



सत्यमेव जयते

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

FOR THE YEAR ENDED 31ST MARCH 1994

NO. 2 OF 1995

**UNION GOVERNMENT - COMMERCIAL
COMMENTS ON ACCOUNTS**

COMMENTS ON ACCOUNTS
UNION GOVERNMENT - COMMERCIAL

NO. 5 OF 1982
FOR THE YEAR ENDED 31ST MARCH 1984

OF INDIA
COMPTROLLER AND AUDITOR GENERAL
REPORT OF THE



CONTENTS

<u>PARAGRAPH</u>	<u>SUBJECT</u>	<u>PAGES</u>
	Preface	ii
	Overview	v
	CHAPTER 1	
	Comments of CAG on the Accounts and in Review of Accounts of PSUs	
1.1	Revision of Accounts	2
1.2	Comments on Balance Sheet and Profit & Loss Account	3
1.3	Review of Accounts	20
	CHAPTER 2	
	Comments in Reports on Government Companies by Statutory Auditors in the light of directions given by the Comptroller & Auditor General of India	
2.1	System of Financial Control & Accounts	31
2.2	Internal Control	43
2.3	Cost Control	50
2.4	Inventory Control	57
2.5	Credit Control	64
2.6	Liabilities and Loans	67
2.7	General	72
Appendix I	List of Central Government Companies	77
Appendix II	List of Deemed Central Government Companies	85
Appendix III	List of Central Government Corporations	88

CA9
351.7232 R
NIS; 2

PARLIAMENT LIBRARY
Centre Govts Publications
Acc. No. PC...910.69(2)
Date... 5/6/95

PREFACE

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

2. The statutes governing some corporations and authorities require their accounts to be audited by the CAG and reports given by him. In respect of International Airports Authority of India, National Highways Authority of India, National Airports Authority, Inland Waterways Authority of India, Damodar Valley Corporation and Delhi Transport Corporation, the CAG is the sole auditor under the relevant statutes. Air India, Indian Airlines and ONGC, where the CAG was the sole auditor, were statutory corporations till February 1994/January 1994; they have since become Government Companies. In respect of Central Warehousing Corporation and Food Corporation of India, the CAG has the right to conduct audit independently of the audit conduct by the Chartered Accountants appointed under the statutes governing the two Corporations.

3. Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the CAG under the provisions of Section 19-A of the

Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended in 1984.

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

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

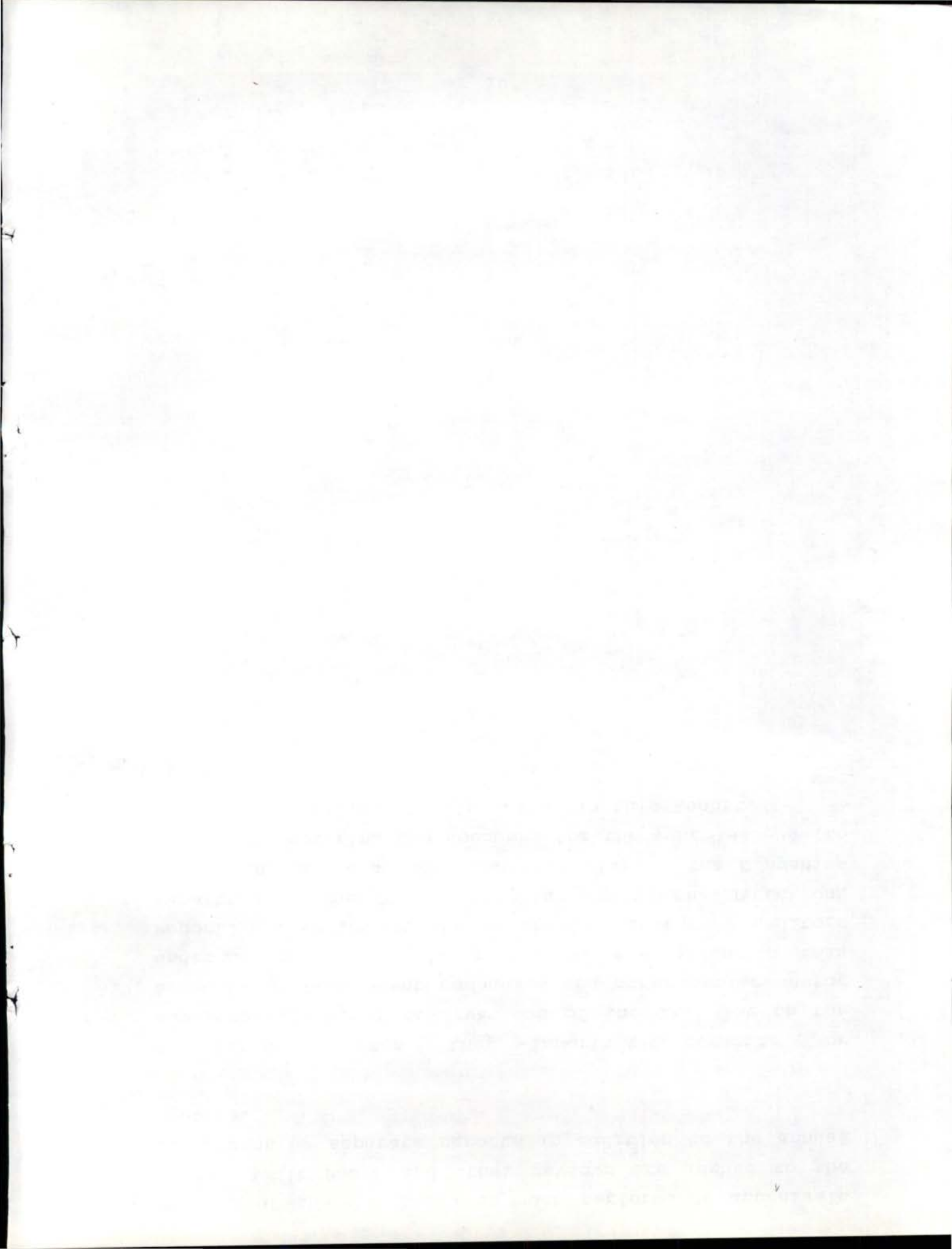
'Report No.2 (Commercial)-Comments on Accounts' contains extracts from the important comments of the CAG on the accounts of the Companies and Corporations and a resume of the reports submitted by the Statutory Auditors (Chartered Accountants) on the audit of the Companies in pursuance of the directions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

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

5. Audit Boards are set up under the supervision and control of the CAG to undertake comprehensive appraisals of the performance of the Companies and Corporations subject to audit by CAG. Each Audit Board consists of the Chairman (Deputy Comptroller and Auditor General), two or three whole-time members of the rank of Principal Directors of Audit under CAG and two technical or other experts in the area of performance of the Company or Corporation who are part-time members. The part-time members are appointed by the Government of India (in the respective Ministry or Department controlling the Company or Corporation) with the concurrence of the CAG. The

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

6. Extracts from the important comments or supplementary audit observations of the CAG made on the accounts of Government Companies and other public sector undertakings for the year 1993-94 are given in this Report. A resume of the reports of statutory auditors submitted to the CAG in compliance with the directions issued to them under Section 619(3)(a) of the Companies Act, 1956, covering the accounts for the year 1993-94 (to the extent received) is also given in this Report.



OVERVIEW

I. Comments on Accounts of Government Companies and Corporations.

The number of Central Government Companies including deemed Government Companies and Corporations for which accounts for 1993-94 were received for audit under the Statutes governing the concerned Corporation or for supplementary audit under Section 619(4) of the Companies Act, 1956 and in respect of which comments were issued were as follows:-

	Government Companies	Deemed Government Companies	Corporations	Total
a) Total number of Central Government Companies./ Corporations	250	54	8	312
b) No. of Companies/ Corporations from which accounts were received (upto 31.01.95)	229	36	7	272
c) No. of Companies/ Corporations the accounts of which were selected or test checked.	190	24	7	221
d) No. of Companies/ Corporations the accounts of which were revised as a result of test check and consequently no comments were issued.	28	2	-	30
e) No. of Companies/	4	-	-	4

Corporations
the accounts
of which were
partly
revised and
comments were
issued.

f)No. of Companies/ Corporations on the accounts of which audit comments were issued.	53	2	7	62
--	----	---	---	----

g)No. of Companies/ Corporations on the accounts of which no comments were issued.	105	20	-	125
---	-----	----	---	-----

II. Revision of Profit or Loss in Accounts

As a result of the test audit of the accounts of Government Companies and deemed Government Companies by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act and consequent revision of their accounts by some of the companies, the impact on profits/loss shown in the accounts for 1993-94 was as follows:-

	No. of Companies	Net Effect (Rs. in crores)
i) Increase in Profit	3	7.04
ii) Decrease in Profit	10	43.27
iii) Increase in Loss	13	39.04
iv) Decrease in Loss	2	0.83

The chart opposite shows the trend of the impact in recent years.

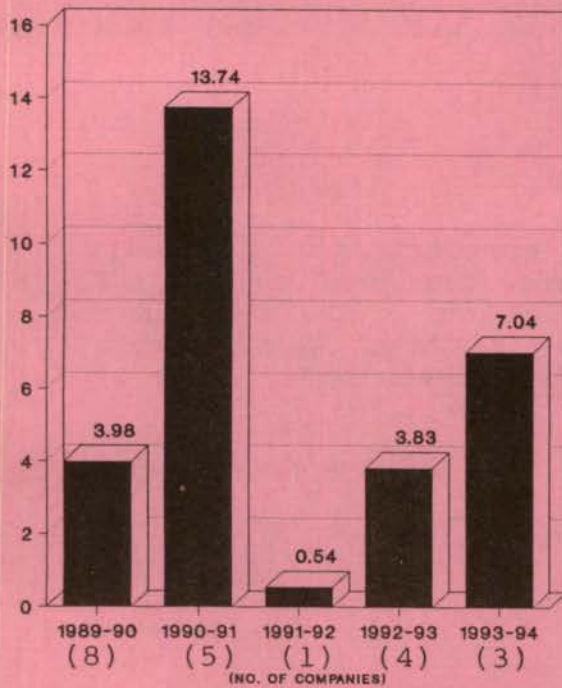
((Paragraph 1.1)

III. Nature of Comments

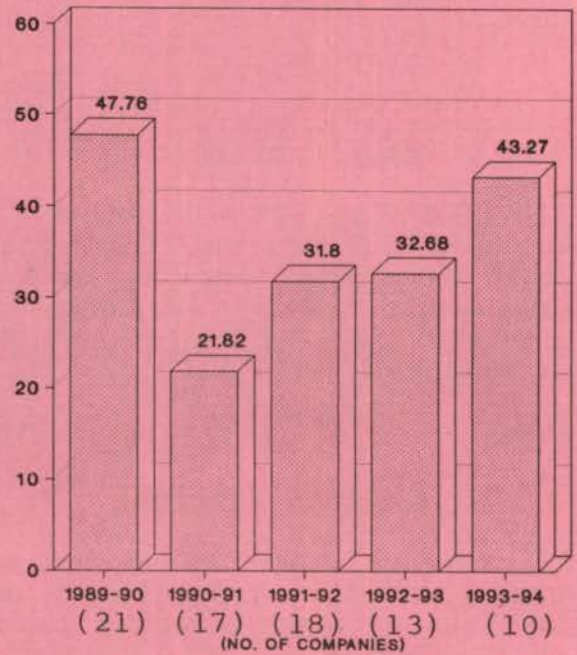
The comments issued by the Comptroller and Auditor General of India on the accounts of the Public Sector Undertakings (PSUs) including Corporations audited under Acts other than Companies Act were of the following nature.

**IMPACT OF SUPPLEMENTARY AUDIT ON
PROFIT/LOSS OF GOVERNMENT COMPANIES**

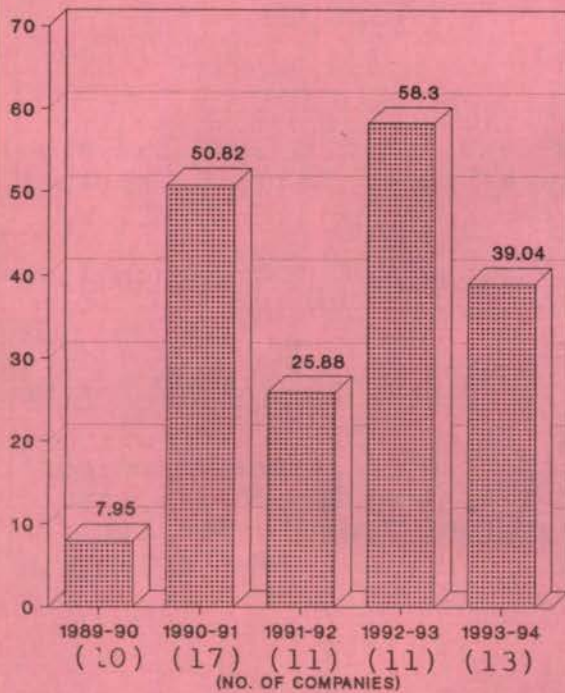
INCREASE IN PROFIT



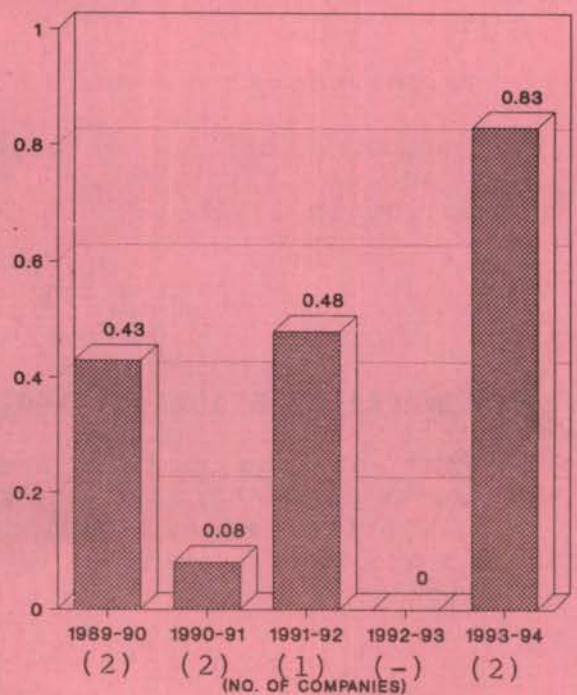
**(RUPEES IN CRORES)
DECREASE IN PROFIT**



INCREASE IN LOSS



DECREASE IN LOSS



i) On Balance Sheet

Assets and liabilities were overstated or understated by Rs.1170 crores in balance sheets of 13 PSUs as on 31st March 1994. Out of total investment of Rs 493.79 crores made by Oil Industry Development Board with financial Institution/bank under Portfolio Management Schemes, only Rs.58.91 crores had been received back and the balance of Rs.518.01 crores (including interest) though overdue had not been received back.

(Paragraph 1.2)

ii) On Profit or Loss

Had the PSUs revised their accounts on the basis of mistakes pointed out in the comments, the profits for 1993-94 would have come down by Rs.596.44 crores in 22 PSUs and would have increased by Rs. 6.45 crores in three PSUs. Similarly, loss for 1993-94 would have been increased by Rs.43.10 crores in 13 PSUs

(Paragraph 1.2)

iii) On Capital Erosion

The paid up capital as on 31st March 1994 had been fully eroded by the accumulated losses in 27 of the PSUs whose accounts were reviewed in test check.

iv) On Sundry Debtors

Sundry debtors as on 31st March 1994 were equivalent to more than 50 percent of the annual turnover or sales in 23 PSUs.

v) On Inventory

Inventory of raw material, stores, spares and finished goods as on 31st March 1994 was more than 6 months' consumption in 11 PSUs.

