



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

UNION GOVERNMENT

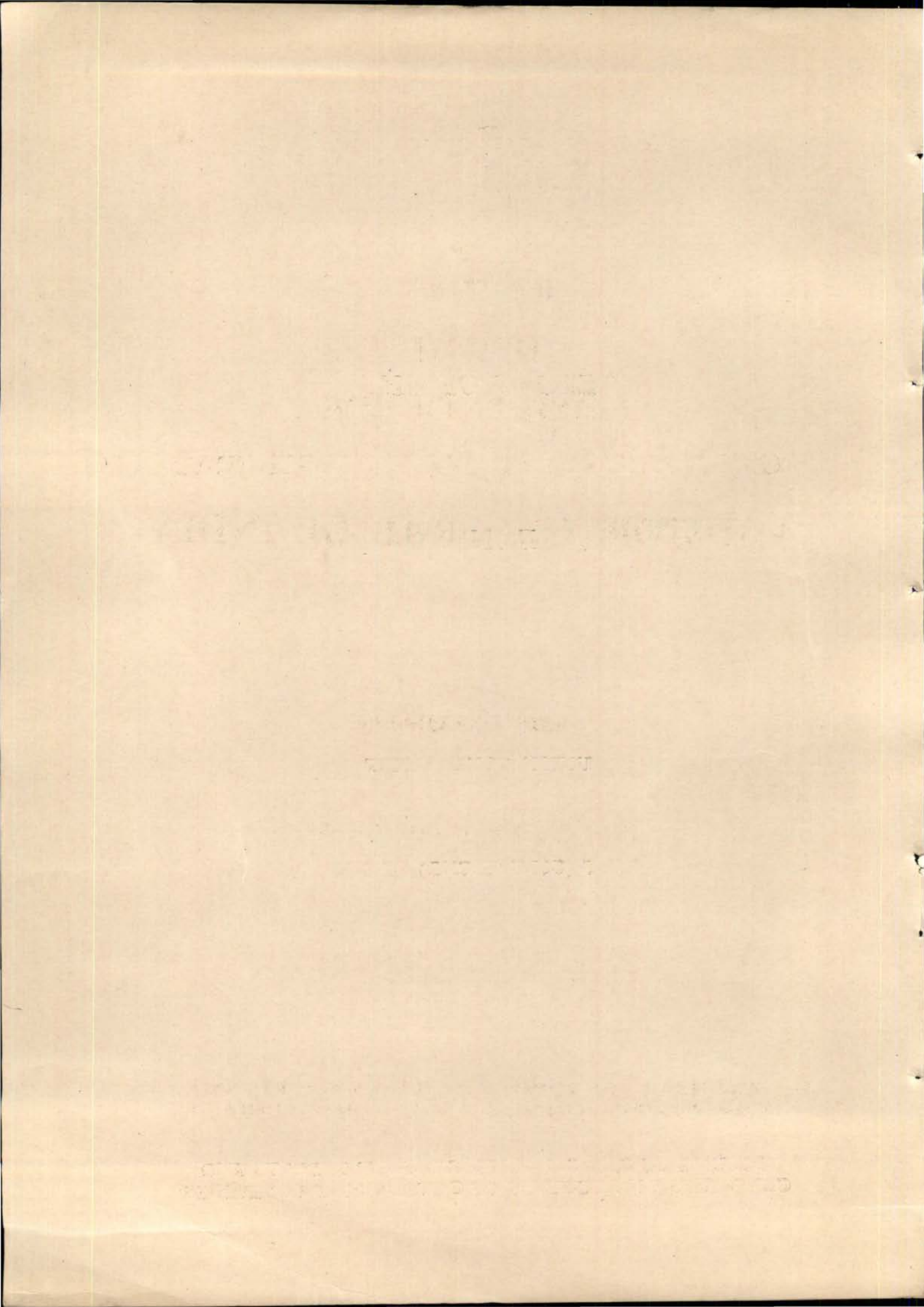
NO. 5 (COMMERCIAL) OF 1990

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



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OF THE
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AND
AUDITOR GENERAL OF INDIA

UNION GOVERNMENT

NO. 5 (COMMERCIAL) OF 1990

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UNION GOVERNMENT

NO. 2 (COMMERCIAL) OF 1950

COMPTROLLER AND CHIEF ACCOUNTANT GENERAL
OFFICE OF THE COMPTROLLER AND CHIEF ACCOUNTANT GENERAL
NEW DELHI

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PREFACE

The Reports of the Comptroller & Auditor General of India—Union Government (Commercial) are prepared in several parts and presented to Parliament. This part of the Report contains (a) a resume of the reports by the Statutory Auditors of Government Companies submitted by them to the Comptroller and Auditor General in accordance with the directives issued to them under Section 619(3) of the Companies Act, 1956, and (b) particulars of significant revisions of accounts and important comments on omissions, commissions etc. noticed during supplementary audit of accounts by C&AG under Section 619(4) of the Companies Act, 1956.

Statutory Auditors for Government Companies are appointed annually by the Company Law Board on the advice of the Comptroller and Auditor General under Section 619(2) of the Companies Act. The performance of the Statutory Auditors is evaluated by the Comptroller and Auditor General before they are recommended to the Company Law Board for re-appointment or fresh appointment. The Comptroller & Auditor General also issues guidelines and directions from time to time to the Statutory Auditors listing out the areas which should particularly be looked into by them.

The reports of the Statutory Auditors are verified by the Comptroller & Auditor General and on a number of occasions, omissions and commissions in the Statutory Auditors' Reports are pointed out. Further, even on the accounts certified by the Statutory Auditors, a number of observations are made during the course of audit under Section 619(4) of the Companies Act. If the management agrees with the views expressed and revises the accounts, a "NIL Comments" is issued. Where, however, the management has reservations in accepting the comments of the Statutory Auditors' as supplemented by the Comptroller & Auditor General's audit, the management is free to place its views before the Annual General Meeting and get the accounts adopted. It is not to be construed that nil comments in other cases are issued in a routine manner as presumed in some quarters. Often they are the outcome of the understanding and assurance given for future corrective action on certain aspects noted and subsequent clarifications furnished at the last stage of discussions. The supplementary audit of Comptroller & Auditor General also oversees, if any, undue comments have been made by the Statutory Auditors and thus provides a safeguard to the management as well.

Section I of this report deals with the Reports of Statutory Auditors submitted to C&AG in compliance with the directions issued by him in terms of Sec. 619(3)(a) of the Companies Act, 1956.

Section II of this report deals with the important observations made by the C&AG on the accounts of Government Companies as a result of supplementary audit under Section 619(4) of the Companies Act, 1956.

(iii)

The following is a list of the names of the members of the Board of Directors of the National Bank of Commerce, New York, for the year ending December 31, 1911.

President: J. P. Morgan
Vice Presidents: J. D. Rockefeller, J. C. Drexel, J. G. Thompson, J. H. Morgan, J. S. Morgan, J. W. Morgan, J. K. Morgan, J. L. Morgan, J. M. Morgan, J. N. Morgan, J. O. Morgan, J. P. Morgan, J. Q. Morgan, J. R. Morgan, J. S. Morgan, J. T. Morgan, J. U. Morgan, J. V. Morgan, J. W. Morgan, J. X. Morgan, J. Y. Morgan, J. Z. Morgan

Directors: J. P. Morgan, J. D. Rockefeller, J. C. Drexel, J. G. Thompson, J. H. Morgan, J. S. Morgan, J. W. Morgan, J. K. Morgan, J. L. Morgan, J. M. Morgan, J. N. Morgan, J. O. Morgan, J. P. Morgan, J. Q. Morgan, J. R. Morgan, J. S. Morgan, J. T. Morgan, J. U. Morgan, J. V. Morgan, J. W. Morgan, J. X. Morgan, J. Y. Morgan, J. Z. Morgan

Officers: J. P. Morgan, J. D. Rockefeller, J. C. Drexel, J. G. Thompson, J. H. Morgan, J. S. Morgan, J. W. Morgan, J. K. Morgan, J. L. Morgan, J. M. Morgan, J. N. Morgan, J. O. Morgan, J. P. Morgan, J. Q. Morgan, J. R. Morgan, J. S. Morgan, J. T. Morgan, J. U. Morgan, J. V. Morgan, J. W. Morgan, J. X. Morgan, J. Y. Morgan, J. Z. Morgan

Employees: J. P. Morgan, J. D. Rockefeller, J. C. Drexel, J. G. Thompson, J. H. Morgan, J. S. Morgan, J. W. Morgan, J. K. Morgan, J. L. Morgan, J. M. Morgan, J. N. Morgan, J. O. Morgan, J. P. Morgan, J. Q. Morgan, J. R. Morgan, J. S. Morgan, J. T. Morgan, J. U. Morgan, J. V. Morgan, J. W. Morgan, J. X. Morgan, J. Y. Morgan, J. Z. Morgan

