
27. Textile Processing Corporation of India Limited.
28. The Braithwaite Burn and Jessop Construction Company Limited.
29. The Industrial Credit and Investment Corporation of India Limited.
30. U.P. Industrial Consultants Limited.
31. Universal Conveyor Beltings Limited.
32. Vayudoot (P) Limited.
33. West Bengal Consultancy Organisation Limited.
34. Wagon India Limited.
35. Allied International Products Limited (From 1976-77 onwards). (in Liquidation).
36. Accumeasures Punjab Limited (From 1978-79 onwards).
37. Associated Glass Industries Limited (From 1977-78 onwards).
38. Excellsior Plants Corporation Limited (From 1976-77 onwards) (in Liquidation).
39. Gangawati Sugars Limited.
40. Gayday Iron and Steel Company Limited (Under liquidation w.e.f 7-7-1977).
41. Kohinoor Mills Limited.
42. Nalanda Ceramics and Industries Limited.
43. Nagarjuna Steels Limited.
44. Orissa Fertilizers and Chemicals Limited (From 1977-78 onwards).
45. Pandyan Hotels Limited.
46. Protein Products of India Limited (From 1979-80 onwards) (Ceased to be 619-B Company since 11-7-1981).

47. Shyam Properties Limited.
48. Vidyut Steels Limited.
49. Webel Electro Ceramics Limited.
50. Becker Grey and Company (1930) Limited.
51. India Tea and Restaurants Limited.
52. Ruby Rubber Works Limited (Audit was entrusted from 1st January 1982).
53. Tamil Nadu Chemical Products Limited.

NOTE : (1) In respect of Serial No. 52 accounts were not due.

(2) In respect of Serial Nos. 13, 37, 40, 41, 44, 46, 50, and 51 accounts of the Companies were not received.

(3) In respect of Serial Nos. 4, 20 and 21 accounts of the Companies were revised in the light of Comments raised under Section 619(4) of the Companies Act, 1956.

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आह्वानांक  
(Call No.)

अवधि सं  
(Accn. No)

लेखक

Author

Lefty & his Confessor

शीर्षक

Title

General 1983 (P. 1)

निकासी तिथि  
Issued on

लेने वाले के हस्ताक्षर  
Borrower's Signature

वापसी ति  
Returned

Form No. N.A 1-31