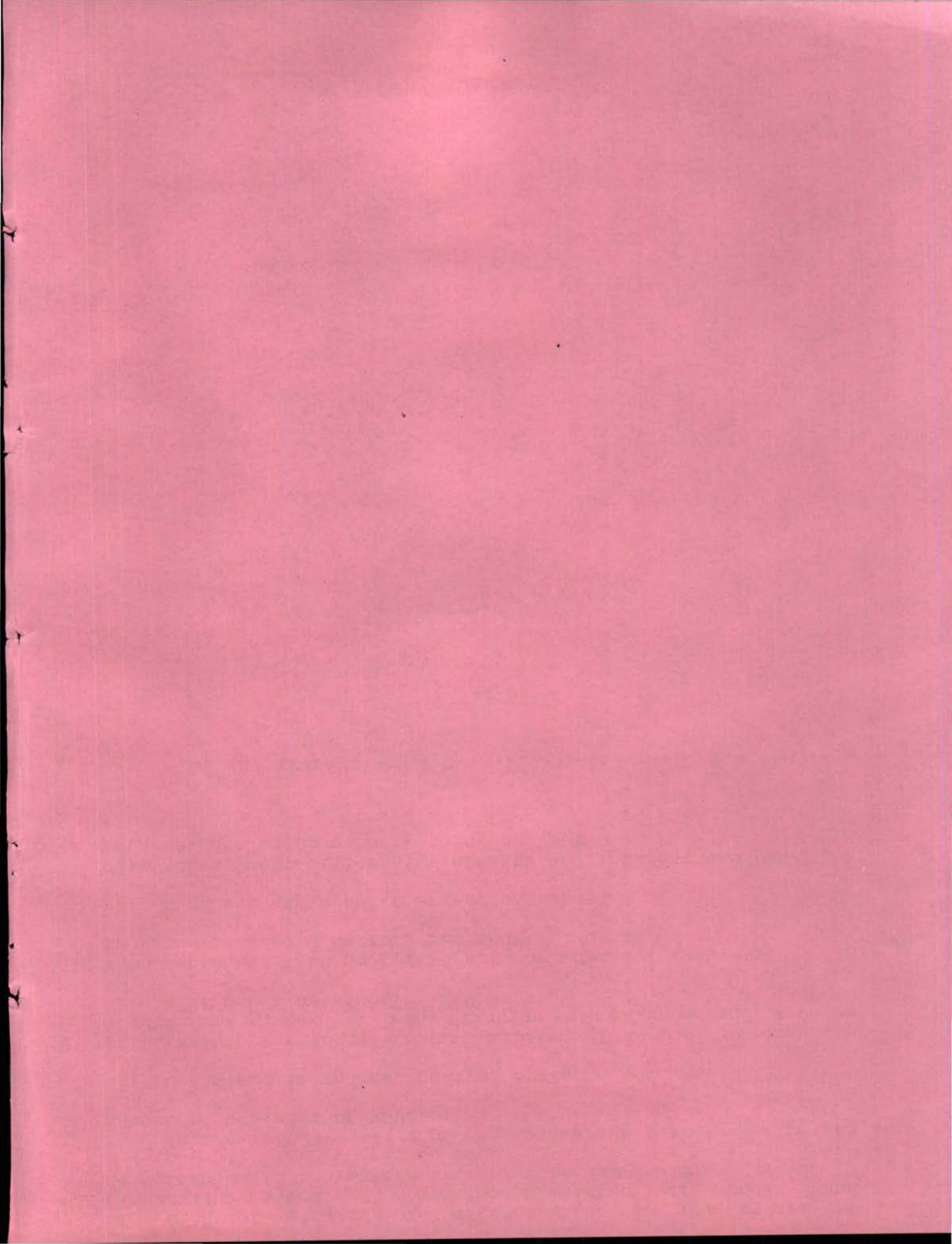
(Paragraph 1.4)

V. Reports by Statutory Auditors

Some of the points raised by the Statutory Auditors (Chartered Accountants) in pursuance of the directions issued by the Comptroller and Auditor General of India under Section 19(3) of the Companies Act, 1956 were of the following nature:-

- i) Lack of adequacy or effectiveness in the system of financial control, non-reconciliation of books and deficiencies in the maintenance of asset registers.
- ii) Internal audit system not commensurate with the size and nature of business of PSUs.
- iii) Deficiencies in cost control system.
- iv) Inventory held in excess, holding of surplus or obsolete stores and spares or non fixation of maximum and minimum levels of stock holdings.
- v) Debts outstanding for 3 years or more for recovery, increase in Sundry debtors and doubtful debts.
- vi) Manpower employed in excess of norms.
- vii) Non payment of loan instalments and interest and penal interest due on Government loans by PSUs.

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



CHAPTER 1

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

Under Section 619(4) of the Companies Act, 1956 the Statutory Auditor of a Government Company, appointed by the Central Government on the advice of the Comptroller and Auditor General of India (CAG), conducts the audit of accounts of the Government Companies (including deemed Government Companies under Section 619-B of the Act). On the basis of supplementary audit the CAG issues comments upon or supplements the report of the Statutory Auditor. Statutes governing some Corporations require their accounts to be audited by the Comptroller and Auditor General of India and a report to be given by him to the Government.

The number of Government Companies/deemed Government Companies and Corporations of the Union Government whose accounts for 1993-94 were received and audited by the CAG are as under :

	Govt. Companies	Deemed Govt. Companies	Corpo- rations	Total
i) No. of PSUs (List given in Appendix I, II&III).	250	54	8	312
ii) No. of PSUs whose accounts for 1993-94 were received for audit.	229	36	7	272
iii) No. of PSUs selected for audit.	190	24	7	221

As a result of the test check/supplementary audit of accounts, 32 Government Companies and 2 deemed Govt. Companies revised their accounts for 1993-94. Comments were issued on the accounts of 57** Government Companies and 2 deemed Government Companies for 1993-94. Audit Reports on the accounts of 7 Statutory Corporations were also sent to the Government/Corporations.

** Includes 4 Government Companies which partly revised their accounts on which comments were also issued.

1.1 REVISION OF ACCOUNTS

As a result of test check and consequent corrections made in the accounts for 1993-94, the profit for the year in the following Companies increased (+) or decreased (-) as given below :-

<u>Name of the Companies</u>	<u>1993-94</u> (Rs. in lakhs)
1. Bharat Coking Coal Ltd.	(-)1449.84
2. Bharat Dynamics Ltd.	(-)42.39
3. Bharat Heavy Electricals Ltd.	(+)577.42
4. Bharat Heavy Plates & Vessels Ltd.	(-)50.57
5. Central Coalfields Ltd	(-)1321.31
6. Dredging Corporation of India Ltd.	(-)271.50
7. Hindustan Aeronautics Ltd.	(+)64.00
8. ITI Limited.	(-)77.58
9. Mahanadi Coalfields Ltd	(-)389.70
10. Metallurgical and Engineering Consultants (India) Limited	(-)217.24
11. Mishra Dhatu Nigam Ltd.	(-)66.64
12. Neyveli Lignite Corporation Ltd.	(+)62.92
13. Steel Authority of India Ltd.	(-)440.01

Total Increase(+)/Decrease(-)	(+)704.34 <u>(-)4326.78</u>

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

	<u>1993-94</u> (Rs. in Lakhs)
1. Bharat Gold Mines Ltd.	(+) 77.10
2. Coal India Ltd.	(-)127.80
3. Derco Cooling Coils Ltd.	(+)5.88
4. Export Credit & Guarantee Corpn Ltd.	(-)2.27
5. Heavy Engineering Corpn.Ltd.	(-)95.36
6. HMT Ltd.	(-)200.50
7. Hindustan Shipyards Ltd.	(-)106.79
8. Hindustan Steel Works Construction Ltd.	(-)172.47
9. Indian Iron & Steel Co.Ltd.	(-)153.24
10. NEPA Ltd.	(-)59.03
11. National Textile Corpn. Ltd	(-)29.91
12. National Textile Corpn. (APKK&M) Limited.	(-)6.15
13. National Textile Corpn. (WABBO) Limited	(-)160.48
14. Rashtriya Ispat Nigam Ltd.	(-)2769.30
15. Visvesvaraya Iron & Steel Ltd.	(-)20.62

Total increase(-)/decrease(+)	(-)3903.92 <u>(+)82.98</u>

1.2 COMMENTS ON BALANCE SHEET AND PROFIT & LOSS ACCOUNTS

Extracts from some of the important comments issued on the Balance Sheet/Profit & Loss Accounts of Government Companies/Corporations for 1993-94 are given below :

NAME OF THE MINISTRY/COMPANY

BRIEF COMMENT

DEPARTMENT OF ATOMIC ENERGY

1.2.1 Electronics Corpn .
of India Ltd.

Profit for 1993-94 was understated by Rs.2.35 crores due to the following:

(Rs.in crores)

i) Non accountal of work-in-progress in respect of C.Dot Multi Module Max. 1.03

ii) Non-withdrawal of provision for expenses even after the expiry of warranty period in respect of electronic voting machine. 0.91

iii) Non-treatment of the payments made towards simulation software tools,models and training charges as deferred revenue expenditure. 0.78

iv) Non-withdrawal of the sale value of a communication system accounted for twice. (-)0.22

v) Non provision for interest on the advance received from a customer in accordance with the terms of the contract. (-)0.15

MINISTRY OF CIVIL AVIATION & TOURISM**1.2.2 Air India**

i) Investments include Rs.40.60 crores in Hotel Corporation of India Ltd. being a subsidiary whose accumulated losses as on 31st March 1994 were Rs.83.51 crores.

ii) Current liabilities and provisions were understated by Rs.52.04 crores on account of guarantee fee payable for the years 1992-93 and 1993-94 to the Ministry of Finance on air craft project loans guaranteed by the Government of India, resulting in overstatement of cumulative profits by the same amount.

1.2.3 International Airports Authority of India

i) Profit for 1993-94 was overstated by Rs.75.01 lakhs due to non-provision for dues recoverable since 1991 from a licensee at IGI Airport.

ii) Profit was understated by Rs.103.61 lakhs due to charging of expenditure (Rs.83.61 lakhs) of capital nature at Bombay and Delhi Air Ports to revenue and non-accountal of licence fee (Rs.20 lakhs) recoverable from a licensee.

iii) Deposits and Advances included unadjusted advances of Rs.2.12 crores in respect of Bombay and Delhi Airports/ Projects and Corporate Office relating to the years 1977-78 to 1992-93. While the Authority makes provision for doubtful debts outstanding for more than two years, there is no such policy regarding unadjusted advances pending for many years.

NAME OF THE MINISTRY/COMPANY

BRIEF COMMENT

1.2.4 Pawan Hans Ltd.

Profit for 1993-94 was overstated by Rs.24.46 lakhs due to non-provision for adhoc relief and accident free flying award.

DEPARTMENT OF CHEMICALS & PETROCHEMICALS

1.2.5 Hindustan Insecticides Limited.

Under provision of gratuity liability of Rs.4.95 crores resulted in profit shown in the accounts for 1993-94 (Rs.2 crores) getting converted into a loss of Rs.2.95 crores.

1.2.6 Indian Petro-Chemicals Corporation Ltd.

Profit of Rs.89.19 crores for 1993-94 is to be viewed in the light of reduction in depreciation by Rs. 114.91 crores consequent upon the amendment to Schedule XIV of the Companies Act,1956.

1.2.7 Pyrites Phosphates & Chemicals Limited.

Loss for 1993-94 was understated by Rs. 36.12 lakhs due to wrong capitalisation of revenue expenditure incurred on maintenance of mines completed in 1979.

MINISTRY OF COAL

1.2.8 Bharat Coking Coal Ltd

Profit for 1993-94 was overstated by Rs.14.89 crores due to non-provision for the different power tariff applicable on switching over from State Electricity Board to DVC.

1.2.9 South Eastern Coal-fields Ltd.

Profit was overstated by Rs. 0.93 crore for 1993-94 and Rs.0.62 crore for the prior period due to excess provision for Overburden Removal Reserve (Rs.1.14 crores) and treatment of subsidy of Rs.0.40 crore received for capital expenditure as revenue income.

MINISTRY OF COMMERCE

**1.2.10 India Trade Promotion
Organisation Ltd**

The Company continued to treat income earned on unutilised capital grants as the income of the Company instead of crediting it to Capital Reserves.

The Company was not maintaining separate accounts in a specified nationalised bank of the grants of Rs.49.66 crores received from Government of India. Further the Company was not maintaining separate registers for the assets acquired out of such grants and was not obtaining prior sanction of Government of India for disposal of these assets as per terms and conditions of these grants.

1.2.11 MMTC Ltd.

i) Profit for 1993-94 was overstated by Rs.2.47 crores due to non-provision for unsubstantiated claims included in sundry debtors (Rs.2.03 crores) and over statement of rent due from Ministry of Home Affairs (Rs.0.45 crore).

ii) Further profit for 1993-94 was understated by Rs. 1.97 crores due to over provision for doubtful debts (Rs.0.42 crore) and non-recognition/non-accountal of interest income on intercorporate loans (Rs.1.55 crores).

**1.2.12 State Trading
Corporation of India
Ltd.**

Profit for 1993-94 was overstated by Rs.61.58 crores due to :

i) non provision for Rs.60.33 crores of interest on claims receivable considered doubtful by the Management.

ii) non provision of liability of Rs.1.25 crores towards increase in Dearness Allowance.

MINISTRY OF COMMUNICATIONS

1.2.13 Mahanagar Telephone Nigam Ltd

Profit for 1993-94 was overstated by Rs.6.07 crores due to :

i) non-provision for scrapped cable valuing Rs.1.53 crores.

ii) writing off of new EPABX valuing Rs.0.89 crore instead of old PABX resulting in overstatement of profit by Rs.0.54 crore.

iii) short provision by Rs.2.12 crores of licence fee payable to DOT.

iv) short provision of depreciation by Rs.1.88 crores due to adoption of lower rates of depreciation in respect of A& P cables, lines and wires in some areas of the Delhi Unit.

1.2.14 Videsh Sanchar Nigam Ltd.

i) Profit for 1993-94 was overstated by Rs.4.46 lakhs due to non provision of depreciation on assets acquired for Asian Development Bank assisted Projects.

ii) Current liabilities as well as work-in-progress were understated by Rs.1.86 crores due to non-inclusion of value of bills received relating to 1993-94 towards the expenditure incurred on behalf of the Company on construction of " Indefeasible Rights of Users".

DEPARTMENT OF DEFENCE PRODUCTION AND SUPPLIES

1.2.15 Bharat Earth Movers
Ltd

1. Profit for 1993-94 was overstated by Rs. 6.06 crores due to:

(i) overvaluation of work-in-progress by Rs.5.64 crores because of valuation of work-in-progress in respect of 46 work orders at cost instead of realisable value which was less than the cost.

ii)(a) overvaluation of work-in-progress by inclusion of Rs.1.21 crores for 9 completed work orders where all the quantities had been completed and consumed in production ;

(b) undervaluation of work-in-progress due to inclusion of a negative balance of Rs.0.91 crore on account of excess credit given to a work order by adopting incorrect unit rate.

iii) inclusion of equipment valuing Rs.0.77 crore not in deliverable state as on 31st March 1994 in sales resulting in overstatement of profit by Rs.0.12 crore.

2) overstatement of Loans and Advances by Rs.20.64 lakhs due to inclusion of an insurance claim disallowed by the insurance company.

DEPARTMENT OF FERTILIZERS.

1.2.16 Fertilizer Corpn. of
India Ltd.

Loss for 1993-94 was understated by Rs.1.35 crores due to non withdrawal of untenable escalation claims (Rs.0.96 crores) towards subsidy on repairs and maintenance and due to non charging to revenue of

NAME OF THE MINISTRY/COMPANYBRIEF COMMENT

- Rs.0.39 crores being cost of replacement of conveyor belts.
- 1.2.17 Fertilizers and Chemicals Travancore Ltd. Profit for 1993-94 is to be viewed in the light of reduction in depreciation by Rs.21.78 crores consequent upon the amendment to Schedule XIV of the Companies Act,1956.
- 1.2.18 Hindustan Fertilizer Corporation Ltd. Loss for 1993-94 was understated by Rs.0.66 crores due to non accountal of penal interest charged by banks for delayed submission or non-submission of requisite financial statements.
- 1.2.19 Madras Fertilizers Ltd. Loss for 1993-94 was understated by Rs.1.61 crores due to overvaluation of closing stock of finished products and also work-in-progress by incorrect inclusion of administrative, marketing and financial charges and distribution overheads, in contravention of the accepted accounting principles.
- 1.2.20 Rashtriya Chemicals & Fertilizer Limited i) Profit of Rs.18.42 crores for 1993-94 was overstated by Rs.122.20 crores due to:
(a) non-provision for doubtful loans of Rs.88.58 crores and doubtful interest income of Rs.25.51 crores on these loans as two PSUs to whom these loans were given were declared sick and referred to BIFR and (b) non provision for doubtful debts of Rs.8.11 crores due from a State Government PSU against which winding up petition had been filed by the Company.
- ii) Profit for 1993-94 is also to be viewed in the light of reduction in depreciation by Rs. 18.78 crores consequent upon the amendment to Schdule XIV of the Companies Act,1956.