OVERVIEW

(I) Section I of this report contains Company-wise resume of the important points mentioned in the supplementary reports submitted by the Company auditors in pursuance of the directives issued by the Comptroller and Auditor General of India under Section 619(3) of the Companies Act, 1956. The comments in respect of 619-B Companies received from Chartered Accountants are not covered in this Report. These reports on the accounts for 1987-88 in respect of 191 Companies and subsidiary Companies were received upto August, 1989. Out of 191 Companies, important observations in respect of 173 Companies have been classified according to the broad categories of deficiencies and are summarised below:—

Sl. No.	Broad Categories of directives/brief narration of deficiencies	No. of Companies affected
(i)	System of Accounts & Book-keeping (Comments on adequacy of effectiveness of the system, non-reconciliation on books, deficiencies in maintenance of asset registers, mistakes in classification of expenditure and other defects).	120
(ii)	Internal Control (Comments on internal audit, control procedures of various functions, variations between budget and actuals).	142
(iii)	Cost Control (Deficiencies in cost control, deficiencies in manufacturing and production accounts, points thrown up by comparison of norms with actuals, comments on rejections).	119
(iv)	Targets of production and achievements (Variations between targeted and actual production).	38
(v)	Balance Sheet (Comments on credit control, inventory control, inventory procedure etc.)	137
(vi)	General (Comments on non-maintenance of proforma accounts for service units for staff, deficiencies in accounts, man-power employed vis-a-vis envisaged, other general deficiencies).	66

36 Company Auditors either did not submit their reports or were not required to do so as on 31st August, 1989.

(II) Section II of this report contains Company-wise gist of important observations made during review of annual accounts of selected Companies by the C&AG under Section 619(4) of the Companies Act, 1956.

The number of Central Government Companies including 619(B) Companies, which submitted their accounts for review under Section 619(4) of the

Companies Act and in respect of which comments were issued/accounts revised was as follows:—

	Government Companies	Section 619(B) Companies	Total
(a) Total number of Companies.	241	41	282
(b) No. of Companies for which accounts received	227	26	253
(c) No. of Companies whose accounts were selected for review.	194	16	210
(d) Companies which revised their accounts and consequently 'nil' comments were issued.	34	1	35
(e) Companies which partly revised their accounts and carried comments for which no accounting adjustments were made.	13	—	13
(f) Companies which did not carry out adjustments and carried full comments.	36	1	37
(g) No. of Companies in respect of which no comments were required to be made.	111	14	125

Out of 85 Companies [including two Section 619(B) Companies] (d+e+f) significant mistakes/omissions were noticed in 62 Companies. These are classified below according to their net effect on the accounts:—

Sl. No.	Classification of audit observations	Number of Companies in which audit observations were made	Net financial effect (Rs. in lakhs)
1	2	3	4
1.	Over-statement of profit	21	6767.18
2.	Under-statement of profit	6	352.09
3.	Over-statement of loss	4	88.96
4.	Under-statement of loss	25	22700.91
5.	Misc. observations affecting final accounts:		
	(i) Omission to make provision/under-provision.	3	5218.45
	(ii) Over-statement / under-statement of assets/liabilities.	5	942.20
	(iii) Observations/other mistakes	16	31908.31
	(iv) Non-disclosure in accounts	1	71.93

NOTE:—In the above classification, certain companies appear more than once.

Dear Sir,
I have the honor to acknowledge the receipt of your letter of the 14th inst. in relation to the above matter.

The same has been referred to the proper authorities for their consideration and they will advise you as soon as a decision has been reached.

I am, Sir, very respectfully,
Yours truly,
[Signature]

Very truly yours,
[Signature]

Enclosed for you are the documents mentioned in your letter of the 14th inst.

I am, Sir, very respectfully,
Yours truly,
[Signature]

Very truly yours,
[Signature]

SECTION I

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

There were 241 Government companies (Appendix I) and 41 companies coming within the purview of Section 619(B) of the Companies Act 1956 (Appendix II). Out of the 241 Govt. companies, accounts for the year 1987-88 were received in respect of 227 companies as on 31st August 1989. In pursuance of the directives issued by the Comptroller & Auditor General of India under Section 619(3) (a) of the Companies Act 1956, the special reports of the Company Auditors on the accounts for the year 1987-88 were received in the case of 191 companies (including subsidiary companies) upto August 1989. On the basis of review of these reports, important observations in respect of 173 companies [excluding Section 619 B companies] have been incorporated in this section. In respect of the remaining 18 companies, no material deficiencies were pointed out by the Statutory Auditors (Note to Appendix I).

The important points contained in the special reports are given company-wise in the following paragraphs.

1. ARTIFICIAL LIMBS MANUFACTURING CORPORATION OF INDIA

I. Internal Control

The Corporation did not have any manual outlining the scope and programme of work for the internal Audit.

II. Cost Control

The Corporation had not introduced the system to determine the cost of production.

2. ANDAMAN & NICOBAR ISLANDS FOREST & PLANTATION DEVELOPMENT CORPORATION LIMITED

I. System of Accounts & Book-keeping

The Company had not finalised accounting manual.

II. Internal Control

There was no manual outlining the scope and programme of work for the internal audit.

III. Inventory Procedure & Control

Maximum/minimum levels of stores/spares were not fixed. Stores/spares, not moved for 3 years and more, were not classified.

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3. ANDREW YULE & COMPANY LIMITED

I. System of Accounts & Book-keeping

(i) There was no separate Cost Accounts Manual.

(ii) The division had no manual of accounts. (Basmatia Tea Division, Rajgarh Tea Division).

(iii) There was no regular system of reconciliation of books at due intervals (Rajgarh Tea Division).

II. Internal Control

(i) There was no system for calling of open tenders.

(ii) The division did not have any manual of purchase procedure. (Headquarter, Basmatia Tea Division).

III. Internal Audit

Major areas like production, payment of wages, consumption of stores etc. were not covered by the Internal Audit Reports and as such the coverage of Internal Audit was inadequate. (Basmatia Tea Division).

IV. Cost Control

The system of standard costing was not in existence. (Rajgarh Tea Division).

V. Credit Control

The debts to the extent of Rs. 217.56 lakhs (Rs. 65.03 lakhs from Government Departments and Rs. 152.53 lakhs from Others) were outstanding for more than three years.

4. BALMER LAWRIE & COMPANY LIMITED

I. Credit Control

Debts to the extent of Rs. 33.82 lakhs (Rs. 25.18 lakhs from Govt. Departments/Undertakings and Rs. 8.64 lakhs from Others) were outstanding for more than 3 years.

II. Inventory Control

(i) Maximum/minimum limits for stores and spares had not been fixed. (Bombay Branch)

(ii) Machine spares and miscellaneous spares valuing Rs. 3.90 lakhs were not moved for more than 3 years. (Bombay Branch).

5. BIECCO LAWRIE LIMITED

I. System of Accounts & Book-keeping

(i) There was no manual laying down the detailed accounting procedures.

II. Internal Control

No manual outlining the scope and programme for internal audit had been drawn up.

III. Cost Control

The Company did not have a system for determining idle time for machinery.

IV. Credit Control

Debts to the extent of Rs. 22.82 lakhs (Rs. 17.26 lakhs from Government Departments and Rs. 5.56 lakhs from others) were outstanding for more than 3 years.

V. Inventory Control

(i) The system of indicating maximum and minimum limits of stores/spares was not in practice.

(ii) There was no system for classifying the stores/spares which had not moved for more than 3 years.

VI. General

Norms or standards in respect of manpower requirements had not been fixed by the Management.

6. BONGAIGAON REFINERY & PETROCHEMICALS LIMITED

I. System of Accounts & Book-keeping

The Company had no accounting manual

II. Internal Control

There was no internal audit manual.

III. Inventory Control

(i) Minimum and maximum limits of stores had not been fixed.

(ii) Stores and spares which did not move for more than 3 years amounted to Rs. 562.59 lakhs.

(iii) Surplus stores amounted to Rs. 290 lakhs (approx) at the end of the year.

7. BENGAL CHEMICALS & PHARMACEUTICALS LIMITED, CALCUTTA

I. System of Accounts & Book-keeping

(i) There was no manual laying down the detailed accounting procedure and specifying the duties and responsibilities of the officers of the Company.

(ii) No reconciliation was made between cost and financial records.

II. Internal Control

There was no internal audit manual outlining the scope and programme of work for internal audit.

III. Cost Control

(i) Standard Costing System was not in vogue.

(ii) There was no system for ascertaining idle time for labour and machinery.

IV. Inventory Control

There was no system for fixing minimum and maximum limits of stores.

8. BRITISH INDIA CORPORATION LIMITED

I. System of Accounts & Book-keeping

There was neither an accounting manual nor any written accounting procedure in the Company.

II. Internal Audit

There was no internal audit manual.

III. Cost Control

No reconciliation between cost and financial records was done.

IV. Credit Control

Debts outstanding for more than three years amounted to Rs. 19.61 lakhs from Government Departments and Rs. 191.94 lakhs from Others.

V. General

No separate accounts were maintained in respect of service units for the benefit of staff.