MINISTRY OF FOOD

1.2.21 Central Warehousing Corporation

Profit for 1993-94 was overstated by Rs. 8.10 crores due to:

i) provision for interest income of Rs.0.50 crore at revised rates not provided in the agreement.

ii) non-provision for lease money, property tax, maintenance charges, etc. (Rs.0.34 crores); and

iii) non-provision of liability for revision of pay scales (Rs.3.59 crores) and prior period expenditure (Rs.3.67 crores).

1.2.22 Food Corporation of India

i) Sundry creditors for goods and services as on 31st March 1994 were understated by Rs.51.46 crores by non-inclusion of ground rent payable (Rs. 0.62 crore), lease rent payable to Marmagoa and Bombay Port Trusts (Rs.47.93 crores) and other expenses (Rs.2.91 crores).

ii) Claims Receivable as on 31st March 1994 were overstated by Rs.17.79 crores by inclusion of time-barred claims (Rs.2.29 crores), claims which were neither admissible under charter party nor accepted by shipowners (Rs.7.65 crores) claims already withdrawn (Rs..3.72 crores), claims already realised (Rs.0.16 crore), claims pertaining to previous years (Rs.3.64 crores) and claims repudiated by Railways (Rs.0.33 crores).

1.2.23 Modern Food Industries (India) Ltd. Profit for 1993-94 was overstated by Rs.108.38 lakhs due to capitalisation of interest of Rs.21.33 lakhs on borrowed funds utilised on a abandoned project and treatment of interim relief of Rs.87.55 lakhs paid to workers as advances instead of charging to the Profit & loss account.

MINISTRY OF INDUSTRY.

1.2.24 Bharat Process & Mechanical Engineers Ltd. Loss for 1993-94 was understated by Rs.0.47 crore due to expenditure on gratuity paid to employees under VRS being treated as deferred revenue expenditure.

1.2.25 Burn Standard Co.Ltd. Loss for 1993-94 was understated by Rs.30.69 crores due to under-provision of penal interest on interest overdue on Government loans.

1.2.26 Cement Corpn. of India Ltd. Loss for 1993-94 was understated by Rs.16.89 lakhs due to non-provision of penal interest on delayed payments of Railway Credit Notes.

1.2.27 Hindustan Paper Corporation Ltd. Loss for 1993-94 was understated by Rs.1.87 crores due to treatment of capital profit on sale of fixed assets as revenue income.

1.2.28 Mining and Allied Machinery Corpn. Ltd Loss for 1993-94 was understated by Rs.1.69 crores due to expenditure on gratuity paid to employees under VRS being treated as deferred revenue expenditure.

1.2.29 National Instruments Ltd. Loss for 1993-94 was understated by Rs.23.01 lakhs due to treating the gratuity paid to employees who retired under VRS as deferred revenue expenditure.

1.2.30 Weighbird (India) Ltd Loss for 1993-94 was understated by Rs.0.23 crores

due to expenditure on gratuity paid to employees under VRS being treated as deferred revenue expenditure.

DEPARTMENT OF PETROLEUM & NATURAL GAS

- 1.2.31 Bharat Petroleum Corporation Ltd.** Inventory of raw materials (crude and base oil) and finished products as on 31st March 1994 was overstated by Rs.209.97 crores and Rs.40.02 crores respectively due to inclusion in inventory of oil given to other oil Companies on loan and not physically in the possession of the Company. On the other hand, inventory was understated due to non-inclusion of raw material valuing Rs.220.26 crores and finished products valuing Rs.34.11 crores received on loan from other oil Companies and physically in possession of the Company.
- 1.2.32 Gas Authority of India Ltd.** i) Accountal of interest of Rs.27.20 crores earned during the year 1993-94 on investment of surplus funds of Gas Pool Money which was eventually to be transferred to the Ministry resulted in overstatement of profits and understatement of liability of the Company..
- ii) Current liabilities and provisions as on 31st March 1994 were understated by Rs.2.79 crores due to non-provision of guarantee fee in respect of external borrowings guaranteed by the Government of India.
- 1.2.33 Hindustan Petroleum Corporation Ltd.** Profit for 1993-94 was overstated by Rs. 11.56 crores on account of capitalisation of revenue expenditure incurred on replacement of certain parts of an existing asset and charging the

written down value of the replaced parts to revenue.

1.2.34 IBP Co. Ltd.

Profit for 1993-94 was overstated by Rs.8.58 crores due to :

i) adjustment of a claim of Rs.3 crores against Pool Account before acceptance by the Government.

ii) non provision of liability of Rs.5.58 crores to be surrendered to Pool Account for sales in excess of approved Sale Plan Entitlement.

1.2.35 Indian Oil Corporation Ltd

Inventory of raw materials (crude and base oil) and finished products as on 31st March 1994 was overstated by Rs.718.40 crores and Rs.114.48 crores respectively due to inclusion in inventory of oil given to other oil Companies on loan and not physically in the possession of the Company. On the other hand, inventory was understated due to non-inclusion of raw material valuing Rs.136.83 crores and finished products valuing Rs.6.49 crores received on loan from other oil Companies and physically in possession of the Company.

1.2.36 Madras Refineries Ltd

Inventory of raw materials (crude and base oil) as on 31st March 1994 was overstated by Rs.291.82 crores due to inclusion in inventory of oil given to other oil Companies on loan and not physically in the possession of the Company.

1.2.37 Oil Industry Development Board

i) Against the investment of Rs.295.42 crores overdue as on 31st March 1994, CANFINA had paid only Rs.35 crores

(Rs.15.29 crores adjusted against principal and Rs.19.71 crores towards interest) leaving an overdue balance of Rs.280.13 crores.

ii) In the case of investment of Rs.198.38 crores with Syndicate Bank overdue as on 31st March 1994, the Bank had paid only Rs.23.91 crores (Rs.20.09 crores adjusted against principal and Rs.3.82 crores towards interest) leaving an overdue balance of Rs.178.29 crores.

iii) A total interest of Rs.59.59 crores earned on these investments till the dates of maturity was also pending for realisation from CANFINA (Rs.24.46 crores) and Syndicate Bank (Rs.35.13 crores).

1.2.38 Oil India Ltd

i) Profit for 1993-94 was overstated by Rs.3.19 crores due to non-provision of claims made by ONGC for seismic data provided to the Company in respect of Ganga Valley and Saurashtra Regions.

ii) Current liabilities and provisions as on 31st March 1994 were understated by Rs.2.94 crores due to non provision for guarantee fee in respect of external borrowings guaranteed by the Government of India.

1.2.39 Oil and Natural Gas Commission

i) Sundry Debtors as on 31st January 1994 included Rs.42.22 crores being the insurance claim yet to be accepted by the insurance company.

ii) Fixed assets as on 31st January 1994 were overstated by Rs.2.79 crores due to undercharge of depreciation, excess write back of

depreciation and capitalisation of revenue expenditure.

iii) Capital work-in-progress included Rs.7.30 crores in respect of works completed as on 31st January 1994.

iv) Current Liabilities and Provisions for expenses as on 31st January 1994 were understated due to non-provision of Rs.4.81 crores for outstanding foreign exchange liabilities, rig demobilisation/ hire charges etc.

v) Profit for 1993-94 was overstated by Rs.52.57 crores being the expenditure on dry and abandoned wells not written off.

MINISTRY OF POWER

1.2.40 Nathpa Jhakari
Power Corpn. Ltd

Current liabilities and fixed capital expenditure as on 31st March 1994 were understated by Rs.1.64 crores due to non-provision of expenditure incurred by Himachal Pradesh Electricity Board on the deposit work of the Company.

1.2.41 National Hydro-
electric power
Corporation Ltd.

Profit for 1993-94 was overstated by Rs.17.29 crores due to :

i) non-provision for depreciation of Rs.8.77 crores on generating Equipments put to use during 1992-93 and on which depreciation was required to be charged during 1993-94 as per Company's accounting policy.

ii) non-provision for interest of Rs. 8.52 crores accrued and

due on Government loans upto 31st March 1994 relating to completed projects. Further in respect of projects under construction, non-provision for interest resulted in understatement of "Expenditure during construction" by Rs.70.64 crores.

1.2.42 National Thermal Power Corpn.Ltd.

Profit for 1993-94 was overstated by Rs.20.23 crores due to :

i) accountal of incentive of Rs.48.87 crores for the year and disincentive of Rs.42.47 crores for earlier years for generation above/below Government of India norms as income although enabling notification of Government of India was yet to be issued;

ii) accountal of Rs.9.58 crores as interest income for delayed payment of O & M charges by BALCO, eventhough BALCO made only an adhoc provision of Rs.0.95 crore for this purpose.

iii) non provision of interest for the year and for prior period on the bonds of the face value of Rs.50 crores registered in the name of Canara Bank resulted in overstatement of profit for the year by Rs.5.20 crores (Rs.1.54 crores for previous year).

1.2.43 Power Grid Corpn. of India Ltd.

i) Profit for 1993-94 has to be viewed in the light of the following :-

a) Foreign exchange rate variation of Rs.4.97 crores for 1993-94 and Rs.3.35 crores for earlier years on spares of completed projects had been capitalised instead of

being charged to Profit & Loss Account.

b) Transmission charges of Rs.12.33 crores for 1993-94 and Rs.7.38 crores for earlier years on account of foreign exchange rate variation had been accounted as income receivable although the enabling notification of Government of India was yet to be issued.

c) Interest during construction period of Rs.4.00 crores for 1993-94 and Rs.3.29 crores for earlier years has been charged to Profit & loss Account instead of being capitalised.

ii) Inventory as on 31st March 1994 was understated by Rs.1.32 crores owing to non-accountal of spares transferred to the Company by National Thermal Power Corpn. Ltd.

1.2.44 Rural Electrification Corpn. Ltd.

Profit for 1993-94 was understated by Rs.3.81 crores due to wrong provision for bad and doubtful debts eventhough there were no bad and doubtful debts or loans.

MINISTRY OF RAILWAYS

1.2.45 Indian Railway Construction Co.Ltd.

Profit for 1993-94 was overstated by Rs.2.77 crores due to non provision for income tax on interest accrued .

1.2.46 Indian Railway Finance Corporation Ltd.

Profit for 1993-94 was overstated by Rs.62.19 crores due to credit of interest income after the date of maturity on overdue deposits of Rs.486.17 crores with CANFINA who defaulted in payment.

NAME OF THE MINISTRY/COMPANYBRIEF COMMENT

1.2.47 Konkan Railway Corpn.
Ltd.

Interest on long term loans was overstated by Rs.24.53 lakhs due to inclusion of incidental expenses incurred on procurement of Plant & Machinery in interest.

MINISTRY OF STEEL

1.2.48 Rashtriya Ispat
Nigam Ltd

Loss for 1993-94 was understated by Rs.2.45 crores because in contravention of its Accounting Policy credit had been taken for 48234 tonnes of Aircleaning Plant dust which has no sale value.

1.2.49 Steel Authority of
India Limited

i) Profit for 1993-94 was overstated by Rs. 164.22 crores due to:

a) short provision of depreciation by Rs.78.50 crores on account of treatment of Plate Mill, Rail and Structural Mill of Bhilai Steel Plant, Cold Rolling Mill and Rehardening facilities of Bokaro Steel Plant, Cold Rolled Grain Oriented Plant of Rourkela Steel Plant and Wheel and Axle Plant of Durgapur Steel Plant as continuous process plants i.e. plant which is required and designed to operate 24 hours a day.

b) non-provision of Rs.27.10 crores on account of accrued liability towards encashment of earned leave due as on 31st March 1994 which was actually paid in April/May 1994.

c) over valuation of stock of semi/finished products by Rs.28.07 crores by inclusion of general administration overheads in its valuation.

d) non-provision for miscellaneous expenses of

Rs.19.40 crores payable to the Ministry of External Affairs in respect of machinery imported.

e) treatment of depreciated value of lime dust injection Plant (Rs.2.72 crores) installed in 1989 in Blast Furnace-I of DSP which lost its relevance in 1993 upon drastic change in the technological status and operating parameters of the refurbished blast furnace, as deferred revenue expenditure instead of revenue expenditure.

f) treatment of expenditure of Rs.8.43 crores incurred on repair of coke oven batteries as deferred revenue expenditure instead of revenue expenditure.

ii) Profit for 1993-94 has to be viewed in the light of following:

a) decrease in depreciation by Rs.298.40 crores due to adoption of revised rates.

b) increase in profit by Rs.36.62 crores due to change in the method of valuation of inventory of semi finished products.

c) increase in profit by Rs.8.37 crores due to valuation of rollable slabs at cost instead of lower of cost or market price followed in earlier years.

d) increase in profit by Rs.6.63 crores due to change in method of allocation of interest on Additions, Modifications & Replacements (AMR) Schemes.

NAME OF THE MINISTRY/COMPANY

BRIEF COMMENT

e) increase in profit by Rs.10.04 crores due to change in method of valuation of inventory of wear scrap and system of assessment of stock of middlings/rejects.

MINISTRY OF SURFACE TRANSPORT

1.2.50 Cochin Shipyard Ltd. Loss for 1993-94 is to be viewed in the light of increase in depreciation by Rs.0.29 crore consequent upon the amendment to Schedule XIV of the Companies Act, 1956.

MINISTRY OF TEXTILES

1.2.51 National Textile Corporation (DP&R) Ltd. Loss for 1993-94 was understated by Rs.1.32 crores due to non provision for liability (Rs.1.03 crores) towards premium required for fullfilling the Hank Yarn obligation as per Textile Commissioner's notification and non provision of liability for 50 per cent wages payable to workers laid off.

1.3 REVIEW OF ACCOUNTS.

NAME OF THE MINISTRY/COMPANY

BRIEF COMMENT.

DEPARTMENT OF ATOMIC ENERGY.

1.3.1 Nuclear Power Corporation Ltd. Sundry debtors as on 31st March 1994 were 93 per cent of Sales in 1993-94.

MINISTRY OF COAL.

1.3.2 Bharat Coking Coal Limited i) Accumulated loss of Rs.1138.40 crores as on 31st March 1994 was 101.46 percent of the paid up capital.

ii) Sundry debtors of Rs.1069.05 crores as on 31st

NAME OF THE MINISTRY/COMPANYBRIEF COMMENT

- March 1994 were 61.86 percent of sales during the year.
- 1.3.3. Eastern Coalfields Limited
- i) Accumulated loss of Rs.891.77 crores as on 31st March 1994 was 85.82 percent of the paid up capital.
- ii) Sundry debtors of Rs.675.76 crores as on 31st March 1994 were 58 percent of sales during the year.
- 1.3.4 Neyveli Lignite Corporation Limited
- Sundry debtors as on 31st March 1994 were 52.84 per cent of sales during the year.

DEPARTMENT OF CHEMICALS AND PETROCHEMICALS

- 1.3.5 Hindustan Antibiotics Ltd.
- The accumulated loss of Rs.40.09 crores as on 31st March 1994 was 100.45 per cent of the paid up capital.
- 1.3.6 Hindustan Organic Chemicals Ltd.
- Stock of stores and spares as on 31st March 1994 was equivalent to 22.02 months consumption.
- 1.3.7 Indian Petro-Chemicals Ltd
- i) Current Assets, Loans and Advances as on 31st March 1994 included Rs.18.40 crores due from 3 Companies referred to BIFR.
- ii) Stock of stores & spares, catalysts & chemicals as on 31st March 1994 was equivalent to 11.09 months consumption.

MINISTRY OF COMMERCE

- 1.3.8 Export Credit & Guarantee Corpn. Ltd
- Accumulated loss of Rs.121.83 crores as on 31st March 1994 was 243.66 per cent of the paid up capital

MINISTRY OF COMMUNICATIONS

- 1.3.9 Hindustan Teleprinters Ltd.
- Sundry debtors as on 31st March 1994 were 80.03 per cent of the sales during the year.

- 1.3.10 ITI Limited Sundry debtors of Rs.916.53 crores as on 31st March 1994 were 60 percent of sales during the year.
- 1.3.11 Videsh Sanchar Nigam Ltd. Sundry debtors as on 31st March 1994 were 64.53 per cent of turnover during the year.

DEPARTMENT OF DEFENCE PRODUCTION AND SUPPLIES

- 1.3.12 Bharat Dynamics Limited After taking into account the accrued interest of Rs.1511.75 lakhs on the Company's deposits, the profit before tax amounted to Rs.1023.49 lakhs.
- 1.3.13 Bharat Earthmovers Ltd. Sundry debtors of Rs.495.92 crores as on 31st March 1994 were 55.15 percent of sales during the year.
- 1.3.14 Bharat Electronics Limited
- i) Loans & advances as on 31st March 1994 includes Rs.1.32 crores representing loan given to a PSU and Rs.0.73 crores as interest thereon outstanding since April 1992.
- ii) Stock of raw materials, stores & spares as on 31st March 1994 was equivalent to 7 months consumption.
- 1.3.15 Hindustan Aeronautics Ltd. Inventory of raw material, stores and spares as on 31st March 1994 was equivalent to 8 months consumption.
- 1.3.16 Mazagon Docks Ltd.
- i) The accumulated loss of Rs.80.21 crores as on 31st March 1994 was 41.5 per cent of paid up capital.
- ii) Sundry debtors as on 31st March 1994 were 73 percent of sales during the year.

DEPARTMENT OF ELECTRONICS

- 1.3.17 Semiconductor Complex Ltd. Sundry debtors as on 31st March 1994 were increased to 59.13 per cent of sales during the year from 44.25 percent during 1992-93

DEPARTMENT OF FERTILIZERS

- 1.3.18 Fertilizer Corpn. of India Ltd. The accumulated loss of Rs.2105.63 crores as on 31st March 1994 was 328.29 percent of the paid-up capital of the Company.
- 1.3.19 Hindustan Fertilizer Corporation Ltd. The accumulated loss of Rs.2227.85 crores as on 31st March 1994 was 322.91 percent of the paid up capital of the Company.

DEPARTMENT OF HEAVY INDUSTRY.

- 1.3.20 Andrew Yule & Co.Ltd. Sundry debtors as on 31st March 1994 were 48 percent of sales during the year.
- 1.3.21 Bharat Heavy Electricals Ltd. The sundry debtors represented 76 per cent, 85 per cent and 82 per cent of sales during the three years ending 31st March 1994.
- 1.3.22 Bharat Heavy Plates & Vessels Ltd. Sundry debtors as on 31st March 1994 were 59.19 percent of Sales during the year
- 1.3.23 Braithwaite & Co. Ltd. The accumulated loss of Rs.123 crores as on 31st March 1994 was 647.71 percent of the paid up capital.

- 1.3.24 Burn Standard Co. Ltd. The accumulated loss of Rs.176.10 crores as on 31st March 1994 was 426.80 percent of the paid up capital.
- 1.3.25 Bharat Yantra Nigam Ltd. (i) The accumulated loss of three subsidiaries Companies viz. T.S.L., BPCL and R&C(1972) Ltd. upto 31st March 1993 amounting to Rs. 224.16 crores has eroded the investment of Rs. 51.66 crores made in equity and preference share capital upto 31st March 1994 in these Companies.
ii) Sundry debtors increased percent to 127.74 percent of earnings during the year from 31.25 percent during 1992-93.
- 1.3.26 Engineering Projects (India) Limited The accumulated loss of Rs.579.24 crores as on 31st March 1994 was 7240 per cent of the paid up capital.
- 1.3.27 Heavy Engineering Corporation Ltd. (i) The accumulated loss of Rs.689.92 crores as on 31st March 1994 was 240.84 percent of the paid up capital.
ii) Sundry debtors as on 31st March 1994 rose to 35 per cent of sales as compared to 23 percent last year
- 1.3.28 Hindustan Cables Limited Sundry debtors as on 31st March 1994 were 62 percent of sales during the year.
- 1.3.29 Hindustan Paper Corpn. Ltd. The accumulated loss of Rs.688.49 crores as on 31st March 1994 was 143.63 percent of the paid up capital.
- 1.3.30 Instrumentation Ltd. i)The accumulated loss of Rs.20.52 crores as on 31st March 1994 was 102 per cent of the paid-up capital.
ii) Sundry debtors represented 56 percent, 49 percent and 44

- percent of sales respectively during the three years ending 31st March 1994.
- 1.3.31 Jessop & Co. Ltd. (i) The accumulated loss of Rs.156.76 crores as on 31st March 1994 was 410.04 percent of the paid up capital.
(ii) Sundry debtors as on 31st March 1994 were 50 per cent of the sales during the year.
- 1.3.32 Mining and Allied Machinery Corporation Ltd. The accumulated loss of Rs.295.66 crores as on 31st March 1994 was 754.42 percent of the paid up capital of the Company.
- 1.3.33 NEPA Ltd. The accumulated loss of Rs.28.92 crores as on 31st March 1994 was 46.37 percent of the paid up capital.
- 1.3.34 National Small Industries Corp. Ltd. Sundry debtors of Rs.80.66 crores as on 31st March 1994 were 201.49 percent of sales during the year.
- 1.3.35 Richardson & Cruddas (1972) Ltd. The accumulated loss of Rs.98.59 crores as on 31st March 1994 was 532 per cent of the paid up capital.
- 1.3.36 Tyre Corporation of India Ltd. The accumulated loss of Rs.143.66 crores as on 31st March 1994 was 233.93 per cent of the paid up capital.

MINISTRY OF MINES.

- 1.3.37 Mineral Exploration Corporation Ltd. i) The accumulated loss of Rs.25.28 crores as on 31st March 1994 was 44.77 per cent of the paid up capital.
ii) The sundry debtors represented 58 per cent, 69 per cent and 70 per cent of

sales respectively during
the three years ending
31st March 1994.

DEPARTMENT OF PETROLEUM & NATURAL GAS

1.3.38 Bharat Petroleum Corporation Ltd. Stores and spares as on 31st March 1994 were equivalent to 7.9 months consumption.

1.3.39 Hindustan Petroleum Corporation Limited Stores and spares as on 31st March 1994 were equivalent to 10.8 months consumption.

1.3.40 Indian Oil Corporation Limited i) Stores and spares as on 31st March 1994 were equivalent to 13.4 months consumption.

ii) Sundry debtors of Rs.1199.01 crores as on 31st March 1994 included Rs. 209.83 crores due from Gujarat and Assam State Electricity Boards outstanding mainly on account of dispute in rates. In the case of Gujarat State Electricity Board, Rs. 77.54 crores were outstanding for over seven years.

1.3.41 Lubrizol India Ltd Stock of stores and containers as on 31st March 1994, represented 7 months consumption.

MINISTRY OF POWER.

1.3.42 National Hydro Electric Power Corporation Ltd. The sundry debtors represented 99 per cent, 144 per cent and 145 per cent of sales respectively during the three years ending 31st March 1994.

NAME OF THE MINISTRY/COMPANYBRIEF COMMENT

- 1.3.43 National Thermal Power Corporation Ltd. The sundry debtors represented 43 per cent, 46 per cent and 40 per cent of sales respectively during the three years ending 31st March 1994.
- 1.3.44 North Eastern Electric Power Corporation Ltd. Sundry debtors as on 31st March 1994 were 214 per cent of sales during the year.

MINISTRY OF RAILWAYS

- 1.3.45 Indian Railway Construction Company Ltd. The sundry debtors as on 31st March 1994 were 115 per cent of the income from services rendered .
- 1.3.46 Rail India Technical Economic Service Ltd. Sundry debtors as on 31st March 1994 were 49 percent of sales during the year.

MINISTRY OF STEEL.

- 1.3.47 Bharat Refractories Ltd. i) The accumulated loss of Rs.68.45 crores as on 31st March 1994 was 141 percent of the paid up capital.
ii) Stock of stores and spares as on 31st March 1994 was equivalent to 22.81 months consumption during the year.
- 1.3.48 Ferro Scrap Nigam Limited Sundry debtors as on 31st March 1994 were 46 percent of sales during the year.
- 1.3.49 Hindustan Steel Works Construction Ltd. i)The accumulated loss of Rs.533.98 crores as on 31st March 1994 was 2670 per cent of the paid up capital.
ii)Sundry debtors as on 31st March 1994 were 77 percent of sales during the year.

(iii) No physical verification for the stock lying in Libya valuing Rs.2.68 crores was conducted since 1988-89

- 1.3.50 Indian Iron & Steel Co. Ltd. i) The accumulated loss of Rs.892.70 crores as on 31st March 1994 was 230.28 percent of the paid up capital.
- ii) Sundry debtors as on 31st March 1994 were 49 per cent of sales during the year.
- 1.3.51 Kudremukh Iron Ore Co. Ltd. i) Loans & advances as on 31st March 1994 included Rs.56.97 crores on account of deposits with ABFSL and interest thereon, which was considered doubtful and Rs.20.23 crores on account of loans given to a PSU remaining unrecovered but no provision was made for these doubtful loans.
- ii) Stock of raw materials, stores and spares of Rs.96.22 crores as on 31st March 1994 was equivalent to 10 months consumption.
- 1.3.52 MSTC Ltd. Sundry debtors as on 31st March 1994 were 60 per cent of sales during the year.
- 1.3.53 Metallurgical & Engineering Consultants (India) Ltd. Sundry debtors as on 31st March 1994 were 65.12 per cent of the Sales during the year.
- 1.3.54 Rashtriya Ispat Nigam Ltd. Accumulated loss of Rs.2605.43 crores as on 31st March 1994 was 39.91 percent of the paid up capital.
- 1.3.55 Steel Authority of India Limited. (i) Inventory of stores and spares as on 31st March 1994 was equivalent to 8.81 months' consumption.
- (ii) Gross profit as a percentage of sales has declined from 11.31 percent in 1992-93 to 9.04 percent in 1993-94.

NAME OF THE MINISTRY/COMPANYBRIEF COMMENT

1.3.56 Visvesvarya Iron & Steel Ltd. The accumulated loss of Rs.84.51 crores as on 31st March 1994 was 67 per cent of paid up capital.

MINISTRY OF SURFACE TRANSPORT.

1.3.57 Cochin Shipyard Ltd. The accumulated loss of Rs.190.95 crores as on 31st March 1994 was 94.91 per cent of the paid up capital.

1.3.58 Hindustan Shipyard Ltd. i) The accumulated loss of Rs.679.19 crores as on 31st March 1994 was 936.04 percent of the paid up capital.
ii) Sundry debtors as on 31st March 1994 were 72.62 percent of the sales during the year.

MINISTRY OF TEXTILES

1.3.59 Jute Corpn. of India Ltd. The accumulated loss of Rs.40.68 crores as on 31st March 1994 was 813.60 per cent of the paid capital.

1.3.60 National Textile Corpn. (DP&R) Ltd. The accumulated loss of Rs.164.48 crores as on 31st March 1994 was 579 per cent of the paid up capital of the Company.

1.3.61 National Textile Corporation (MP) Ltd. The accumulated loss of Rs.365.53 crores as on 31st March 1994 was 1089 per cent of the paid up capital of the Company.

1.3.62 National Textile Corpn. (UP) Ltd. The accumulated loss of Rs.448.44 crores as on 31st March 1994 was 1203 per cent of paid up capital.

1.3.63 National Textile Corpn. (APKK&M) Ltd. The accumulated loss of Rs.261.23 crores as on 31st March 1994 was 460 per cent of paid up capital.

NAME OF THE MINISTRY/COMPANYBRIEF COMMENT

- 1.3.64 National Textile Corporation (South-Maharashtra) Ltd. The accumulated loss of Rs. 359.88 crores as on 31st March 1994 was 749.12 per cent of the paid up capital.
- 1.3.65 National Textile Corporation (Maharashtra-North) Limited The accumulated loss of Rs. 407.19 crores as on 31st March 1994 was 701.93 per cent of the paid up capital.
- 1.3.66 National Textile Corporation (Gujarat) Ltd. The accumulated loss of Rs. 399.59 crores as on 31st March 1994 was 1608.66 per cent of the paid up capital.

CHAPTER-2

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

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

From out of 250 Central Government Companies and 54 Deemed Central Government Companies as at the end of 31st March 1994, a resume of illustrative major comments for the year 1993-94 on possible improvements in the accounts of Companies are given below:-

<u>NAME OF THE MINISTRY/COMPANY</u>	<u>AREA FOR IMPROVEMENT.</u>
-------------------------------------	------------------------------

2.1 SYSTEM OF FINANCIAL CONTROL & ACCOUNTS

DEPARTMENT OF ATOMIC ENERGY

**2.1.1 Uranium Corporation
 of India Ltd.**

i) Reconciliation of materials issued to contractors and recoveries made was pending.

ii) Income tax liability on interest income of Rs.266.86 lakhs capitalised and interest income on mobilisation advance of Rs.35.53 lakhs had not been provided for as per "Guidance Note on Treatment of Expenditure during construction period" issued by the Institute of Chartered Accountants of India.

iii) Expenditure of Rs.150.87 lakhs incurred on construction of certain roads and bridges was treated as "Repairs and maintenance" expenditure during the year, whereas the amount was to be shared

between the Company and Government of India in 60:40 ratio respectively.

iv) Expenditure during construction amounting to Rs.29.02 crores was pending allocations to respective fixed assets at the year end.

v) For the purpose of providing working capital, overdraft facility from various banks was taken, particularly when the Company had blocked up huge funds in short-term fixed deposits.

DEPARTMENT OF CHEMICALS & PETROCHEMICALS

2.1.2 Bengal Chemicals & Pharmaceuticals Ltd.

i) The Company had no manual and detailed accounting procedures.

ii) Budgetary control system relating to expenditure was not effectively maintained and no analysis was done for any wasteful expenditure

2.1.3 Bengal Immunity Limited

i) The Company had no accounting procedures.

ii) No provision had been made in respect of penal interest amounting to Rs.14.88 crores

iii) The Company was declared a sick Company and referred to the BIFR.

2.1.4 Indian Petrochemicals Corporation Ltd.

There is considerable delay in recording receipts and issues of stores at MGCC division, Nagathone with the result that issues of previous year were accounted for in the following year.

2.1.5 Pyrites Phosphates & Chemicals Ltd.

Proper record for the generation, disposal and quantity in hand of scrap material had not been maintained; these are accounted for only on disposal.

NAME OF THE MINISTRY/COMPANY

AREA FOR IMPROVEMENT.

2.1.6 Uttar Pradesh Drugs
& Pharmaceuticals
Ltd.

ii) No Capital or Revenue budgets were prepared by the Company. Projected Sales Plan was also not prepared.

MINISTRY OF COMMERCE

2.1.7 India Trade Promotion
Orgainsation Ltd.

i) The Company was entirely dependent on the submission of account by an organiser of an exhibition to determine the service charges due to Company.

ii) There was no maintenance of proper records for miscellaneous receipts.

iii) There was no reconciliation of accounts of various participants, associates members, some foreign banks and other parties periodically.

iv) Adjustments for excesses/shortages on physical verification of assets from 1991-92 onwards were not carried out.

2.1.8 State Trading
Corporation of
India Ltd.

i) The policy of the Company to recognise and book sales made by Indian Associates/Exporters in those cases where letter of credit/contracts are not in the name of the Company resulted in overstatement of sales.

ii) Full particulars of assets at the corporate office and housing colony acquired prior to 1st April 1989 were not available.

iii) There was wide variation between the budgeted and actual figures in respect of import of canalised/non canalised items and domestic sales. The value of actual

import was Rs.1,117 crores against the budgeted figure of Rs.1325 crores and import (non canalised) fell short by Rs.106 crores (22.6 per cent). The actual domestic sales were Rs.80 crores against the budgeted figure of Rs.139 crores.

MINISTRY OF COAL

2.1.9 Bharat Coking Coal Limited

i) The proper register containing the detailed information of contingent liabilities so as to give a comprehensive picture of those items at a glance had not been maintained.

ii) Advances given to employees for stores purchase or for other expenses are not adjusted during the year when expenses are incurred (Barora Area I, Mahuda and P & P Bastacola)

2.1.10 Coal India Ltd.

i) No records of shale generation and disposal at stock yard were maintained.

ii) The Company does not make any provision for losses in investments.

2.1.11 South Eastern Coalfields Ltd.

The Company does not follow the accrual basis of accounting in a) accrued liability of retiring employees, b) leave encashment to employees, and (c) interest on employees loans, in contravention of accepted accounting principles.

MINISTRY OF COMMUNICATION

2.1.12 Intelligent Communication Systems India Ltd.

i) In respect of receipts and expenditure relating to different projects it was noticed that

no separate records were being maintained at project sites to ensure booking of all accrued income and expenditure.

ii) Timely reconciliation of old balances in the parties accounts were not being attempted regularly.

DEPARTMENT OF DEFENCE PRODUCTION AND SUPPLIES.

2.1.13 Vignayan Industries Ltd. The Company has been declared a sick industrial Company under the Sick Industrial Companies Act, 1985

MINISTRY OF FOOD

2.1.14 Hindustan Vegetable oils Corpn. Ltd. i) No physical verification of fixed assets had been done since April 1989.

ii) Confirmation of balances of outstanding dues and reconciliation thereof was not done at the year end.

iii) The Company had not reviewed the installed and rated capacities during the year.