9. BENGAL IMMUNITY LIMITED

I. System of Accounts & Book-keeping

The Company had no accounting manual specifying detailed accounting instructions regarding maintenance of accounts.

II. Internal Control

There was no manual outlining the scope and programme of work for internal audit.

III. Cost Control

There was no standard costing system in operation.

IV. Inventory Control

Minimum/maximum levels of stores/spares etc. had not been fixed.

10. BIRDS JUTE & EXPORTS LIMITED

I. System of Accounts & Book-keeping

There was no accounting manual containing accounting procedures and administrative and financial powers of the officers of the Company.

II. Internal Control

There was no internal audit manual outlining the scope and programme of work for internal audit.

III. General

No norms for manpower had been fixed.

11. BRIDGE & ROOF COMPANY (INDIA) LIMITED

I. System of Accounts & Book-keeping

(i) The system of controlling sub-contract cost was not adequate to make it economical compared to the total estimated cost.

(ii) The Company was not preparing periodical trial balances and not also doing reconciliation of control accounts with subsidiary ledgers.

II. Cost Control

(i) The Company did not maintain any records for determining rejections in production.

(ii) The Company had no system of standard costing for any of its products.

(iii) The Company did not maintain any records for the determination of idle time for labour and machinery.

III. Credit Control

Debts to the extent of Rs. 97.65 lakhs were outstanding from Government Departments for more than 3 years.

IV. General

The Company had not fixed any norms for its manpower requirement either for its Howrah factory or for any of its sites.

12. BURN STANDARD COMPANY LIMITED

I. System of Accounts & Book-keeping

(i) There was no accounting manual.

(ii) Proper records of consumption of raw materials at Jabalpur, Niwar, Gulfarbari and Raniganj Units had not been maintained.

II. Internal Control

There was no manual outlining the scope and programme of work for internal audit.

III. Cost Control

(i) There was no system for recording idle time for labour and machinery.

(ii) In case of Howrah and Burnpur works, no records were maintained for stage-wise consumption of steel, components and structurals.

IV. Credit Control

Debts to the extent of Rs. 1542.18 lakhs (Rs. 1409.74 lakhs from Government Departments and Rs. 132.44 lakhs from others) were outstanding for more than 3 years.

V. Inventory Control

(i) In no case, the Company had determined minimum and maximum levels of stock of stores items.

(ii) Value of stores not moved for more than 3 years had not been ascertained.

VI. General

Norms of manpower had not been fixed.

13. BRAITHWAITE & COMPANY LIMITED

I. Internal Control

(i) There was no internal audit manual.

(ii) Following deficiencies were noticed in the system of internal control:—

(a) Due to absence of 100% physical verification, out of total inventory of raw materials and stores valued at Rs. 6.82 crores at Clive and Agus works, inventory of Rs. 1.38 crores only came under the scope of continuous verification system.

(b) Non-execution of physical verification of raw materials and stores at site of Rs. 2.61 crores and at bonded warehouse of Rs. 4.65 crores.

(c) Non-follow up of advances lying unadjusted for a long time.

(iii) There was no written procedure for write off, discount etc.

II. Cost Control

(i) Contract-wise actual losses and variances compared to projects/estimates were not worked out/analysed.

(ii) There was no system of ascertaining idle time for labour and machinery.

III. Credit Control

Debts to the extent of Rs. 402.29 lakhs were outstanding for more than 3 years (Rs. 33.49 lakhs from Government Departments, Rs. 320.44 lakhs from Public Sector Undertakings and Rs. 48.36 lakhs from private parties).

IV. Inventory Control

(i) Raw materials and stores valued at Rs. 49.24 lakhs were not moved for more than 4 years.

(ii) The total inventory of Rs. 2.37 crores not moved over one year was not analysed and classified as (a) genuine insurance spares (b) overstocking and (c) purchases for taking corrective future action.

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

14. BHARAT ALUMINIUM COMPANY LIMITED

I. System of Accounts & Book-keeping

The accounting system was deficient in regard to the following :—

(a) Fixed assets viz. plant and machinery, building, electrical equipments etc. had been capitalised at an estimated cost as per the certificates given by the engineers wherever the cost could not be ascertained for want of contractors' bills etc.

(b) Large number of advances for the materials received/works executed were pending for adjustment for three to four years for want of certain certificates from zonal incharge.

(c) Neither balance/statement of account had been confirmed by individual contractors nor these were reconciled with respective zone records. Further, no physical verification of stores with contractors was being conducted.

(d) No reconciliation was being made in respect of material sent to fabricators and received back. No confirmation was obtained from the parties with whom material was lying for fabrication.

(e) The Company was not maintaining subsidiary ledger showing partywise details in respect of sundry creditors at Amarkantak mines.

(f) In case of Amarkantak mines, irregular accounting for vouchers and incorrect pricing had been noticed.

(g) No reconciliation was being carried out in respect of sundry debtors' balances between the records maintained at Korba Plant and zonal office.

(h) Fixed assets records maintained by the Company did not show full particulars viz. description, quantitative details and location thereof in most of the cases.

II. Internal Control

The agreements with the contractors/suppliers were executed at the end of the period of contract which was not in the interest of the Company.

III. Cost Control

Standard cost of various main products had not been established.

IV. Credit Control

Debts outstanding more than three years amounted to Rs. 30.87 lakhs against Government Departments and Rs. 34.86 lakhs against others.

V. Inventory Control

The stores and spares which had not moved for three years and more amounted to Rs. 857.94 lakhs.

15. BHARAT BHARI UDYOG NIGAM LIMITED

I. Internal Control

(i) No manual outlining the scope and programme of work for the internal audit had been drawn up.

(ii) The Company had no internal audit department as such.

(iii) The Company was yet to finalise its purchase manual defining purchase policies.

16. BHARAT BRAKES & VALVES LIMITED

I. System of Accounts & Book-keeping

(i) There was no manual laying down the detailed accounting procedures.

(ii) The fixed assets register was not maintained properly as there were differences in the balances as per fixed assets register and the financial ledgers.

II. Internal Control

(i) No manual of internal audit was drawn up.

(ii) There was no internal audit system in operation during the year.

(iii) There was no laid down purchase procedure for the Company.

III. Cost Control

Material Cost variance in Kolaghat Thermal Power Plant and Durgapur Steel Plant had not been determined.

IV. Credit Control

Debts to the extent of Rs. 84.09 lakhs (Rs. 73.48 lakhs from Government Departments and Rs. 10.61 lakhs from others were outstanding for more than 3 years).

V. Inventory Control

(i) The Company did not have any system of ascertaining surplus stores.

(ii) No maximum/minimum and reordering levels of limits had been fixed in respect of raw materials required for production.

(iii) Stores and spares valued at Rs. 40.84 lakhs had not moved for more than 3 years.

17. BHARAT COKING COAL LIMITED

I. Internal Control

No internal audit was conducted. (Bhaura, Kusrda).

II. Inventory Control

(a) There was no system to ensure that stores in excess of reasonable requirement of maintenance and production were not accumulated. (Kusrda).

(b) Company had not fixed minimum and maximum levels of stores.

(c) Physical verification of stores & spares was not conducted. (Katias, Kusrda Area VI).

(d) Surplus/unserviceable stores had not been identified. (Govindpur).

(e) 315 KW West Falia Winder costing Rs. 77.68 lakhs and Dogger Disq (BEML) costing Rs. 70 lakhs could not be installed (Barora).

III. Cost Control

(i) There was no system for ascertaining idle time for labour and machinery. (Area-II, Dhanbad, Kusrda).

(ii) The Company had not fixed standard cost for its main products.

(iii) Demurrage charges amounting to Rs. 15.84 lakhs were paid. (Barora).

IV. General

Proforma accounts were not maintained in respect of operations of various service units for the benefit of staff.

18. BHARAT DYNAMICS LIMITED

I. System of Accounts & Book-keeping

There was no accounting manual giving the detailed accounting procedures.

II. Cost Control

The Company did not have the system of fixing standard costs.

III. Credit Control

Debts outstanding for three years and more amounted to Rs. 21.30 lakhs (Rs. 20.73 lakhs from Government Departments and Rs. 0.57 lakhs from others).

19. BHARAT ELECTRONICS LIMITED

I. System of Accounts & Book-keeping

The units did not have an updated Accounts Manual (Bangalore, Madras, Hyderabad and M.C. Unit).

II. Internal Control

There was no manual outlining the scope and programme of work for internal audit. (Madras & Hyderabad).

III. Targets of production and achievements

Rated capacity of the machines was not fixed and determined. (M.C. Unit).

IV. Cost Control

(i) No standard costs had been fixed. (Madras, Hyderabad, Panchkula and Kotdwara).

(ii) There was no system to ascertain idle time of labour and machinery. (Madras, Hyderabad, Talaja and Kotdwara).

(iii) The cost accounting system had not been fully established and hence the consumption of raw materials for the manufacture of major products could not be ascertained. (Madras, Hyderabad & Panchkula).

(iv) The unit was not preparing manufacturing account. (Ghaziabad, M.C. Unit, Talaja, Put.e).