2.1.15 Modern Food Industries (India) Ltd. The Company had not maintained petty cash book and retail cash sales register as prescribed in the Accounts Manual of the Company.

DEPARTMENT OF FERTILIZERS

2.1.16 Hindustan Fertilizer Corpn. Ltd. i) The Company had been declared a sick Company and referred to BIFR.

ii) Since 1987 Capital Revenue, Production and Sale Budget for a financial year were not prepared by the Haldia Plant.

2.1.17 National Fertilizers Ltd.

Assets Registers are not posted up to date and reconciled with financial books in two units and discrepancies pointed out had remained unadjusted.

2.1.18 Projects and Development India Limited

i) Reconciliation of personal ledger balances was not being done regularly.

ii) Discrepancies reported in the physical verification conducted had not been fully adjusted/reflected.

iii) The Company had been declared a sick Company and referred to BIFR.

MINISTRY OF FINANCE

2.1.19 New India Assurance Co.Ltd.

i) Confirmation of balances was not obtained by Mehsana and Bombay Divisional Office.

ii) No provisions had been made in the accounts in 68 cases pending against Kota Divisional Office as on 31st March 1993 for want of details of policies in these cases. Out of these 68 cases, claims lodged by parties in 65 cases amounted to Rs.528.55 lakhs.

iii) Haldia Divisional Office did not have a system for periodical reconciliation of bank balance with cash book balances.

iv) Commission control account of Ujjain Divisional Office was not reconciled since January 1988.

v) Cash and imprest balances were not checked during 1991-93 in Calcutta Divisional Office 510300.

vi) (a) No Accounting Manual has been prepared at Delhi Divisional Office 311500; and

(b) Fixed asset register maintained at Delhi Divisional Office 311500 was incomplete and not reconciled with financial books.

2.1.20 Oriental Insurance Co. Ltd.

i) There was no effective system of periodical reconciliation of the books by taking out periodical trial balances.

ii) Subsidiary ledgers are not being tallied with Control Accounts periodically.

iii) No co-insurance register was maintained and entries are passed based on receipt of papers from Co-insurer

2.1.21 United India Insurance Co. Ltd

i) Reconciliation of all control accounts viz, Premium Deposit Accounts, Bank Guarantee Accounts, Agent Balance Accounts, Outstanding Premium accounts was not done during the year at Tuticorin, Jaipur-I, Nadiad, Patna, Kottayam, Madurai-I, Gurgaon, Amritsar-I Mehsana, Raipur, Bhagalpur and Bombay Divisional Offices

ii) Maintenance and reconciliation of Asset Register was not done at Gurgaon, Coimbatore-I, Dhanbad, Vijawada, Jaipur-I and Meerut-I Divisional Offices.

iii) Confirmation of balances in respect of co-insurance was not available with Divisional Offices at Ernakullam-I Meerut-I Guwahati, Bombay (Nerul) CBD, Mehsana, Bombay-II, Raipur and Pimpri.

iv) Salvage register was not maintained in Indore-I Divisional Office.

DEPARTMENT OF HEAVY INDUSTRY.

2.1.22 Bharat brakes & Valves Ltd.

i) Company had no Accounting Manual laying down detailed accounting procedure.
ii) The Company did not prepare periodical trial balance.

2.1.23 Bharat Wagon & Engg. Co. Ltd.

The Company had no system of recording generation of scrap.

2.1.24 Braithwaite & Co. Ltd.

The revised rates of depreciation in Schedule XIV of the Companies Act 1956 notified by the Government of India in December 1993 were not adopted by the Company in the accounts for the year 1993-94.

2.1.25 HMT Ltd.

i) Revenue relating to job works/ services/ research assignments, etc completed, but not billed and partly completed as at the end of the year had not been quantified and accounted as required under AS-9 of Accounting Standards (R&D Centre).

ii) Material discrepancies arising out of excess/shortages of physical stock and errors in stock statements of Central Transport Division could not be ascertained due to inadequacy in the maintenance of stock records by the Division.

2.1.26 National Instruments Limited

i) Reconciliation of control accounts with subsidiary accounts and bank accounts were not done regularly in some cases.

ii) Fixed assets as in the Balance Sheet as at 31st

- March 1994 were not reconciled with assets register.
- 2.1.27 Rehabilitation Industries Corpn. Ltd. Production, Capital, Sales budgets for 1993-94 were not prepared.

MINISTRY OF MINES

- 2.1.28 Bharat Aluminium Company Ltd. In respect of material sent/given to fabricators and contractors, no confirmation was obtained and reconciliation of such materials was pending.
- 2.1.29 Hindustan Zinc Ltd. i) The accounts of sundry debtors had not been reviewed periodically resulting in non-confirmation of balance by many of the major debtors.
- ii) System of analysing the difference between actuals and budgeted figures of capital and revenue heads was not proper and shortfall in targets are not investigated.
- iii) Accounting of Sales and debtors at Central Sales Office, Delhi had been centralised with effect from 1st April 1993 and accounts of debtors had been transferred from all the units but without obtaining details of opening balance in debtors accounts. Due to improper accounting review of outstanding dues was not done by the Company during 1993-94.
- 2.1.30 National Aluminium Company Ltd i) Work-in-progress was not valued as per Company's accounting policy.
- ii) The Company charged depreciation on certain assets at rates other than those prescribed in Schedule XIV of

the Companies Act 1956 resulting in undercharge of depreciation by Rs.2.28 crores for the year 1993-94 and cumulative undercharge by Rs.1116.90 crores

MINISTRY OF PETROLEUM AND NATURAL GAS

2.1.31 Biecco Lawrie Limited i) No separate profit figures were worked out for major units or products.

ii) There was no system of getting the estimation of cost vetted in associate finance department before submission of tender.

MINISTRY OF POWER

2.1.32 Tehri Hydro Devp. Corporation Ltd.

i) Control accounts in respect of priced stores ledger had not been reconciled.

ii) In some of the cases including inter-unit transfers and assets taken over from Uttar Pradesh Irrigation Department (UPTD), complete particulars in respect of fixed assets, distinctive identification marks and invoice details etc. had not been mentioned.

MINISTRY OF RAILWAYS

2.1.33 Container Corpn. of India Ltd

i) The trial balance of various units of the Company were not prepared on a periodic basis.

ii) Stores and spares received alongwith heavy machineries were not separately entered item wise in various records.

iii) CONCOR's share of freight " For IRS Containers" for the period November 1990 to March

- 1994 from Indian Railways had not been accounted for as the account was yet to be settled with Railways.
- 2.1.34 Indian Railways Const- Regular reconciliation of
ruction Company Ltd. Company's accounts with
returns/accounts received from
Banks was not made.
- 2.1.35 Konkan Railway Bank accounts were not
Corp'n. Ltd. regularly reconciled and
difference in reconciliation
of previous year i.e. of
1992-93 was still being
carried forward in some of
the units.
- 2.1.36 Rail India Tech- The Company had not any
nical and Economic distinct and prudent invest-
Services Limited ment policy. The Company had
been making short-term depo-
sits with Banks and other PSUs
at interest rates ranging from
9.87 per cent (on an average)
against the average rate of
interest of 10.78 per cent at
which the Company borrowed
money.

MINISTRY OF STEEL

- 2.1.37 Hindustan Steelworks i) Inter-unit accounts had not
Construction Ltd. been reconciled.
- ii) The break-up of sundry
debtors and loans and
advances had not been
disclosed in compliance with
Schedule VI of the Companies
Act, 1956.

MINISTRY OF TEXTILES.

- 2.1.38 Handicrafts and Fixed Assets Register
Handlooms Exports of furniture and fixtures had
Corporation of India not been reconciled with
Limited financial books in the Madras
Office of the Company.
- 2.1.39 National Textile Reconciliation of material
Corporation discrepancies between physical
(APKK&M) Ltd. stock and book records had not

been done. Material discrepancies such as surplus stock noticed on comparison of physical stock with book records had been treated as the correct physical inventory without any checking and confirmation as to its accuracy in Marketing Division, Bangalore.

2.1.40 National Textile Corpn. (South Maharashtra) Ltd

Reconciliation of property and assets register with financial books was not done.

DEPARTMENT OF TOURISM

2.1.41 India Tourism Devp. Corpn. Ltd.

i) The units at Headquarters did not prepare trial balance periodically.

ii) The property and assets registers had generally not been kept upto date and reconciled with financial books. Physical verification reports of assets/property had not been prepared by units at Headquarters.

iii) Asset Register was not complete in all respects in as much as the value of assets and depreciation was not mentioned. Therefore, reconciliation with financial books was not possible at Hotel Lalitha Mahal Palace, Mysore.

2.2. INTERNAL CONTROL**MINISTRY OF ATOMIC ENERGY**

- 2.2.1 Uranium Corpn. of India Ltd Internal audit programme drawn up by the Company for 1993-94 was not adequate.

DEPARTMENT OF BIO TECHNOLOGY

- 2.2.2 Bharat Immunologicals & Biologicals Ltd. i) No internal audit manual had been drawn up outlining the scope and programme of work for internal audit.

MINISTRY OF CIVIL AVIATION

- 2.2.3 Hotel Corpn of India Ltd. No follow up action is taken on internal audit reports.

DEPARTMENT OF CHEMICALS AND PETROCHEMICALS

- 2.2.4 Rajasthan Drugs and Pharmaceuticals Ltd. During 1993-94, internal audit system was not in operation in the Company. The internal control system of the Company needs improvement.

DEPARTMENT OF CHEMICALS & PETRO-CHEMICALS

- 2.2.5 Bengal Chemicals & Pharmaceuticals Ltd. The Company had an Internal Audit Department which had no function at all.
- 2.2.6 Bengal Immunity Limited Company's present Internal Audit System was considered inadequate and not commensurate with the size of the Company and nature of its business.

MINISTRY OF COMMERCE

- 2.2.7 India Trade Promotion Organisation Ltd. i) There was no internal audit programme which looked after the Company's urgent system requirement.

ii) Internal audit system was required to be strengthened and should have been more intensive at corporate office.

MINISTRY OF COAL

- 2.2.8 Bharat Coking Coal Ltd. No internal audit of the Kusunda Area was conducted during the year. The Goivindapur VI and Bastacola units had no internal audit system of its own.
- 2.2.9 Neyveli Lignite Corpn. Ltd. The Internal Audit system has to be strengthened so as to be commensurate with the size and volume of the business of the Company and its shape needs to be further enlarged and effectiveness improved.
- 2.2.10 Western Coalfields Ltd. The scope and area of internal audit department needs to be strengthened considering the size and nature of business of the Company.

DEPARTMENT OF FERTILIZERS

- 2.2.11 Hindustan Fertilizer Corpn.Ltd. Internal Audit programme was not adequate in Head Office and Namrup Plant of the Company.
- 2.2.12 Projects and Development India Ltd. The internal audit was not commensurate with the size and nature of business of the Company
- 2.2.13 Rashtriya Chemicals & Fertilizers Ltd. The scope and coverage of internal audit needs to be widened to make it commensurate with the size and nature of business of the Company. A system of prompt and proper compliance on internal audit reports is also required.

MINISTRY OF FOOD

2.2.14 Modern Food
Industries (India)
Ltd,

The internal audit system requires to be strengthened so that it should cover all the areas and suggest the areas where improvement is required, seeing the size and nature of business of the unit.

MINISTRY OF FINANCE

2.2.15 National Insurance
Company Ltd

Recoveries of Rs.1.29 lakhs as pointed out by Internal Audit had not been made by the management of Divisional Office, New Delhi.

2.2.16 New India Assurance
Company Ltd.

In Ahmedabnad Division No.III, following deficiencies were noticed in internal control system.

i) There is no manual giving the scope and programme for Internal audit and also no internal audit was carried out during 1993-94.

ii) Fixed asset register had not been maintained since January 1988.

iii) Physical verification of assets was not carried during 1993-94.

iv) Confirmation in case of outstanding accounts had not been obtained.

v) Important points raised by Internal Audit were not complied with by the management of Pune Division in respect of recoveries of premium and staff recoveries, etc.

2.2.17 United India
Insurance Co.

i) Internal audit of the accounts of Gurgaon, Coimbatore-I Dhanbad,

Vijaywada, Jaipur-I and Meerut-I Divisional Offices was not done during 1993-94.

ii) Physical verification of assets was not done during 1993-94 at Baroda and Shimla Divisional offices

DEPARTMENT OF HEAVY INDUSTRY

2.2.18 **Bharat Brakes & Valves Limited**

i) No power was delegated by the Board of Directors to any authority for valuation of inventory and for physical verification of cash and imprest balances.

ii) There was no internal audit manual and no internal audit was conducted during 1993-94.

2.2.19 **Mining and Allied Machinery Corpn. Ltd.**

The areas covered by the Interanal Audit were insignificant compared to nature and size of business of the Company.

2.2.20 **National Instruments Ltd.**

i) No power was delegated by the Board of Directors to any authority for valuation of inventory and for physical verification of cash and imprest balances.

ii) The internal audit set up was inadequate as there was only one Internal Audit Officer to conduct the internal audit as well as functions of finance and accounts.

DEPARTMENT OF HEAVY INDUSTRY

2.2.21 **Hindustan Salts Ltd.**

Internal control system of the Company needs to be strengthened to cover more areas, like physical verification of inventory, identification of dead stock/wastage etc.

MINISTRY OF MINES

2.2.22 Bharat Aluminium
Company Ltd.

The debit and credit notes prepared at the marketing regional office were sent to Korba for accounting. The system of internal control and internal checking in respect of these notes was very inadequate and insufficient. The internal control and accounting in respect of Regional Marketing Office needs further improvement.

2.2.23 Bharat Gold Mines
Ltd.

Internal audit system in the Company needed to be strengthened to make it commensurate with the size and nature of business of the Company.

2.2.24 Hindustan Copper Ltd.
(ICC, RCP & MCP
Units)

i) No power was delegated to any authority for physical verification of cash and imprest balances.

ii) In addition to its internal audit set up the Company also engaged outside firms for conducting internal audit in selected areas. The internal audit set up did not look into the system needs of the Company.

MINISTRY OF POWER

2.2.25 Nathpa Jhakri Power
Corporation Ltd.

Internal control systems are required to be strengthened and scope is required to be enlarged keeping in view the size and nature of business of the Company.

MINISTRY OF PETROLEUM & NATURAL GAS

2.2.26 Biecco Lawrie Ltd

No power was delegated by the Board of Directors to any particular authority for review of outstanding dues and valuation of investment to fix

the date of installation of plant & machinery, for valuation of inventory and physical verification of cash and imprest balances.

2.2.27 Madras Refineries Ltd.

The adequacy of the internal audit system needs thorough review.

MINISTRY OF RAILWAYS

2.2.28 Container Corpn. of India Ltd.

i) The Company did not have its own internal audit or internal financial control set up. It was being got done from outside agencies.

ii) Internal Audit Reports/ observations needed to be taken up with respective Units/offices for remedial action thereof.

iii) Keeping in view the fast expanding operations of the Company, the internal audit programme needed to be redesigned/modified and strengthened.

2.2.29 Indian Railways Construction Company Ltd.

Internal control system of the Company needs augmentation.

DEPARTMENT OF SMALL INDUSTRIES AND AGRO & RURAL INDUSTRIES

2.2.30 Andaman and Nicobar Islands Forests and Plantation Development Corpn.Ltd.

The Internal Audit is inadequate and not commensurate with the size and nature of business of the Company.

MINISTRY OF STEEL

2.2.31 Vishveswarya Iron & Steel Ltd.

The internal control system existing in the Company needs to be reviewed and strengthened, so that all areas of operation of the Company could be covered by internal audit.

MINISTRY OF STEEL

2.2.32 MSTC Ltd.

Internal audit report of 1993-94 dealt with matters relating to management affairs rather than the accounting aspects.

MINISTRY OF SURFACE TRANSPORT

2.2.33 Cochin Shipyard Ltd.

Scope and coverage of the internal audit could be enlarged especially in respect of ship repair activities.

MINISTRY OF TEXTILE

2.2.34 Cotton Corpn. of India Ltd.

The scope and coverage of internal audit needs to be enlarged to make it commensurate with the size and nature of the business of the Company.

2.2.35 Handicrafts and Handlooms Export Corpn. of India Ltd.

The internal audit system was not responsive to the needs of the Company and would require to be strengthened in the context of its expanding operations.