(v) Detailed records of rejections, etc. had not been maintained. (M.C. Unit).

(vi) The unit had not so far maintained proper periodical quantity account of production of the major products. (Talaja).

(vii) Cost records were not maintained. (Talaja).

V. Credit Control

Debts outstanding for more than three years were Rs. 297.13 lakhs (Ghaziabad, Bangalore, M.C. Unit).

VI. Inventory Control

(i) Maximum and minimum limits were not fixed for any item of stores and spares (Madras, Hyderabad, Panchkula, Kotdwara, Bangalore, M.C. Unit).

(ii) Value of stores declared surplus/obsolete awaiting disposal as on 31-3-1988 was Rs. 325.44 lakhs (Ghaziabad, Bangalore).

(iii) Value of non-moving items for more than three years as on 31-3-1988 was Rs. 809.10 lakhs. (Bangalore, M.C. Unit).

20. BHARAT GOLD MINES LIMITED

I. System of Accounts & Book-keeping

The Company did not have accounting manual specifying the financial powers, duties and responsibilities of different officers.

II. Cost Control

Standard costing was not in vogue in the Company.

III. Credit Control

Debts outstanding for more than three years amounted to Rs. 44.66 lakhs (Rs. 43.11 lakhs from Government Departments/Companies and Rs. 1.55 lakhs from others).

IV. Inventory Control

(i) Surplus/obsolete stores and spares valuing Rs. 9.99 lakhs were awaiting disposal.

(ii) Stores and spares valuing Rs. 41.78 lakhs had not moved for 3 years and more.

21. BHARAT HEAVY ELECTRICALS LIMITED

I. System of Accounts & Book-keeping

(i) The internal control procedure including reporting system in the following areas needed to be strengthened and streamlined. (Ramachandrapuram, Hyderabad).

(a) Some invoices raised by site offices were lying unreported to Accounts Department in the External Service Department.

(b) Invoices for PVC had not been raised in Switch-gear unit in some cases.

II. Cost Control

(i) The Division did not prepare manufacturing account. (Transformer Factory, Jhansi).

(ii) Cost Records were not maintained. (Component Fabrication Plant, Rudrapur; HERP, Varanasi).

(iii) Job cards, stock registers, work-in-progress registers were not maintained. (HERP, Varanasi).

(iv) Standard costs were not fixed and there was no system of ascertaining idle time (Component Fabrication Plant, Rudrapur, HERP, Varanasi, Electron Porcelains Division, Bangalore).

(v) Standard costing system had not been introduced. (Ramachandrapuram, Hyderabad).

(vi) Demurrages incurred during the year were Rs. 5.00 lakhs at Ramachandrapuram, Hyderabad, Rs. 2.80 lakhs at Electronics Division, Bangalore, Rs. 17.97 lakhs in HPBP, Tiruchirapalli and Rs. 10.75 lakhs in BAP, Ranipet.

III. Credit Control

(i) No definite system existed for collection of debts (Ramachandrapuram, Hyderabad).

(ii) Debts outstanding for over 3 years from parties other than Government Departments at the year end amounted to Rs. 43.83 lakhs for Electro Porcelains Division, Bangalore, Rs. 21.48 lakhs for HPBP, Tiruchirapalli, Rs. 93.87 lakhs in Power Group Construction Management (Northern Division) and Rs. 80.76 lakhs at Transformer Factory, Jhansi.

IV. Inventory Control

(i) Maximum/minimum levels of stores and spares were not fixed. (Components Fabrication Plant, Rudrapur, HERP, Varanasi).

(ii) Value of stores declared surplus and awaiting disposal for more than two years was Rs. 297.53 lakhs in respect of HPBP, Tiruchirapalli, Rs. 300 lakhs in respect of Ramachandrapuram, Hyderabad and for more than one year Rs. 22.53 lakhs in respect of Electronics Division, Bangalore. The value of stores/spares declared surplus during the year for Bhopal division was Rs. 33.84 lakhs.

(iii) Value of stores which had not moved for three years and more at the year end was Rs. 83.33 lakhs in respect of HPBP, Tiruchirapalli, Rs. 30.65 lakhs in respect of BAP, Ranipet and Rs. 380.58 lakhs in respect of Bhopal Division. The value of non-moving and slow moving stores at the year end was Rs. 16.55 lakhs and Rs. 27.27 lakhs respectively in respect of Transformer Factory, Jhansi.

V. General

Proforma accounts in respect of service units for the benefit of staff were not maintained. (Transformer Factory, Jhansi).

22. BHARAT HEAVY PLATE AND VESSELS LIMITED

I. System of Accounts & Book-keeping

No reconciliation between the property/stock registers and financial books had been made at the end of the year.

II. Credit Control

Debts outstanding for more than three years amounted to Rs. 246.77 lakhs (Government Departments & Public Sector Undertakings Rs. 224.65 lakhs and others Rs. 22.12 lakhs).

III. Inventory Control

(i) The total value of raw materials and stores declared surplus and awaiting disposal as at 31st March 1988 was Rs. 58.48 lakhs.

(ii) Value of stores and spares which had not moved for two years and more was Rs. 120.62 lakhs.

23. BHARAT LEATHER CORPORATION LIMITED

I. System of Accounts & Book-keeping

(i) There was no manual laying down the detailed accounting procedure to be followed by all units of the Company.

(ii) No Journal Book was maintained at Reigonil Office, Agra.

(iii) Adequate stock records had not been maintained for conversion of logs into unseasoned blocks.

II. Internal Control

(i) There was no Internal Audit Manual.

(ii) No responsibility was fixed in respect of shortages discovered during physical verification of stocks.

(iii) No records were maintained for realisable scrap at Precision Shoe Last factory. The scrap was accounted for only on realisation.

(iv) There was no system of maintaining cash books at emporium though sometimes they were required to hold cash balances.

(v) The Company's purchase procedure did not provide for calling of open tenders for any class of purchases.

III. Cost Control

(i) The Company did not prepare cost records.

(ii) No standard costs of various main products had been fixed.

(iii) The Company had no system for ascertaining idle time for labour and machinery.

IV. Inventory Control

The Corporation did not maintain any maximum and minimum levels of stores.

24. BHARAT OPHTHALMIC GLASS LIMITED

I. System of Accounts & Book-keeping

(i) There was no manual or other instructions laying down the detailed accounting procedures.

(ii) There was no effective system of reconciliation of the bank accounts, control accounts and subsidiary accounts.

II. Internal Control

No manual regarding scope and programme of work for the internal audit had been drawn up.

III. Cost Control

(i) The records for determining rejections in production in different stages of process were not maintained.

(ii) The accounts indicating cost of each unit of its major products were not-prepared by the Company.

(iii) Standard costs of various main products had not been fixed.

(iv) There was no system for ascertaining the idle time for labour and machinery.

IV. Credit Control

(i) Confirmations of balances from the outstanding debtors were not obtained for a long time and as such most of the balances were outstanding since 1978-79.

(ii) Debts to the extent of Rs. 85.25 lakhs (Rs. 2.81 lakhs from Government Departments and Rs. 82.44 lakhs from others) were outstanding for more than 3 years.

V. Inventory Control

(i) No maximum, minimum limits of stores/spares had been fixed.

(ii) The value of obsolete, damaged stock and stores had not been determined.

25. BHARAT PUMPS & COMPRESSORS LIMITED

I. System of Accounts & Book-keeping

There was no manual outlining the financial powers, duties & responsibility of different officers of the Company.

II. Cost Control

(i) The Company did not prepared accounts indicating cost of production in respect of gas cylinders.

(ii) In case of gas cylinders, there was no system of ascertaining idle time of labour and machinery.

III. Credit Control

Debts outstanding for more than three years amounted to Rs. 605.65 lakhs Government Department—Rs. 14.92 lakhs, Public Sector Undertakings—Rs. 537.80 lakhs & Others—Rs. 52.93 lakhs).

26. BHARAT REFRACTORIES LIMITED

I. Credit Control

Debts amounting to Rs. 24.75 lakhs were outstanding for 3 years or above.

II. Cost Control

There was no system of determining cost of different items manufactured.

III. General

Proforma accounts in respect of operation of service units for the benefit of staff were not maintained.

27. BHARAT WAGON & ENGINEERING COMPANY LIMITED

I. Internal Control

(i) There was no manual outlining the programme and scope of work of internal audit.

(ii) There was no procedure laid down for writing off discount or refund.

II. Credit Control

Debts amounting to Rs. 46.37 lakhs (Rs. 40.06 lakhs against Government Departments and Rs. 6.31 lakhs against private parties) were outstanding for 3 years or above.

III. Inventory Control

(i) Maximum/minimum levels for stores/spares were not fixed.

(ii) Unserviceable/damaged stores and raw materials were not determined.

IV. Cost Control

(i) Proper cost accounts were not maintained indicating the cost of each of its major products.

(ii) Standard cost had not been fixed for any of the products.

(iii) There was no system for ascertaining idle time for labour and machinery.

V. General

(i) Norms for the deployment of man-power had not been fixed by Management.

(ii) Proforma accounts in respect of operation of service units for the benefit of staff had not been maintained.

28. COTTON CORPORATION OF INDIA LIMITED

I. Credit Control

Debts outstanding for more than 3 years against Government Departments and others amounted to Rs. 44.53 lakhs and Rs. 264.16 lakhs respectively.

29. CYCLE CORPORATION OF INDIA LIMITED

I. System of Accounts & Book-keeping

(i) There was no manual laying down instructions and detailed accounting procedures specifying the financial powers, duties and responsibilities of officers.

II. Internal Control

There was no manual outlining the scope and programme of work for internal audit.

III. Cost Control

The Company did not monitor idle time of its machines and labour. Because of production being carried on at rock bottom level during the year, most of the time of its labour and machinery was idle.

IV. Credit Control

Debts to the extent of Rs. 241.01 lakhs were outstanding from 'others' for more than 3 years.

V. Inventory Control

(i) Non-moving stores and spares valued at Rs. 40.84 lakhs were lying for more than 3 years awaiting disposal.

(ii) There was no system of ascertaining surplus stores.

30. CEMENT CORPORATION OF INDIA LIMITED

I. Internal Control

There was no Internal Audit Manual.

II. Cost Control

(i) Standard costing system had not been adopted. (Adilabad Unit).

(ii) No system was in vogue for recording idle time of machines and labour.

(iii) A fully automatic X-ray analysis machine valuing Rs. 20 lakhs (approx.) remained idle for over 3 years. (Rajban Unit).

III. Inventory Control

(i) Maximum and minimum limits of stores/spares had not been fixed. (Adilabad Unit).

(ii) Stores and spares valuing Rs. 48.51 lakhs were not moved for 3 years as on 31-3-1988.

(iii) No maximum or minimum limits were kept for stores and spares items except for lubricant oil etc. (Rajban Unit).

IV. General

No proforma accounts were maintained in respect of operation of service units. (Adilabad Unit).

31. COAL INDIA LIMITED

I. System of Accounts & Book-keeping

Reconciliation of control accounts and subsidiary accounts had not been done. (Coal Marketing Organisation Dankuni Coal Complex).

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II. Cost Control

(i) Standard costs had not been fixed by the Company for its products.

(ii) There was no system for ascertaining idle time for labour and machinery.

III. Inventory Control

Maximum, minimum and reordering levels of stores had not been fixed.

32. CHANDIGARH CHILD & WOMEN DEVELOPMENT CORPORATION LIMITED

I. Internal Control

No budgetary control system was prevalent in the company.

33. CENTRAL COALFIELDS LIMITED

I. System of Accounts & Book-keeping

There was no accounting manual laying down the detailed accounting procedure and duties and responsibilities of different officers.

II. Cost Control

(i) No records were maintained for determining rejection in washed coal.

(ii) Standard cost of products had not been fixed.

(iii) Demurrage charges amounting to Rs. 192 lakhs were paid.

(iv) There was no system for ascertaining idle time for labour (Kargali area).

III. Inventory Control

(i) Surplus and obsolete stores amounted to Rs. 125 lakhs and Rs. 455 lakhs respectively.

(ii) Stores/spares which did not move for 3 years and more amounted to Rs. 1963 lakhs.

(iii) Maximum and minimum limits of stores/spares had not been fixed.

34. CENTRAL COTTAGE INDUSTRIES CORPORATION OF INDIA LIMITED

I. System of Accounts & Book-keeping

There was no accounting manual in operation. (Bombay Branch).

II. Internal Control

(i) Panel of suppliers was not maintained. (Calcutta Branch).

(ii) Internal stock records were not maintained. (Bombay Branch).

(i) A number of irregularities/deficiencies in the internal control system pointed out in previous Audit Reports were not rectified. (Bombay Branch).

35. CENTRAL ELECTRONICS LIMITED

I. Credit Control

Debts outstanding for more than three years amounted to Rs. 1.28 lakhs from Government Departments and Rs. 27.98 lakhs from others.

II. Cost Control

There was no system for ascertaining the idle time for labour and machinery.

III. Inventory Control.

Company was not following the system of maximum limits for stores and spares.

36. CENTRAL INLAND WATER TRANSPORT CORPORATION OF INDIA LIMITED

I. Cost Control.

(i) There was no system of ascertaining/fixing of standard cost.

(ii) Cost estimates of construction/repair contracts were not made for the purpose of quotation.

(iii) There was no system of ascertaining idle time for machinery.

II. Credit Control.

Debts to the extent of Rs. 366.39 lakhs (Rs. 98.76 lakhs from Government Departments and Rs. 267.63 lakhs from others) were outstanding for more than 3 years.

III. Inventory Control

(i) The Corporation had not specified any maximum/minimum limits of stores/spares.

(ii) Stores and spares valued at Rs. 11.18 lakhs and related to Rajabagan Dockyard had not moved for more than 3 years.

IV. General

No norms for man power requirement had been envisaged by the Company.

37. CENTRAL MINE PLANNING AND DESIGN INSTITUTE LIMITED

I. Inventory Control

(i) The stock of obsolete stores at the end of the year amounted to Rs. 17.82 lakhs.

(ii) Inventory of stores and spares amounted to Rs. 354.40 lakhs which represented 21.97 months' consumption.

(iii) Maximum, minimum and reordering levels of stores and spares had not been fixed.

38. COCHIN REFINERIES LIMITED

I. System of Accounts & Book-keeping

Fixed Assets Register in respect of certain assets acquired under Refinery construction contract and of assets relating to the Cochin Refineries Secondary Processing Facility project was not complete and required up-dating.

II. Cost Control.

The Company did not have costing system. Standard costs of various products had not been fixed. There was no system for ascertaining idle time for labour. During the year Bituman Unit and VIS Breaker Unit remained idle for 266 days and 197 days respectively.

III. Inventory Procedure & Control

Value of stores and spares not moved for 5 years and above at the year end was Rs. 157.20 lakhs.

39. COCHIN SHIPYARD LIMITED

I. System of Accounts & Book-keeping

The Company's accounting manual was to be updated considering the development in the ship repair and other activities.

II. Credit Control

Debts outstanding for more than three years amounted to Rs. 51.41 lakhs from Government Departments and Rs. 134.30 lakhs from others.

III. Inventory Control

(i) Stores valuing Rs. 110.72 lakhs were declared surplus or obsolete during the year.

(ii) Stores and spares valuing Rs. 146.82 lakhs had not moved for more than three years.

40. CAWNPORE TEXTILE LIMITED

I. System of Accounts & Book-keeping

There was no accounting manual.

II. Internal Control

There was no manual setting the scope and programme for the internal audit.

III. Credit Control.

Debts outstanding for more than three years amounted to Rs. 4.95 lakhs.

IV. General.

Proforma accounts were not maintained in respect of service units for the benefit of staff.

41. DELHI STATE INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

I. System of Accounts & Book-keeping

(i) The Corporation did not maintain Financial & Accounting Procedure Manual laying down the detailed accounting procedures and specifying the financial powers of its officers.

(ii) The Corporation did not maintain proper subsidiary ledgers, fixed assets register, etc.

(iii) No reasonable system of recording receipts, issues and consumption of material and store existed.

II. Internal Control

(i) The Corporation did not have any internal audit system nor drawn up any 'Manual' outlining the scope and programme of work for internal audit.

(ii) There was no set procedure for allowing rebates, discounts and refunds, etc.

(iii) There was no formal purchase procedure.

III. Inventory Control

In Export Division, the inventory of stock of garments was not physically verified.

42. EASTERN COALFIELDS LIMITED

I. System of Accounts & Book-keeping.

Reconciliation between Price ledgers and Bin cards was not made.

II. Internal Control

The Company had no Internal Audit Manual of its own.

III. Cost Control

(i) Standard costing system was not introduced.

(ii) There was no system for ascertaining idle time for machinery costing more than Rs. 5 lakhs and above.

IV. Credit Control

Debts outstanding for more than 3 years amounted to Rs. 2491.65 lakhs.

V. Inventory Control

Maximum and minimum limits of stores and spare had not been fixed.

43. ELECTRONICS CORPORATION OF INDIA LIMITED

I. System of Accounts & Book-keeping

There was no accounting manual detailing accounting procedures and specifying the financial powers, duties and responsibilities of different officers.

II. Cost Control

(i) Standard norms in respect of consumption of major raw materials for manufacture of major products had not been fixed.

(ii) Standard costs of different main products had not been fixed.

(iii) The Company had no system for ascertaining the idle time for machinery.

III. Credit Control.

Debts outstanding for more than three years as on 31-3-1988 were Rs. 55.25 lakhs (Government Departments) and Rs. 3.97 lakhs (others).

IV. Inventory Control

(i) Value of stores declared as obsolete/unserviceable during the year was Rs. 46.20 lakhs.

(ii) Items of stores not moved for more than three years as at 31-3-1988 were of the value of Rs. 240.39 lakhs.