DEPARTMENT OF TOURISM

2.2.36 India Tourism & Development Corpn. Ltd.

i) The Company had not formulated any internal audit manual. No definite programme is followed by internal audit.

ii) The internal control procedures need to be strengthened on systematic lines to ensure proper accounting, reporting and control in respect of stock losses and shortages arising on account of consumption of fresh supplies and provision items, follow up of outstanding debtors, custody

recording and sale of beverages and restaurant sales at Airport Restaurant, IGI Airport, New Delhi.

iii) Follow up procedures were not satisfactory regarding points raised in internal audit reports.

DEPARTMENT OF WELFARE

2.2.37 National Scheduled Castes and Scheduled Tribes Development Finance Corporation Ltd.

Strength of internal audit is required to be increased commensurate with the overall operations of the Company.

2.3 COST CONTROL

MINISTRY OF COAL

2.3.1 Bharat Coking Coal Ltd

i) The Company had not identified the idle time of labour.

ii) No norms for employment of manpower had been fixed by the Company.

2.3.2 Coal India Ltd.

i) The Company does not have any standard costing system.

ii) The identification of wasteful overheads had not been made by the Company.

2.3.3 Eastern coalfields Ltd

i) There was no adequate system for determining of idle time of labour except in cases of piece rate labour.

ii) The Company did not have any adequate system for determining idle time for plant and machinery.

2.3.4 Neyveli Lignite Corpn. Ltd.

The Company did not identify idle time of labour.

2.3.5 South Eastern Coalfields Ltd. There is no system of ascertaining idle time of labour.

DEPARTMENT OF CHEMICALS & PETROCHEMICALS

2.3.6 Bengal Chemicals & Pharmaceuticals Ltd. i) No standard costing system had been introduced since the beginning.
ii) Wasteful overheads were not being identified.
iii) There was no system of identifying idle hours of labour.

2.3.7 Bengal Immunity Limited i) The Company had not introduced standard costing system.

ii) The Company did not prepare sales and profit figures separately for its major units or profit centres.

2.3.8 Hindustan Fluorocarbons Ltd. i) The Company did not prepare cost records separately.

ii) The Company had not adopted any standard costing system.

iii) The Company had no system to identify idle time of labour.

2.3.9 Hindustan Insecticides Ltd. Company had not adopted standard costing system.

2.3.10 Rajasthan Drugs and Pharmaceuticals Ltd. The Company did not prepare any cost accounts thus not complying with requirement of Section 209(1) (d) of the Companies Act, 1956.

2.3.11 Maharashtra Antibiotics and Pharmaceuticals Ltd. Company did not maintain records for ascertaining idle time for labour.

2.3.12 Pyrites Phosphates & chemicals Ltd. i) The Company does not have standard costing system.

ii) There is no system of ascertaining idle time of labour.

MINISTRY OF COMMUNICATIONS

2.3.13 ITI Ltd

The idle time for labour recorded in Bangalore Complex during 1993-94 was 11,92,553 hours amounting to Rs.3.11 crores.

DEPARTMENT OF DEFENCE PRODUCTION AND SUPPLIES

2.3.14 Bharat Electronics Limited

No norms for energy consumption had been fixed by Taloja unit, BELTEX-Madras, Pune unit, Panchkula unit and Ghaziabad unit.

2.3.15 Hindustan Aeronautics Ltd.

Standard costing system was not followed in Engine Division, Aerospace Division, Helicopter Division and Foundary & Forge Division.

2.3.16 Vignayan Industries Ltd.

i) The Company has not introduced standard costing system.

ii) No norms for consumption of raw material and energy had been fixed by the Company.

DEPARTMENT OF FERTILIZERS

2.3.17 Hindustan Fertilizer Corporation Ltd.

i) The Company had not yet fixed standard cost of its products (Barauni Plant).

ii) The Company had no system of identifying idle time of labour (Durgapur and Barauni Plants).

MINISTRY OF FOOD

2.3.18 Hindustan Vegetable oils Corporation Ltd.

i) Norms fixed by the Company for raw material were

very old and had no relevance to the present inputs.

ii) The norms for maximum and minimum levels of stores, spares and stock holding in case of raw materials were not fixed.

iii) There was no standard costing system.

iv) There was no system of ascertaining idle time of labour and machinery.

2.3.19 Modern Food Industries (India) Ltd.

i) The standard cost of various main products had not been fixed.

ii) The units did not have system for ascertaining the idle time for labour and machinery.

iii) The price-fixation made for the products does not follow the principles of Accounting Standards and guidelines of the Head Office. The price fixed for the stocks was less than market price.

iv) No reconciliation between the cost records and financial record was being done by the Company .

v) The system to compute cost of major operations jobs product process and services needs improvement

DEPARTMENT OF HEAVY INDUSTRY

2.3.20 Bharat Brakes & Valves Ltd.

i) There was no standard costing system.

ii) The Company had no system to ascertain idle time of labour and machinery.

NAME OF THE MINISTRY/COMPANYAREA FOR IMPROVEMENT.

- 2.3.21 Bharat Process and Mechincal Engineers Ltd. Since standard costing system was not being followed by the Company identification of idle time, wasteful movements etc was not done.
- 2.3.22 Bharat Wagon & Engineering Co. LTD. i) The Company did not prepare cost accounts.
ii) Standard cost had not been fixed for any of the products of the Company.
- 2.3.23 Braithwaite & Company Ltd. The Company had no system to ascertain idle time of machinery.
- 2.3.24 HMT Ltd. i) LMH Unit had not achieved the production even for the revised capacities.
ii) No norms had been fixed for machines and labour utilisation in FPM Unit.
iii) No review of installed capacities had been made during the year in WF-IV, CNC, PSB, FPMU and WCD Units.
iv) LMH and WCD Units had not identified idle time of labour during the year.
v) WCD Unit had no system for ascertaining idle time for machinery.
- 2.3.25 National Instruments Ltd. i) The Company did not prepare cost accounts.
ii) No reasons for idle labour and machinery were analysed.
iii) Rejections in optical components were 25 per cent to 30 per cent.

- 2.3.26 Mining And Allied Machinery Corpn. Ltd. The Company had no costing system whether actual or standard. The idle time of labour and wasteful overheads are not being determined.
- 2.3.27 Rehabilitation Industries Corpn. Ltd. i) Company was not preparing cost accounts.
ii) The Company had not adopted standard costing system. There was no system of ascertaining the generation of scrap in different manufacturing processes.

MINISTRY OF MINES.

- 2.3.28 Bharat Aluminium Company Ltd. Standard cost of various products had not yet been fixed.
- 2.3.29 Bharat Gold Mines Ltd. The Company had not adopted standard costing system. The cost ledgers are not maintained.
- 2.3.30 Hindustan Copper Ltd. (ICC, RCP & MCP Units) The Company did not identify idle time of labour and machinery and wasteful overheads .

MINISTRY OF PETROLEUM AND NATURAL GAS

- 2.3.31 Balmer Lawrie & Compnay Ltd. The Company had no standard costing system.
- 2.3.32 Biecco Lawrie Ltd. i) No reconciliation of cost and financial accounts was made during 1993-94.
ii) There was no system to ascertain wasteful overheads and idle time of machinery.
- 2.3.33 IBP Co. Ltd. No cost records were maintained by Business Group-Chemical.

MINISTRY OF RAILWAYS

2.3.34 Container Corpn.
of India Ltd.

The Company was not maintaining proper log books for operations of highly technical machines clearly specifying reasons of idle hours and break downs etc.

MINISTRY OF STEEL

2.3.35 Bisra Lime Stone Co.
Ltd.

i) The sale price of lump ore was being fixed by negotiation. However, cost price was more than the sale price so determined.

ii) Stock of lime stone was more than average monthly sales due to technological change in the method of production at various steel plants.

2.3.36 India Firebricks
& insulation Co.
Ltd.

i) The cost accounts were not reconciled with financial accounts.

ii) Standard costing system had not been adopted.

2.3.37 Kudremukh Iron Ore
Company Ltd.

Standard cost had not been fixed. Since operations are mostly mechanical, the Company is not identifying idle time of labour.

2.3.38 Sponge Iron India
Ltd.

The Company did not prepare cost accounts and reconcile it with financial accounts.

2.3.39 Vishveswarya Iron
& Steel Ltd.

The Company did not identify idle time of labour and wasteful overheads.

MINISTRY OF SURFACE TRANSPORT

2.3.40 Dredging Corporation
of India Ltd.

The Company could have fixed consumption norms deployment wise instead of fixing the norms based on the historical consumption. As a result

distorted variations were being arrived at.

2.4 INVENTORY CONTROL**DEPARTMENT OF CHEMICALS AND PETROCHEMICALS**

- 2.4.1 Rajasthan Drugs and Pharmaceuticals Ltd.
- i) Physical verification of finished stock and raw material had not been conducted during the year.
 - ii) Valuation of finished goods and work-in-progress as on 31st March 1994 included general administrative overheads, interest, etc., which generally do not form part of cost of the stock as per accepted accounting principles.
 - iii) Maximum and minimum level of holdings in respect of bulk drugs had not been prescribed.

DEPARTMENT OF CHEMICALS AND PETROCHEMICALS

- 2.4.2 Bengal Chemicals & pharmaceuticals Ltd.
- Maximum and minimum limit of stores and spares had not been fixed.
- 2.4.3 Hindustan insecticides Ltd.
- i) The stock of stores and spares at the end of 31st March 1994 represented 22.74 months consumption.
 - ii) Stock of finished goods as on 31st March 1994 was equivalent to 565 days sales due to inadequate orders.
- 2.4.4 Maharashtra Antibiotics & Pharmaceuticals Ltd.
- Maximum and minimum levels of stores had not been fixed by the Management.
- 2.4.5 Uttar Pradesh Drugs & Pharmaceuticals Ltd.
- Maximum and minimum limits of stores had not been fixed for any items.

MINISTRY OF COMMERCE

2.4.6 India Trade promotion Organisation Ltd. The Company had not fixed any responsibility for damages, guarantees etc. in case of non adherence to quality or delay in the project completion.

MINISTRY OF COAL

2.4.7 Bharat Coking Coal Limited The Company had not prescribed maximum and minimum limit of stores and spares.

2.4.8 Central Coalfields Ltd. The accumulation of finished stock was more than average monthly sales during 1993-94.

2.4.9 Central Mine Planning & Design Institute Ltd. i) The Company had not prescribed maximum and minimum limits on stores & spares.
ii) The stock of inventory at the end of 31st march 1994 represented 14.53 months consumption.

2.4.10 Eastern Coalfields Ltd. i) Some of the missing/obsolete stores were not identified.

ii) Norms for consumption of stores and spares had not been fixed.

iii) The Company had not prescribed maximum, and minimum limit of stores etc. which resulted in accumulation of stores beyond the required limit.

2.4.11 South Eastern Coalfields Ltd. i) There is no system of fixing maximum and minimum level of stock.

ii) There is no system for determination of unserviceable and damaged stores and spares.

2.4.12 Western Coalfields Ltd. i) No physical verification of

stock of stores and spares was carried out in Nandan Washery and Tandri Colliery.

ii) The Company had not fixed maximum and minimum levels of stores and spares holdings.

DEPARTMENT OF FERTILIZERS

- 2.4.13 Hindustan Fertilizers Corporation Limited i) The norms for raw materials and energy consumption are not maintained by Durgapur Plant due to various reasons.
- ii) Maximum and minimum limit of stores had not been fixed by Namrup Plant.
- 2.4.14 Projects and Development India Ltd. Maximum & minimum limits for stores and spares had not been strictly maintained resulting in accumulation of stores/non-moving of stores and spares.

MINISTRY OF FOOD

- 2.4.15 Hindustan Vegetable oils Corporation Ltd. There was no system of determining obsolete and devalued stores.

DEPARTMENT OF HEAVY INDUSTRY

- 2.4.16 Bharat Brakes & Valves Ltd. Stock of raw materials, components and stores valued at Rs.77.54 lakhs did not move for over three years as on 31st March 1994.
- 2.4.17 Hindustan Salts Ltd. The Company had not fixed maximum and minimum limits in respect of stores and spares.
- 2.4.18 HMT Ltd. Maximum and minimum levels of stores and spares holding had not been fixed by LMH, WCD-Hyderabad and Watch R&D Units.

NAME OF THE MINISTRY/COMPANY

AREA FOR IMPROVEMENT.

2.4.19 Mandya National
Paper Mills Ltd.

There was no system of fixing maximum, minimum or ordering level for stores and spares.

2.4.20 Nagaland Pulp &
Paper Co. Ltd.

i) Plant and Machinery valued at Rs.37.16 lakhs could not be put to use.

ii) Value of non-moving, slow moving and surplus stores as on 31st March 1994 was Rs.1.16 crores having no disposal during last several years.

iii) Physical verification of raw materials and finished goods conducted during 1993-94 revealed significant differences. Bomboos weighing 1018 MT were written off and finished goods weighing 2 MT reportedly lost were adjusted accordingly.

2.4.21 National Instruments
Ltd.

No maximum and minimum levels of stores and spares were fixed.

MINISTRY OF MINES.

2.4.22 Bharat Aluminium
Company Ltd.

i) The Company did not prescribe maximum and minimum limits in respect of individual items of stores and spares except in the cases where normal consumption pattern was established.

ii) The norms of the raw material and energy consumption had not been fixed by the Company in Bidhanbagh Unit.

iii) Advances of Rs.157.83 lakhs and claims against contractor/suppliers and others for Rs.193.82 lakhs were outstanding for more than 3 years.

- 2.4.23 Bharat Gold Mines Ltd. In respect of contracts at project sites, the Company was not getting the best value for money because of delays in completion of the projects.
- 2.4.24 Hindustan Copper Ltd. i) No norms were fixed for raw materials and energy consumption.
ii) No maximum and minimum levels of stores holding was fixed.
iii) Material-in-transit for more than one year was Rs.17.10 lakhs in MCP Unit.
- 2.4.25 National Aluminium Company Ltd. Materials which did not move for more than four years as on 31st March 1994 valued Rs.18.28 lakhs.

MINISTRY OF PETROLEUM & NATURAL GAS

- 2.4.26 Bharat Petroleum Corpn. Ltd. The value of stores and spares which had not moved for 3 years and above as on 31st March 1994 was Rs.16.23 crores (of which stores valuing Rs.1.15 crores had not moved for above 10 years).
- 2.4.27 Balmer Lawrie & Co. Ltd. No maximum and minimum level of stores and spares were fixed.
- 2.4.28 Biecco Lawrie Ltd. i) No norms for energy consumption were fixed.
ii) No maximum and minimum level of stores and spares were fixed.
- 2.4.29 IBP Co. Ltd. i) Stock of stores and spares represented 11 months consumption as on 31st March 1994 in Business Group -Petroleum.

ii) Stores and spares valued at Rs.53.86 lakhs as on 31st March 1994 did not move for over four years in Business Group-Chemical.

iii) No maximum and minimum level of stock of stores were fixed by the Business Group -Petroleum.

**2.4.30 Indian Oil
Corpn. Ltd.**

i) The value of inventory which had not moved for more than four years as on 31st March 1994 represented 24 months' consumption in Salya Mathura pipeline.

ii) The value of inventory which had not moved for more than four years as on 31st March 1994 amounted to Rs.10.24 crores.

MINISTRY OF POWER

**2.4.31 National Hydroelectric
Power Corporation Ltd.**

The Company had not prescribed any maximum and minimum level of stores and spares.

**2.4.32 Tehri Hydro
Development
Corporation Ltd.**

i) Maximum and minimum level of inventory had not been fixed.

ii) Obsolete stores were not determined by the management which resulted in non-deletion of two damaged dozers for Rs.54.66 lakhs from gross block of assets.

MINISTRY OF RAILWAYS

**2.4.33 Indian Railways Const-
ruction Company Ltd.**

There is no system of maintaining maximum and minimum levels of stores, etc..

MINISTRY OF STEEL

- 2.4.34 India Firebricks and Insulation Co. Ltd. The maximum and Minimum limits of stores/spares holding had not been fixed other than in case of spares/tools lubricants and fuel.
- 2.4.35 Kudremukh Iron Ore Company Ltd. i) Maximum and minimum limits for stores had not been fixed by the Company.
ii) No value was being assigned to stock of crude ore concentrate and pellets in different stages of process.
- 2.4.36 Steel Authority of India Ltd. Stores valuing Rs.31.79 crores were declared surplus during the year 1993-94 by Bokaro, Durgapur, Rourkela & Salem Steel Plants and Raw Material Division.
- 2.4.37 Vishveswarya Iron & Steel Ltd. Maximum and minimum limits for stocking of stores and spares had not been fixed for majority of the items.

MINISTRY OF TEXTILES.