44. ELECTRONICS TRADE AND TECHNOLOGY DEVELOPMENT CORPORATION LIMITED

I. System of Accounts and Book-keeping

There was no manual laying down the detailed accounting procedures and specifying the financial powers, duties and responsibilities of different officers of the Corporation. There were following important deficiencies for the purposes of auditing in depth.

(i) Material on loan given, received and in hand could not be checked.

(ii) No proper record was kept for credit notes issued.

(iii) There was no system of scanning of sundry debtors accounts.

(iv) The accounts were not maintained in a systematic manner so that the ledger scanning could be done.

(v) No proper record was maintained for defective and damaged materials.

(vi) Plant/property registers maintained by the Company did not reflect the assets installed at the residential buildings.

(vii) VCRs received under 'Marg Darshan' on samples were not recorded in the fixed assets register. Company was not having proper record with regard to samples as to how many were received, to whom these had been issued and authority under which these were issued.

(viii) Fixed Assets Register maintained region-wise did not contain the following information :—

- (1) Location.
- (2) Name of supplier.
- (3) Correct description of the assets.
- (4) Invoice reference.
- (5) Date of installation.
- (6) Expenses of installation.

II. Internal Control

(i) There was no manual outlining the scope and programme of work for internal audit.

(ii) There was no codified procedure for write-off discounts, refunds etc.

(iii) Important areas such as cash, bills payable, pay rolls, etc. were not covered in internal audit.

III. Credit Control

Debts outstanding for more than 3 years amounted to Rs. 225.16 lakhs against Government Departments and Rs. 60.20 lakhs against others.

IV. Inventory Control

(i) Calculator components purchased in July 1987 at a cost of Rs. 65 lakhs by Madras regional office remained unsold till September 1988 resulting in loss of interest to the extent of Rs. 16.08 lakhs.

(ii) Tele Text Decoders valued at Rs. 2.58 crores remained in stock in trade for a long time resulting in loss of interest to the extent of Rs. 42.57 lakhs per annum.

V. General

(i) Proforma accounts were not maintained for the transport and canteen facilities.

(ii) No norms had been fixed for the manpower by the management.

(iii) Demurrages Charges were paid on almost every consignment and no responsibility was fixed for this.

45. ELGIN MILLS COMPANY LIMITED

I. System of Accounts & Book-keeping

There was no accounting manual.

II. Internal Control

No internal audit manual laying the scope and programme of work for the internal control was in use.

The Company had not prepared the capital, revenue, production and sales budgets since 1979.

III. Cost Control

Manufacturing accounts were not prepared.

IV. Credit Control

Debts outstanding for more than three years amounted to Rs. 74.21 lakhs (Government Departments) and Rs. 17.60 lakhs (others).

V. Inventory Control

Stores and spares amounting to Rs. 8.22 lakhs were not moved for the last three years.

46. ENGINEERS INDIA LIMITED

I. Credit Control

Debts amounting to Rs. 206.64 lakhs (Rs. 169.33 lakhs against Government Departments and Rs. 37.31 lakhs against private parties) were outstanding for 3 years or more.

II. General

Proforma accounts with respect to service units were not maintained for the benefit of staff.

47. ENGINEERING PROJECTS (INDIA) LIMITED

I. System of Accounts & Book-keeping

(i) There was no systematic periodical reconciliation of control accounts and subsidiary accounts and head office accounts with the branch accounts. (Calcutta Branch).

(ii) Actual consumption of material issued free of cost to the Company's associates in some projects could not be verified since the bills of associates/sub-contractors did not include the material cost.

II. Internal Control

(i) Materials issued to sub-contractors were neither regularly reconciled/adjusted nor confirmation had been obtained for material lying with them. (Calcutta Branch).

(ii) Open tenders were not being called for. (Calcutta Branch).

III. Credit Control

(i) Debts amounting to Rs. 218.62 lakhs were outstanding against Government Departments and Rs. 1,213.96 lakhs against other parties for three years or above. (Calcutta Branch, Head Office).

(ii) Balances of sundry debtors were unreconciled and unconfirmed.

IV. Inventory Control

Excesses and shortages were not determined during the period under audit.

V. Cost Control

System of ascertaining idle time for labour and machinery was not in vogue. (Calcutta Branch).

VI. General

An amount of Rs. 115.76 lakhs was paid to the customs authorities of Iraq towards penalties.

48. EDUCATIONAL CONSULTANTS INDIA LIMITED

I. Internal Control

(i) There was no internal audit manual.

(ii) There was no internal audit system in force.

(iii) There was neither any purchase manual nor the Company had evolved any detailed instructions specifying the procedure for the calling of open tender.

49. FERTILIZERS & CHEMICALS TRAVANCORE LIMITED

I. Cost Control

Demurrages were paid to the extent of Rs. 22.10 lakhs during the year.

II. Inventory Control

(i) Value of stores declared as surplus and obsolete awaiting disposal for more than three years was Rs. 9.06 lakhs.

(ii) Value of stores/spares which had not moved for over 3 years was Rs. 1,541.27 lakhs.

(iii) Maximum/minimum limits were fixed in respect of certain items only.

50. GAS AUTHORITY OF INDIA LIMITED

I. System of Accounts & Book-keeping

There was no manual or other instructions laying down the detailed accounting procedure.

II. Cost Control

The Company had no system to ascertain the idle time for labour and machinery.

51. GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED

I. System of Accounts & Book-keeping

(i) The unit did not maintain complete books of accounts as required for branch accounting.

(ii) There was no streamlined system of keeping manual and other instructions laying down the detailed accounting procedure and specifying financial powers, duties and responsibilities of different officers.

(iii) There was no procedure for obtaining certificates from the contractors in respect of materials held by them and included under work-in-progress at the year end.

II. Cost Control

(i) Records for determining rejections in production had not been maintained for its main products.

(ii) The Company had no system of fixing up the standard cost of its various main products.

(iii) The actual idle time for labour and machinery were 6,64,053 and 3,73,973 hours respectively in 1987-88.

III. Credit Control

Debts to the extent of Rs. 421.21 lakhs from others were outstanding for more than three years.

IV. Inventory Control

(i) Cold raw machine (costing Rs. 7.13 lakhs) and one Cylindrical HMT Grinding Machine (costing Rs. 6.27 lakhs) were not installed and commissioned during the year.

(ii) The stores declared surplus and awaiting disposal as on 31-3-1988 amounted to Rs. 7.24 lakhs.

(iii) The limits for maximum/minimum holdings of stores and spares (other than stock item) had not been fixed.

(iv) The stores and spares valued at Rs. 96.50 lakhs had not moved for more than 3 years.

52. HMT (BEARINGS) LIMITED

I. System of Accounts & Book-keeping

There was no Accounting Manual in the Company detailing the accounting procedures, powers, duties and responsibilities of various officers.

II. Cost Control

(i) The Company did not have a batch costing system for ascertaining the actual cost of individual ball bearings.

(ii) The Company did not prepare a manufacturing account.

III. Credit Control

Debts outstanding for three years and more were Rs. 22.20 lakhs (Government Departments) and Rs. 24.85 lakhs (others).

IV. Inventory Control

There was no system of fixing maximum and minimum levels for items of raw materials, stores and spares.

V. General

No proforma accounts were maintained in respect of the operation of service units like canteen and transport.

53. HEAVY ENGINEERING CORPORATION LIMITED

I. System of Accounts & Book-keeping

No registers were maintained in respect of laboratory equipments, factory equipments, office equipments and furniture and fixtures (FFP).

II. Cost Control

Idle labour and idle machine hours were 24% and 37% respectively of available hours. (HMBP).

III. Inventory Control

(i) Stores and spares valued at Rs. 158.13 lakhs did not move for more than 3 years. (FFP & MHTP).

(ii) Stock of finished goods amounting to Rs. 57.61 lakhs was more than 3 years old. (FFP).

(iii) Stock of raw materials, stores and spares etc. was not physically verified. (HMBP).

(iv) Surplus stores amounting to Rs. 191.89 lakhs were awaiting disposal since 31-3-1987. (HMBP).

IV. Credit Control

Debts outstanding for more than 3 years amounted to Rs. 1,233.67 lakhs. (FFP, HMPP & Headquarters).

54. HANDICRAFTS HANDLOOMS EXPORT CORPORATION OF INDIA LIMITED

I. System of Accounts & Book-keeping

(i) The Company had not prepared any accounting manual except for its foreign offices.

(ii) Accounts with Central Cottage Industries Corporation remained untallied for the last 3 years.

(iii) Dead Stock Registers were not kept properly at Noida.

II. Internal Control

(i) No manual outlining the scope and programme of work for internal audit was drawn up. Internal Audit was not done for 1987-88 in foreign branches.

(ii) No action was taken in respect of the following points relating to Bombay branch :

(a) Several damaged items were not written off. (Fixed Assets).

(b) There was no follow up of sundry debtors which were long over due.

(iii) There were following deficiencies in the internal control :

(a) Daily Receipt Vouchers and Daily Use Vouchers were not prepared based on actual movement of stocks.

(b) Purchase orders were placed after receipts of goods.

(c) Goods were being purchased without inviting quotations.

III. Credit Control

Debts amounting to Rs. 181.28 lakhs were outstanding against private parties for 3 years and more.

IV. Inventory Control

(i) The maximum and minimum limits of any item of stores had not been fixed. (Calcutta Branch).

(ii) Register of stocks lying in stores was not maintained. Some finished goods/materials were not valued for the purpose of accounting. (Head Office).

55. HYDRO CARBONS INDIA LIMITED

I. System of Accounts & Book-keeping

The Company did not maintain any manual or other instructions laying down the detailed accounting procedures.

II. Internal Control

No manual outlining the scope and programme for internal audit had been drawn up.

56. HMT (INTERNATIONAL) LIMITED**I. Internal Control**

There was no internal auditor to follow the scope and programme of work outlined in the internal audit manual.

II. Credit Control

Debts outstanding for three years and more were Rs. 24.14 lakhs (Government Departments Rs. 3.28 lakhs and others Rs. 20.86 lakhs).

57. HMT LIMITED**I. Cost Control**

(i) There was no standard costing system in force in the unit. (Specialised Watch Case Division, Bangalore).

(ii) The unit did not have a system of ascertaining idle time for labour and machinery. (Specialised Watch Case Division, Bangalore).

II. Credit Control

Debts outstanding for more than three years were Rs. 413.65 lakhs. (HMT Pinjore, MTM Division, HMT Kalamassery Machine Tools & Die Cast Division, Bangalore Corporate Office).

III. Inventory Control

(i) Value of stores, spares and raw materials lying unremoved for more than three years was Rs. 131.13 lakhs. (HMT Pinjore, MTM Division, HMT Kalamassery Watch Factory I & II Bangalore).

(ii) Value of stores declared surplus and obsolete awaiting disposal was Rs. 23.13 lakhs. (HMT Kalamassery Watch Factory I & II, Bangalore).

IV. General

No proforma accounts were maintained for operation of service units for the benefit of staff. (Specialised Watch Case Division, Bangalore).

58. HOOGHLY PRINTING COMPANY LIMITED**I. System of Accounts & Book-keeping**

No manual was prepared giving detailed accounting procedures.

II. Credit Control

Debts to the extent of Rs. 9.88 lakhs were outstanding (Rs. 6.54 lakhs from Government Departments and Rs. 3.34 lakhs from others) for more than 3 years.

59. HOSPITAL SERVICES CONSULTANCY CORPORATION (INDIA) LIMITED**I. System of Accounts & Book-keeping**

There was no manual and other instructions laying down the detailed accounting procedure and responsibilities of officers.

II. Internal Control

(i) Manual outlining the scope and programme of internal audit had not been drawn up.

(ii) There was no manual outlining the purchase procedure.

60. HINDUSTAN AERONAUTICS LIMITED**I. Internal Control**

No printed manual laying down the scope and coverage of internal audit department was available with the Divisions. (Korwa, Lucknow, Nasik, MIC Complex Nasik, Koraput).

II. Cost Control

(i) Standard cost of main products had not been fixed. (Korwa, Lucknow, Hyderabad, Nasik, Bangalore, Koraput, Kanpur).

(ii) The system of component costing had not been maintained. (Lucknow).

III. Credit Control

Debts outstanding for more than three years were Rs. 578.94 lakhs. (Korwa, Lucknow, Hyderabad, Nasik, Bangalore, Koraput, Kanpur).

IV. Inventory Control

(i) Maximum and minimum limits of stores/spares had not been fixed. (Korwa, Koraput).

(ii) The value of stores/spares which had not moved for 3 years and more were Rs. 108.97 lakhs. (Lucknow).

(iii) The value of stores/spares which had not moved for three years and more were Rs. 311.21 lakhs. (Hyderabad, Koraput, Kanpur).

(iv) The value of stores declared surplus and not disposed of was Rs. 208.35 lakhs. (Hyderabad, Nasik, Bangalore, Kanpur).

(v) One machine costing Rs. 17.07 lakhs could not be commissioned because of major transit damage. (Lucknow).

(vi) One machine costing Rs. 7.00 lakhs procured during 1984-85 had not been installed. (Koraput).

V. General

Demurrages paid during the year was Rs. 17.08 lakhs. (Lucknow, Nasik, Kanpur).

61. HINDUSTAN CABLES LIMITED

I. Cost Control

(i) Standard costs had not been fixed.

(ii) Six nos. of machine-petro jelly filling equipment (IND), 51 pairs Group Standing Machine (1 No.), Pre-heater alongwith spares (2 Nos.) and LSHS Handling System (2 Nos.), valuing Rs. 302.92 lakhs had neither been installed during the year nor reasons for non-commissioning were recorded.

62. HINDUSTAN FERTILIZERS CORPORATION LIMITED

I. Internal Control

The coverage of internal audit was not adequate as many important areas like budget, costing, EDP etc. were left out.

II. Credit Control

Debts outstanding for 3 years and above from non-Government parties amounted to Rs. 164.44 lakhs. (Haldia).

III. Inventory Control

(i) Stores amounting to Rs. 2333.88 lakhs had not moved for 3 years and above.

(ii) Minimum and maximum limits of holding the stores, spares and bags had not been fixed. (Marketing Division, Namrup and Haldia).

(iii) Stores to the extent of Rs. 89.67 lakhs were declared surplus/obsolete. (Barauni).

IV. Cost Control

(i) Standard cost of main products had not been fixed. (Durgapur, Barauni and Namrup).

(ii) There was no system for ascertaining idle time of labour. (Barauni & Namrup).

63. HINDUSTAN INSECTICIDES LIMITED

I. System of Accounts & Book-keeping

The following important deficiencies in the accounting system were observed:

(i) Situations/identification of fixed assets had not been recorded in fixed assets register and physical verification of fixed assets had not been properly carried out.

(ii) The Company had not prepared any accounting manual.

(iii) Property/plant registers were not maintained (Rasayani and Delhi Units).

II. Internal Control

(i) Necessary corrective action had not been taken on the reports submitted by the internal audit department for a long time (Rasayani and Delhi Units).

(ii) The capital, revenue, production and sales budgets for the financial year were not prepared sufficiently in advance and no detailed analysis was done while preparing the budget.

III. Cost Control

The Standard cost of various products had not been fixed by the Company.

IV. Credit Control

Debts outstanding for more than three years amounted to Rs. 449.36 lakhs (Rs. 432.71 lakhs from Government Departments and Rs. 16.65 lakhs from others).

V. Inventory Control

(i) Management had not ascertained the surplus unserviceable stores.

(ii) In most of the cases maximum and minimum levels of stores and spares had not been fixed.

64. HINDUSTAN LATEX LIMITED

I. System of Accounts & Book-keeping

The Company did not have a system of reconciling control accounts and subsidiary accounts including those pertaining to units periodically.

65. HINDUSTAN ORGANIC CHEMICALS LIMITED

I. Cost Control

There was no system for ascertaining idle time for labour.

II. Inventory Procedure & Control

Stores & spares valuing Rs. 71.42 lakhs (includes Rs. 25.85 lakhs in respect of insurance spares) had not moved for the last 3 years.

66. HINDUSTAN PAPER CORPORATION LIMITED

I. Inventory Control

(i) The Management had conducted physical verification of bamboo on 1-1-87 and found 4456 MT (2912.70 ADMT) against a book balance of 24480 MT (16000 ADMT). The differential quantity of 20024 MT (13037.30 ADMT) valuing Rs. 79.04 lakhs was written off in the year 1986-87 which was still under investigation.

(ii) It included closing stock of goods in transit valuing Rs. 299.92 lakhs out of which stock amounting to Rs. 267.92 lakhs could not be verified in the absence of item-wise details, age-wise analysis and information regarding subsequent receipts.

II. Cost Accounts

(i) Nagaon Paper Mill was manufacturing writing and printing paper, caustic chlorine products. The Company did not prepare accounts indicating the cost of unit for its major product.

(ii) Standard cost of writing and printing paper and caustic chlorine products had not been fixed.

(iii) The operating unit of Nagaon Paper Mill did not have any system for recording the idle time for labour and machinery.

III. Inventory Control

Stock worth Rs. 355.39 lakhs had not been physically verified.

67. HINDUSTAN PETROLEUM CORPORATION LIMITED

I. Cost Accounts

No standard cost of various main products had been fixed.

II. Credit Control

The debts outstanding for more than 3 years amounted to Rs. 22.91 lakhs against Government and Rs. 30.87 lakhs against others.

III. General

No proforma accounts were maintained in respect of operations of the service units i.e. transport, canteen etc.

68. HINDUSTAN PHOTO FILMS MANUFACTURING COMPANY LIMITED

I. Cost Control

Separate manufacturing account was not drawn up by the Company.

II. Credit Control

Debts outstanding for 3 years and above from parties other than Government Departments amounted to Rs. 307.33 lakhs.

III. Inventory Procedure & Control

(i) Value of stores declared obsolete/surplus awaiting disposal as on 31-3-1988 for more than one year was Rs. 7.17 lakhs.