- 2.4.38 Central Cottage Industries Corpn. Limited i) No maximum or minimum limits of stores/stocks holding for any class of items had been fixed in respect of Delhi Office.
ii) The Calcutta Branch generally holds stores which are about one and a half times the prescribed limits.
- 2.4.39 Handicrafts and Handlooms Export Corporation of India Ltd. Impact of the change in method of accounting from average cost to FIFO had not been ascertained for valuation of inventory in the Madras Office of the Company.

- 2.4.40 National Textile Corporation (South Maharashtra) Ltd. The stock of stores and spares (New Hind Textile Mills) as on 31st March 1994 was equivalent to 18.19 months consumption.

DEPARTMENT OF TOURISM

- 2.4.41 India Tourism Devp. Corpn. Ltd. No analysis had been made by management to find out obsolete, redundant and surplus assets in respect of capital goods-in-hand (Rs.230.55 lakhs) included in the capital work-in-progress and carried forwarded for more than 5 years. All such cases require an immediate review and adjustment (Headquarters units).

NAME OF MINISTRY/COMPANY AREA FOR IMPROVEMENT.2.5 CREDIT CONTROL.DEPARTMENT OF CHEMICALS & PETROCHEMICALS

- 2.5.1 Uttat Pradesh Drugs & Pharmaceuticals Ltd. i) Percentage of sundry debtors to sales as on 31st March 1994 was 49.47 per cent.
ii) Percentage of doubtful debts to sundry debtors was 43.38 per cent as on 31st March 1994.

MINISTRY OF COMMERCE

- 2.5.2 State Trading Corpn. of India Ltd. The percentage of doubtful debts to total debts (gross) had gone up from 18.32 per cent in 1992-93 to 23.98 per cent in 1993-94.

MINISTRY OF COMMUNICATIONS

- 2.5.3 Intelligent Communication Systems India Ltd. Sundry debtors as on 31st March 1994 were 63.64 per cent of sales during 1993-94.

DEPARTMENT OF FERTILIZERS

- 2.5.4 National Fertilizers Ltd. The Company had no clear cut policy for credit sale and allowing rebates/cash discounts to the customers.

MINISTRY OF FOOD

- 2.5.5 Hindustan Vegetable Oils Corporation Ltd. The percentage of doubtful debts to total debts which was 5.12 percent during 1991-92, increased to 16.51 per cent and 17.59 percent during the years 1992-93 and 1993-94 respectively.

DEPARTMENT OF HEAVY INDUSTRY

- 2.5.6 Bharat Brakes and Valves Limited Sundry debtors represented 24.64 per cent of sales and doubtful debts represented 25.49 per cent of total debts as on 31st March 1994. The system of clearing old sundry debtors was not adequate.
- 2.5.7 Braithwaite & Co. Ltd. Sundry debtors represented 26.88 per cent of sales and the doubtful debts represented 29.48 per cent of total debts as on 31st March 1994.
- 2.5.8 National Instruments Ltd. Sundry debtors represented 33.38 per cent of sales while the doubtful debts represented 18.06 per cent of total debts as on 31st March 1994. The system of clearing sundry debtors was also inadequate.

MINISTRY OF MINES

- 2.5.9 Bharat Aluminium Co. Ltd. i) Per centage of doubtful debts to sundry debtors as on 31st March 1994 was 14.86 per cent.

ii) The accounts of sundry debtors were not reconciled periodically with records maintained at local offices.

iii) The amount of interest recoverable from debtors was not readily available at the Regional Offices except in cases of Southern Regional Office.

2.5.10 National Aluminium Company Ltd.

Sundry debtors represented 20.97 per cent of sales as on 31st March 1994.

MINISTRY OF PETROLEUM & NATURAL GAS

2.5.11 Balmer lawrie & Company Ltd.

Sundry debtors represented 18.44 per cent of sales as on 31st March 1994.

2.5.12 Biecco lawrie Ltd

Sundry debtors represented 44.52 per cent of sales as on 31st March 1994.

2.5.13 IBP Co. Ltd

i) Sundry debtors represented 26.40 per cent of sales as on 31st March 1994.

ii) No confirmation of balances were obtained from the debtors by Business Group-Chemical.

MINISTRY OF STEEL

2.5.14 Sponge Iron India Ltd.

Percentage of Sundry Debtors considered doubtful increased from 3.49 per cent in 1992-93 to 10.53 per cent in 1993-94.

MINISTRY OF TEXTILES

2.5.15 National Textile Corpn. (South Maharashtra) Limited

i) The percentage of sundry debtors to sales and doubtful debts to sundry debtors as on 31st March 1994 was 60.69 percent and 95.79 percent respectively.

ii) During 1993-94, 67 per cent and 77 per cent of total sundry debtors were considered doubtful in Aurangabad Textile Mills and Bharat Textile Mills respectively.

DEPARTMENT OF TOURISM

2.5.16 India Tourism Development Corpn. Ltd. Balances had not been confirmed by sundry debtors.

2.6 LIABILITIES AND LOANSDEPARTMENT OF BIO-TECHNOLOGY

2.6.1 Bharat Immunologicals & Biologicals Ltd. Repayment of principal amount of Rs.19.00 lakhs repayable to State Bank of Hyderabad which fell due on 1st April 1993 was not made during the year 1993-94.

DEPARTMENT OF CHEMICALS & PETROCHEMICALS

2.6.2 Bengal Chemicals & Pharmaceuticals Ltd. i) None of the Government loans had been repaid during the last 3 years.

ii) Due to shortage of funds the Company was not making any repayment of long term loans

2.6.3 Bengal Immunity Limited In the last three years no repayment of loans had been made by the Company due to paucity of funds.

2.6.4 Hindustan Insecticides Ltd. The percentage of default in payment of interest and total interest to the total loans was 155.83 percent as on 31st March 1994.

MINISTRY OF CIVIL AVIATION

2.6.5 Hotel Corporation
of India Ltd.

The percentage of defaults in repayment of loans and interest to the total loans as on 31st March 1994 was 66 percent and 63 per cent respectively. Air India Ltd being its holding Company and guarantor for these loans is being legally held responsible to the lender for default in repayment of loans and interest.

MINISTRY OF COAL

2.6.6 Eastern Coalfields
Ltd.

i) Interest accrued on advance and loans to employees for house building and motor car, scooter etc. have not been ascertained (Bastacola Area)

ii) No provision for gratuity payable to employees had been made on the basis of actuarial valuation as on 31st March 1994.

iii) No provision had been made for penal interest, if any due to delayed payment of Government dues and for cess payable on sand.

DEPARTMENT OF FERTILIZERS

2.6.7 Hindustan Fertilizers
Corporation Limited

i) The Company was incurring cash losses consistently. Arrangement for repayment was un-satisfactory (Head office).

ii) Repayment of loans from Government of India was not made since the formation of the Company in 1978.

2.6.8 Projects & Develop-
India Ltd.

i) Legal cases for default in payment etc. amounting to Rs.22.52 lakhs were pending in different courts.

ii) The Company had not been able to repay instalments of principal as well as interest on loans due for payment due to financial crisis

DEPARTMENT OF HEAVY INDUSTRY

- 2.6.9 Bharat Brakes & Valves Ltd. Interest and penal interest due but not paid on unsecured loans as on 31st March 1994 represented 89 per cent of the loans.
- 2.6.10 Bharat Yantra Nigam Ltd. i) The default in repayment of loans was 100 per cent in 1993-94.
ii) The percentage of interest and penal interest not paid on loans was 52.47 per cent as on 31st March 1994.
- 2.6.11 Braithwaite & Co. Ltd. Loans amounting to Rs.57.41 crores and interest thereon of Rs.62.79 crores representing 109 per cent due for payment as on 31st March 1994 were not paid.
- 2.6.12 HMT(I) LTD. The percentage of loans defaulted for repayment during the last 3 years ending 31st March 1994 was 35 per cent, 23 per cent and 15 per cent respectively.
- 2.6.13 Mandya National Paper Mills Ltd. The Company had not worked out any plan to repay term loans as the Company is passing through financial crisis because of suspension of production for want of adequate working funds.
- 2.6.14 National Instruments Limited Loans from Government of India amounting to Rs.29.52 crores being 81.88 per cent of the total loans and interest

thereon of Rs.30.23 crores and penal interest of Rs.22.06 crores being 83.86 per cent and 61.19 per cent respectively of loans due for payment as on 31st March 1994 were not paid.

2.6.15 Tungbhadra Steel Products Ltd.

i) The percentage of loans defaulted for repayments during the last 3 years ending 31st March 1994 was 62 per cent, 70 per cent and 77 per cent respectively.

ii) The percentage of interest and penal interest not paid as a percentage of loans was 88 per cent, 118 per cent and 152 per cent during the last 3 years ending 1993-94 respectively.

2.6.16 Mining and Allied Machinery Corpn. Ltd.

i) The system followed by the Company did not give adequate scope of verification of expenditure and receipts at departments/units originating the primary entries.

ii) The Company had no system to enable it to reconcile the value of raw material stock in hand with the balance shown in financial books at the end of the year.

iii) The Company values closing stock of finished products at sale order prices and not on the basis of lower of cost or net realisable value as per accepted accounting principles.

MINISTRY OF MINES

2.6.17 Hindustan Copper Ltd. Long outstanding balances towards loans and advances had remained unadjusted in ICC Unit.

MINISTRY OF RAILWAYS

2.6.18 Rail India Technical and Economic Services Limited

i) Percentage of repayment of loans defaulted rose to 92 percent in 1993-94 as compared to 50.88 percent in 1992-93.

ii) Amount of interest and penal interest not paid as a percentage of loans had gone up to 32.74 per cent in 1993-94 as against 20.80 per cent in 1992-93.

MINISTRY OF STEEL

2.6.19 Sponge Iron India Ltd.

i) Percentage of default in repayment of loans increased from 2.34 per cent during 1992-93 to 12.83 per cent in 1993-94.

ii) Percentage of default in repayment of interest and penal interest on loans increased from 4.62 per cent in 1992-93 to 19.51 per cent in 1993-94.

2.6.20 Steel Authority of India Ltd.

Loans from Government of India amounting Rs.4.84 crores drawn for IISCO could not be serviced in time due to difficult cash position of the latter.

MINISTRY OF TEXTILES

2.6.21 Cotton Corporation of India Ltd.

The percentage of defaults in repayment of loans and interest to the total loans as on 31st March 1994 was 27 percent and 86 percent respectively.

2.6.22 National Textile Corporation (South Maharashtra) Ltd.

The percentage of default in repayment of loans and payment of interest/penal interest to total loans was 88

percent and 34 percent
respevitably.

DEPARTMENT OF WELFARE

2.6.23 National Scheduled
Castes and Scheduled
Tribes Development
Finance Coporation
Ltd.

In few cases, the formal
guarantees from the concerned
State Govts were not obtained
and loans were given on
verbal assurance of providing
guarantees. The shortfall of
such guarantee was Rs.16.98
crores.

2.7 GENERAL

DEPARTMENT OF CHEMICALS & PETROCHEMICALS

2.7.1 Bengal Chemicals &
Pharmaceuticals Ltd.

Installation and commissioning
of Caffine Plant at Maniktala
Factory (Rs. 30.00 lakhs) and
Alum Plant at Panihati Factory
(Rs.34.34 lakhs) had been
lying incomplete for a
longtime.

MINISTRY OF COAL

2.7.2 Central Coalfields
Ltd.

The man power employed was
higher than the norms fixed by
the Management. The cost of
excess man power employed was
Rs.13.42 crores

MINISTRY OF COMMERCE

2.7.3 India Trade Promotion
Organisation Ltd.

No specific norms had been
fixed for the employment of
manpower within Company.

2.7.4 State Trading Corpn.
of India Ltd.

The Company had not fixed any
norms for manpower employment.

DEPARTMENT OF DEFENCE PRODUCTION & SUPPLIES

2.7.5 Bharat Dynamics
Ltd.

During 1993-94 the investment of surplus funds was regulated by reference to two bodies i.e. the Investment Committee and the Staff and Finance Committee. The Investment Committee was converted into a recommeidatory body by the Staff and Finance Committee in March 1993. In May 1994 an attempted fraud took place in regard to a deposit of Rs.60 crores placed by the Company with State Bank of India Green Park Branch, New Delhi. The normal procedure of referring the proposed investment to the Investment Committee was violated and instead direct approval was obtained on 15th April 1994 from the Staff and Finance Committee for investment up to Rs.100 crores. The reasons for departing from the laid down norms are not discernible, The attempted fraud was however detected in time and the Company did not suffer any loss. The matter is under investigation by the CBI. The management have to review and strengthen the internal control procedures appropriately.

MINISTRY OF FINANCE

2.7.6 National Insurance
Company Ltd.

A case of embezzlement of Rs.12.71 lakhs was noticed by audit in Indore Divisional Office-I, but an amount of Rs.1.65 lakhs was only recovered from the accused official.

- 2.7.7 Oriental Insurance Company Ltd. Cases of underpremium of Rs.5.78 lakhs in respect of various outstanding claims under Fire, Motor and Miscellaneous insurance were noticed during 1993-94 at Calcutta Divisional Office.

MINISTRY OF FOOD

- 2.7.8 Hindustan Vegetable oils Corpn. Ltd. There was surplus manpower of 606 employees in the Company as on 31st March 1994
- 2.7.9 Modern Food Industries (India) Ltd. Classification and value of stores which have not moved for 3 years and more are not available as the Company had not done this exercise

DEPARTMENT OF FERTILIZERS

- 2.7.10 Projects and Development India Ltd. The Company had surplus man-power which was one of the reasons for the loss to the Company.

DEPARTMENT OF HEAVY INDUSTRY

- 2.7.11 Nagaland Pulp & paper Co. Ltd. Production in the Company was totally suspended from October 1992.

MINISTRY OF PETROLEUM & NATURAL GAS

- 2.7.12 Balmer Lawrie & Company Ltd. Memorandum of understanding (MOU) was entered into by the Company with its Administrative Ministry fixing targets for the Company as a whole and not unitwise. The performance budgets of the units were drawn up in the light of the targets in the MOU. Out of 17 units, 11 of them could not achieve the target of sales while the profit of 8 of them was below the target.

MINISTRY OF POWER

- 2.7.13 Nathpa Jhakri Power Corporation Ltd. Norms for requirement of manpower had not been fixed by the Management.
- 2.7.14 National Hydro-electric Power Corporation Ltd. At Salal-I Project, Company had identified surplus staff of 1173 employees.

MINISTRY OF RAILWAYS

- 2.7.15 Indian Railway Finance Corporation Ltd. Deposits under portfolio management scheme included Rs.486.17 crores recoverable from CANFINA, who have defaulted in repayments on maturity. Total amount recoverable (including interest) as on 31st March 1994 was Rs.558.60 crores.

MINISTRY OF STEEL

- 2.7.16 Bisra Lime Stone Company Ltd. Manpower employed was more than the requirement.
- 2.7.17 India Firebricks & Insulation Co. Ltd. No norms have been fixed for energy consumption
- 2.7.18 Steel Authority of India Ltd. Rupees 90 lakhs were outstanding for more than 6 years as on 31st March 1994, being an advance payment made to Calcutta Metropolitan Development Authority towards purchase of land for construction.

MINISTRY OF TEXTILES

- 2.7.19 Handicraft and Handlooms Export Corporation of India Ltd. Unitwise targets had not been segregated to facilitate comparison of data (Unit-wise) actuals and targets.

2.7.20 National Textile Corporation (South Maharashtra) Ltd.

Manpower employed during 1993-94 was in excess of the norms and was the major factor contributing to the losses of New Hind Textile Mills

DEPARTMENT OF TOURISM

2.7.21 India Tourism Devp. Corpn. Ltd.

No norms had been fixed by the Company in respect of manpower employed.

New Delhi

20 MAR 1995

(C.K. JOSEPH)
Deputy Comptroller & Auditor General
cum Chairman, Audit Board.



Countersigned

New Delhi

24 MAR 1995

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



APPENDIX I

List of Central Government Companies

MINISTRY OF AGRICULTURE

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

DEPARTMENT OF ATOMIC ENERGY

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

DEPARTMENT OF BIO-TECHNOLOGY

8. Bharat Immunologicals & Biologicals Limited.

DEPARTMENT OF CHEMICALS AND PETROCHEMICALS

9. Bengal Chemicals and Pharmaceuticals Limited.
10. Bengal Immunity Limited.
11. Hindustan Antibiotics Limited.
12. Hindustan Fluro Carbons Limited.
13. Hindustan Insecticides Limited.
14. Hindustan Organic Chemicals Limited.
15. Indian Drugs and Pharmaceuticals Limited.
16. Indian Petrochemicals Corporation Limited.
17. Karnataka Antibiotics and Pharmaceuticals Limited.
18. Maharashtra Antibiotics and Pharmaceuticals Limited.
19. Manipur State Drugs and Pharmaceuticals Limited.
20. Orissa Drugs and Chemicals Limited.
21. Rajasthan Drugs and Pharmaceuticls Limited.
22. Smith Stanistreet Pharmaceuticals Limited.
23. The Southern Pesticides Corporation Limited.
24. U.P.Drugs and Pharmaceuticals Company Limited.

MINISTRY OF CIVIL AVIATION & TOURISM

25. Air India Ltd.
26. Assam Ashok Hotel Corporation Limited.
27. Donyo Polo Ashok Hotel Corporation Limited.
28. Indian Airlines Ltd.
29. India Tourism Development Corporation Limited.
30. Madhya Pradesh Ashok Hotel Corporation Limited.
31. Pawan Hans Limited.
32. Pondichery Ashok Hotel Corporation Limited.
33. Ranchi Ashok Bihar Hotel Corporation Limited.
34. Utkal Ashok Hotel Corporation Limited.

MINISTRY OF COAL

35. Bharat Coking Coal Limited.
36. Central Coalfields Limited.
37. Central Mine Planning and Design Institute Limited.
38. Coal India Limited.
39. Eastern Coalfields Limited.
40. Mahanadi Coalfields Ltd.
41. Neyveli Lignite Corporation Limited.
42. Northern Coalfields Limited.
43. South Eastern Coalfields Limited.
44. Western Coalfields Limited.

MINISTRY OF COMMERCE

45. India Trade Promotion Organisation Limited.
46. Export Credit and Guarantee Corporation of India Limited.
47. The Mica Trading Corporation of India Limited.
48. MMTC Limited
49. The Projects and Equipments Corporation of India Limited.
50. Spices Trading Corporation Limited.
51. The State Trading Corporation of India Limited.
52. Tea Trading Corporation of India Limited.

MINISTRY OF COMMUNICATIONS

53. Hindustan Teleprinters Limited.
54. ITI Limited.
55. Intelligent Communication Systems India Limited.
56. Mahanagar Telephone Nigam Limited.
57. Telecommunication Consultants (India) Limited.
58. Videsh Sanchar Nigam Limited.

DEPARTMENT OF DEFENCE PRODUCTION & SUPPLIES

59. Bharat Dynamics Limited.
60. Bharat Earth Movers Limited.
61. Bharat Electronics Limited.
62. Garden Reach Shipbuilders and Engineers Limited.
63. Goa Shipyard Limited.
64. Hindustan Aeronautics Limited.
65. Mazagon Dock Limited.
66. Mishra Dhatu Nigam Limited.
67. Vignyan Industries Limited.

DEPARTMENT OF ELECTRONICS

68. CMC Limited.
69. Electronics Trade and Technology Development Corporation Limited.
70. Semiconductors Complex Limited.

DEPARTMENT OF FERTILIZERS

71. The Fertilizer Corporation of India Limited.
72. The Fertilizer and Chemicals Travancore Limited.
73. Hindustan Fertilizer Corporation Limited.
74. Madras Fertilizers Limited.
75. National Fertilizers Limited.
76. Paradeep Phosphates Limited.
77. The Projects and Development India Limited.
78. Pyrites, Phosphates and Chemicals Limited.
79. Rashtriya Chemicals and Fertilizers Limited.

MINISTRY OF FINANCE

80. General Insurance Corporation of India Limited.
81. Industrial Credit Company Limited.
82. National Insurance Company Limited.
83. New India Assurance Company Limited.
84. Oriental Insurance Company Limited.
85. United India Insurance Company Limited.
86. Zenith Securities and Investments Limited.

MINISTRY OF FOOD

87. Hindustan Vegetable Oils Corporation Limited.
88. Modern Food Industries (India) Limited.
89. North Eastern Regional Agricultural Marketing Corporation Limited.

MINISTRY OF HOME AFFAIRS

Union Territory Of Andaman

90. Andaman and Nicobar Inland Integrated Limited.

Union Territory of Chandigarh

91. Chandigarh Child and Women Development Corporation Limited.
92. Chandigarh Industrial and Tourism Development Corporation Limited.
93. Chandigarh Scheduled Castes Financial and Development Corporation Limited.

Union Territory of Goa

94. Goa Meat Complex Limited.
95. Omnibus Industrial Development Corpn. of Daman and Div and Dadar Nagar Haveli Limited

Union Territory of Lakshadweep

96. Lakshadweep Development Corporation Limited.

DEPARTMENT OF HEALTH & FAMILY WELFARE

97. Hindustan Latex Limited.
98. Hospital Services Consultancy Corporation (India) Limited.
99. Indian Medicines And Pharmaceuticals Corporation Limited.

DEPARTMENT OF HEAVY INDUSTRY

100. Andrew Yule and Company Limited.
101. Bharat Bhari Udyog Limited.
102. Bharat Brakes and Valves Limited.
103. Bharat Heavy Electricals Limited.
104. Bharat Heavy Plate and Vessels Limited.
105. Bharat Leather Corporation Limited.
106. Bharat Ophthalmic Glass Limited.
107. Bharat Process and Mechanical Engineers Limited.
108. Bharat Pumps and Compressors Limited.
109. Bharat Wagon and Engineering Company Limited.
110. Bharat Yantra Nigam Limited.
111. Bridge and Roof Company (India) Limited.
112. Braithwaite and Company Limited.
113. Braithwaite Burn Jessop Construction Corporation Limited.
114. Burn Standard Company Limited.
115. Cement Corporation of India Limited.
116. Cycle Corporation of India Limited.
117. Damodar Cement and Slag Limited.
118. Engineering Projects (India) Limited.
119. HMT (International) Limited.
120. HMT Limited.
121. Heavy Engineering Corporation Limited.
122. Hindustan Cables Limited.
123. Hindustan Newsprint Limited.
124. Hindustan Paper Corporation Limited.
125. Hindustan Photo Films Manufacturing Company Limited.
126. Hindustan Salts Limited.
127. HMT Bearings Limited.
128. Hooghly Printing Company Limited.
129. Instrumentation Limited.
130. Jessop and Company Limited.
131. Lagan Jute Machinery Company Limited.
132. The Mandya National Paper Mills Limited.
133. Mining and Allied Machinery Corporation Limited.
134. Nagaland Pulp and Paper Company Limited.
135. National Bicycle Corporation Limited.
136. The National Industrial Development Corporation Limited.
137. National Instruments Limited.
138. NEPA Limited.
139. Praga Tools Limited.
140. Rajasthan Electronics and Instruments Limited.
141. Rehabilitation Industries Corporation Limited.
142. Reyrolde Burn Limited.
143. Richardson and Cruddas (1972) Limited.
144. Sambhar Salts Limited.

145. Scooters India Limited.
146. Swadeshi Mining and Manufacturing Corporation Limited.
147. Tannery and Footwear Corporation of India Limited.
148. Triveni Structural Limited.
149. Tungabhadra Steel Products Limited.
150. Tyre Corporation of India limited.
151. Weighbird (India) Limited.

MINISTRY OF HUMAN RESOURCES DEVELOPMENT

152. Educational Consultants (India) Limited.

DEPARTMENT OF INDUSTRIAL DEVELOPMENT

153. The National Small Industries Corporation of India Limited.

MINISTRY OF INFORMATION & BROADCASTING

154. National Film Development Corporation Limited.

MINISTRY OF MINES

155. Bharat Aluminium Company Limited.
156. Bharat Gold Mines Limited.
157. Hindustan Copper Limited.
158. Hindustan Zinc Limited.
159. Mineral Exploration Corporation Limited.
160. National Aluminium Company Limited.

DEPARTMENT OF NON-CONVENTIONAL ENERGY SOURCES

161. India Renewable Energy Development Agency Limited.

DEPARTMENT OF PETROLEUM & NATURAL GAS

162. Balmer Lawrie and Company Limited.
163. Bharat Petroleum Corporation Limited.
164. Biecco Lawrie Limited.
165. Bongaigon Refinery and Petrochemicals Limited.
166. Cochin Refineries Limited.
167. Engineers India Limited.
168. Gas Authority of India Limited.
169. Hindustan Petroleum Corporation Limited.
170. IBP Company Limited.
171. Indian Additivies Limited.
172. Indian Oil Blending Limited.
173. Indian Oil Corporation Limited.
174. Lubrizol India Limited.
175. Madras Refineries Limited.
176. Numaligarh Refineries Ltd.
177. Oil India Limited.
178. Oil & natural Gas Commission Ltd.

DEPARTMENT OF POWER

179. Nathpa Jhakari Power Corporation Limited.
180. National Hydro-Electric Power Corporation Limited.
181. North Eastern Electric Power Corporation Limited.
182. Power Grid Corporation of India Limited.
183. National Thermal Power Corporation Limited.
184. Power Finance Corporation Limited.
185. Rural Electrification Corporation Limited.
186. Tehri Hydro Development Corporation Limited.

MINISTRY OF RAILWAYS

187. Container Corporation Limited.
188. Indian Railway Construction Company Limited.
189. Indian Railway Finance Corporation Limited.
190. Konkan Railway Corporation Limited (1990-91).
191. Rail India Technical and Economic Services Limited.

DEPARTMENT OF SCIENTIFIC & INDUSTRIAL RESEARCH

192. Central Electronics Limited.
193. National Research Development Corporation of India Limited.

DEPARTMENT OF SMALL INDUSTRIES AND AGRO & RURAL INDUSTRIES

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

MINISTRY OF STEEL

195. Bharat Refractories Limited.
196. Ferro Scrap Nigam Limited.
197. Hindustan Steelworks Construction Limited.
198. IISCO Ujjain Pipe and Foundry Company Limited.
199. Indian Firebricks and Insulation Company Limited.
200. Indian Iron and Steel Company Limited.
201. J&K Mineral Development Corporation Limited.
202. Kudremukh Iron Ore Company Limited.
203. Maharashtra Electros melt Limited.
204. Manganese Ore (India) Limited.
205. MSTC Limited.
206. Metallurgical and Engineering Consultants (India) Limited.
207. National Mineral Development Corporation Limited.
208. Neelanchal Ispat Nigam Limited.
209. Rashtriya Ispat Nigam Limited.
210. Sponge Iron India Limited.
211. Steel Authority of India Limited.
212. Vijayanagar Steel Limited.
213. Visvesvaraya Iron & Steel Limited.

MINISTRY OF SURFACE TRANSPORT

214. Central Inland Water Transport Corporation Limited.
- 215.* Cochin Shipyard Limited.
216. Dredging Corporation of India Limited.
217. Hindustan Shipyard Limited.
218. Hooghly Dock and Port Engineers Limited.
219. Indian Road Construction Corporation Limited.
220. The Shipping Corporation of India Limited.

MINISTRY OF TEXTILES

221. Bird Jute and Exports Limited.
222. The British India Corporation Limited.
223. Brushware Limited.
224. Cawnpore Textiles Limited.
225. Central Cottage Industries Corporation of India Limited.
226. The Cotton Corporation of India Limited.
227. The Elgin Mills Company Limited.
228. The Handicrafts and Handlooms Export Corporation of India Limited.
229. Jute Corporation of India Limited.
230. National Handloom Development Corporation Limited.
231. National Jute Manufactures Corporation Limited.
232. National Textile Corporation Limited, New Delhi.
233. North Eastern Handicrafts and Handlooms Development Corporation Limited.
234. National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited.
235. National Textile Corporation (Delhi, Punjab and Rajasthan) Limited.
236. National Textile Corporation (Gujarat) Limited.
237. National Textile Corporation (Madhya Pradesh) Limited.
238. National Textile Corporation (Maharashtra North) Limited.
239. National Textile Corporation (South Maharashtra) Limited.
240. National Textile Corporation (Tamil Nadu and Pondicherry) Limited.
241. National Textile Corporation (Uttar Pradesh) Limited.
242. National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited.

MINISTRY OF URBAN DEVELOPMENT

243. Hindustan Prefab Limited.
244. Housing and Urban Development Corporation Limited.
245. National Buildings Construction Corporation Limited.

MINISTRY OF WATER RESOURCES

246. Rashtriya Pariyojana Nirman Nigam Limited.
247. Water and Power Consultancy Services (India) Limited.

DEPARTMENT OF WELFARE

248. Artificial Limbs Manufacturing Corporation of India Limited.
249. National Scheduled Castes and Scheduled Tribes Development Finance Corporation Limited.
250. National Backward Finance Corpn. Ltd.

APPENDIX II

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

MINISTRY OF AGRICULTURE

1. Agricultural Finance Corporation Limited.

DEPARTMENT OF BIO-TECHNOLOGY

2. Indian Vaccines Limited.

MINISTRY OF CIVIL AVIATION AND TOURISM

- *3. Air India Charters Ltd.
- *4. Air India Allied Services Ltd.
- *5. Hotel Corporation of India Ltd
- *6. Indo-Hokkee Hotels Ltd.
- *7. Vayudoot Ltd.

MINISTRY OF COMMERCE

8. India Tea and Restaurants Limited.

MINISTRY OF FINANCE

9. Andhra Bank Financial Services Ltd.
10. AB Homes Finance Ltd
11. All Bank Finance Limited.
12. BOB Housing Finance Limited.
13. BOB Fiscal Services Limited. (under liquidation from 25.9.1990).
14. BOI Finance Limited.
15. BOB Assets Management Co. Ltd
16. Canbank Factors Limited.
17. Canbank Financial Services Limited.
18. Central Bank Home Finance Limited.
19. Central Bank Executor & Trustee Company Limited.
20. Canbank Investment Management Finance Ltd.
21. Discount and Finance House of India Limited.
22. Ind Bank Housing Limited.
23. Ind Bank Merchant Banking Services Limited.
24. P.N.B.Housing Finance Corporation Limited.
25. P.N.B. Capital Services Limited.
26. Industrial Finance Corporation of India Ltd
(619-B Company from 21.5.93 to 15.2.94)

* Became Subsidiaries of Government Companies from I-3-1994

MINISTRY OF HOME AFFAIRS

(Union Territory Of Andaman & Nicobar)

27. Andaman Fisheries Limited.

DEPARTMENT OF INDUSTRIAL DEVELOPMENT

28. Accumeasures (Punjab) Limited (Accounts in arrears from 1979-80 onwards).
29. Allied International Products Limited (Under Liquidation).
30. Andhra Pradesh Industrial and Technical Consultancy Organisation Limited.
31. Ashok Paper Mills Limited.
32. Becker Grey and Company (1930) Limited.
33. Bihar Industrial and Technical Consultancy Organisation Limited.
34. Derco Cooling Coils Limited.
35. Excellsior Plants Corporation Limited (Under liquidation from 1976-77 onwards).
36. Gangavati Sugars Limited.
37. Industrial and Technical Consultancy Organisation of Tamil Nadu Limited.
38. J&K Industrial and Technical Consultancy Organisation Limited.
39. Kerala Industrial and Technical Consultancy Organisation Limited.
40. Madan Industries Limited.
41. Maharashtra Industrial and Technical Consultancy Organisation Limited.
42. Nalanda Ceramics and Industries Limited.
43. North Eastern Industrial and Technical Consultancy Organisation Limited.
44. Orissa Industrial and Technical Consultancy Organisation Limited.
45. Punjab Tractors Limited (Ceased to be Section 619-B Company during 1993-94).
46. Ruby Rubber Works Limited. (Under liquidation)
47. Shyam Properties Limited.
48. U.P. Industrial Consultants Limited.
49. Wagon India Limited.
50. West Bengal Consultancy Organisation Limited.

MINISTRY OF MINES

51. North Bengal Dolomite Limited.

MINISTRY OF PETROLEUM & NATURAL GAS

*52. ONGC Videsh Ltd.

* Became subsidiary of Government Company from 1-2-1994.

DEPARTMENT OF POWER

53. Dishergarh Power Supply Company Limited.

MINISTRY OF STEEL

54. Bishra Lime Stone Company Limited.

MINISTRY OF TEXTILES

55. Kohinoor Mills Company Limited.

56. Textile Processing Corporation of India Limited. (Under liquidation)

APPENDIX III

List of Central Statutory Corporations under the audit of CAG

MINISTRY OF CIVIL AVIATION AND TOURISM

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

MINISTRY OF FOOD

3. Central Warehousing Corporation
4. Food Corporation of India

DEPARTMENT OF POWER

5. Damodar Valley Corporation

MINISTRY OF SURFACE TRANSPORT

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