(ii) Value of stores and spares which had not moved for 3 years and more as at the year end amounted to Rs. 66.19 lakhs.

69. HINDUSTAN PREFAB LIMITED

I. System of Accounts & Book-keeping

The Company did not obtain confirmation of balances from debtors and creditors.

II. Internal Control

There were drawbacks in the system of internal control such as:

- (a) Non-maintenance of registers for entering bills/invoices before sending them for checking.
- (b) Measurement of cement in terms of bags instead of on weight basis and number of bags.
- (c) Payment of excise duty and sales tax on freight also.
- (d) Issue of C-form before completion of sale.
- (e) Non-availment of MODVAT credit on H.T. wire etc.

III. Inventory Control

Surplus and unserviceable items of stores were not periodically determined and disposed off by the Company.

70. HINDUSTAN STEEL WORKS CONSTRUCTION LIMITED

I. Internal Control

(i) Consumption of stores which included material with contractors was accounted for on the basis of statements given by Company's engineers. There was no internal control to check the correctness of the consumption therefor.

(ii) Quantity of the work done by sub-contractors was not reconciled for bills preferred by the client.

II. Credit Control

There was no system to do period-wise classification of debts.

III. Inventory Control

(i) Action for adjustment of shortages/excesses noticed on physical verification was pending for a number of years.

(ii) Surplus/non-moving stores and spares amounted to Rs. 304.37 lakhs.

(iii) Maximum and minimum limits of stores & spares did not exist.

IV. Cost Control

(i) There was no system for ascertaining idle time for labour.

(ii) Records were not maintained in a manner to record expenses on each contract separately.

71. HINDUSTAN SALTS LIMITED

I. System of Accounts & Book-keeping

The block registers maintained by the Company did not indicate identification, situation and details of assets nor they were reconciled with the physical holding of assets.

II. Cost Control

No records were maintained for ascertaining idle time of machine and labour of Bromide Plant.

III. General

The Company did not prepare any proforma accounts in respect of service units for the benefit of staff.

72. HINDUSTAN TELEPRINTERS LIMITED

I. System of Accounts & Book-keeping

(i) Accounting for stores and maintenance of records in respect of wastages, rejection, scrap and fixed assets needed improvement.

(ii) Fixed Asset Register was incomplete.

II. Internal Control

Internal control procedure required improvement in respect of purchase of materials.

III. Cost Control

(i) Norms fixed long time ago for issue of raw materials to production were not revised/reviewed.

(ii) Manufacturing accounts were not prepared.

IV. Inventory Procedure & Control

(i) Surplus and unserviceable stores were not determined periodically and disposed off.

(ii) Maximum/minimum levels were not fixed for any stores/spares items.

73. HINDUSTAN VEGETABLE OIL CORPORATION LIMITED

I. System of Accounts & Book-keeping

(i) Though the Company had invested Rs. 29.54 crores in fixed assets, proper records of assets were not maintained giving identification of assets and itemwise break-up of the assets and physical verification was not carried out except in the units at Hyderabad, Bangalore, Bombay and Madras.

(ii) The Company's title to certain lands and immovable properties in Amritsar Oil Works and Ganesh Flour Mills was not complete legally in all respects.

(iii) Production records of by-products which form a substantial part of sales were not maintained, so as to reconcile the input and output. A major by product, viz. soap stock was sold on "as is where is basis" without taking into account the oil content with the result that it could not be ensured whether the full sale price was realised and accounted for.

(iv) Sales records were not maintained from November 1987 onwards in Calcutta unit.

(v) Property/plant registers in respect of assets and capital work-in-progress were not maintained (DVV & Kanpur Unit).

(vi) Internal control procedures were virtually absent. Accounting Manual or stock instructions, re-accounting procedures were not formulated.

(vii) Accounting manual specifying financial powers, duties and responsibilities of different officers was not maintained. (Amritsar Unit).

(viii) There was no accounting manual providing detailed accounting procedure. (Calcutta Unit, Corporate Office, Hindustan Breakfast Food Unit).

(ix) Property/Plant Register maintained at unit had not been updated. (Hindustan Breakfast Food Unit).

II. Internal Control

(i) The Company did not have any internal audit system or programme of internal audit. The duties and functions of Internal Auditors were also not prescribed. There was no follow-up of internal audit reports. (DVV & Kanpur, Hyderabad Unit).

(ii) The accounts of Defence department and Super Bazars who were the major buyers of vanaspati ghee were not reconciled for the last several years with the result that any write off, discounts, refunds, etc. remained unknown and unaccounted.

(iii) The purchase procedure laid down in the Company & delegation of powers was not being followed (DVV & Kanpur Unit) Purchases by vegetable unit, were made from the open market through brokers at the prevailing market rates.

(iv) There was no manual outlining the scope and programme of work for internal audit (Bombay Unit, Amritsar Unit, Corporate Office, Hindustan Breakfast Food Unit, Bangalore Unit, Madras Unit).

III. Budget Estimates

(i) No budget was prepared. (Calcutta Unit).

(ii) Capital, revenue, production and sales budgets were not drawn up. (Corporate Office Hindustan Breakfast Food Unit, Madras Unit).

(iii) Manufacturing accounts were not drawn up. (Hindustan Breakfast Food Unit).

IV. Credit Control

(i) Agewise break-up of sundry debtors was not furnished by the Company.

(ii) In the very first year of operation, the Company found that sundry debtors and loans and advances to the extent of Rs. 18.29 lakhs and Rs. 4.91 lakhs respectively became bad or doubtful of recovery.

(iii) All balances of sundry debtors remained unconfirmed. (Amritsar Unit).

V. Inventory Control

(i) Plant and Machinery (5 machines) valued at Rs. 25,29,422 was shown as under installation for a long time. (Kanpur Unit).

(ii) Maximum and minimum limits for stores/spares were not fixed. (DVV, Hyderabad & Kanpur Units, Bombay Unit, Amritsar Unit, Calcutta Unit, Bangalore Unit & Madras Unit).

(iii) Plant and Machinery valued at Rs. 1.83 crores was lying uninstalled as the existing capacity was much more than the capacity utilised. (Amritsar Unit).

(iv) Maximum and minimum limits of inventory had not been fixed. (Amritsar Unit).

(v) Individual issues from stores were not priced. (Bangalore Unit).

VI. Cost Control

(i) Excess consumption of oils in the manufacture of vanaspati compared to the previous year amounted to Rs. 12.90 lakhs in DVV and Amritsar Units. Additional charge of Rs. 8.29 lakhs were paid to STC for oil used in the manufacture of vanaspati for Defence department, because of delay in lifting the oil. A loss of Rs. 112.28 lakhs (previous year Rs. 60.34 lakhs) was incurred on refining rapeseed oil. There was an unexplained shortfall of 72.219 MT of RBD Palmolein valued at Rs. 10.40 lakhs in Bangalore Unit.

(ii) The manufacturing accounts maintained did not reflect product-wise costs and profitability of manufacture of vanaspati, refining of rapeseed oil and tinning of RBD Palmolein and rapeseed oil.

(iii) In the absence of any system of records by which the cost and profitability of different products could be arrived at, it was not possible to have any meaningful appreciation of performance.

(iv) Standard costs were not fixed. (Calcutta Unit, Madras Unit).

(v) Cost records were not maintained, (Calcutta Unit, Bangalore Unit).

(vi) Norms for consumption of major raw materials were not fixed. (Hindustan Breakfast Food Unit).

(vii) Oxygen gas which can be an important source of revenue was being compressed and sold to a very limited extent.

(viii) In the absence of reconciliation between inward and outward gate passes with the accounting records, it could not be ensured whether all the materials entering or leaving the factory were properly accounted for and whether the expenses and income were properly reflected in the books of account.

(ix) There was no control on the use of accounting of empty tins so as to prevent their use for misappropriating finished goods from the factory.

(x) Overtime payments to factory workers and staff amounted to 32.73% and 13.92% of wages and salaries respectively in DVV for which there was no proper justification on records.

(xi) Cost records were not maintained showing unit-wise cost of production of major products. Standard costs were also not fixed. (DVV, Kanpur Unit, Hindustan Breakfast Food Unit, Madras Unit).

(xiii) No cost audit was done during the year.

(xiii) There was no system of ascertaining idle time of plant and machinery. (DVV, Kanpur Unit, Bombay Unit, Amritsar Unit, Calcutta Unit).

(xiv) There was no system for ascertaining the idle time for labour. (Bombay Unit, Amritsar Unit, and Calcutta Unit).

(xv) There was no costing system in operation (Bangalore Unit).

VII. General

(i) Norms were not fixed for manpower (DVV, Kanpur Unit, Bombay Unit, Amritsar Unit, Hindustan Breakfast Food Unit).

(ii) Proforma accounts were not maintained in respect of service units (Bombay Unit Amritsar Unit, Breakfast Foods Unit).

74. INDO BURMA PETROLEUM COMPANY LIMITED

I. System of Accounts & Book-keeping

Excepting Chemical Division, the Company did not have any Accounting Manual laying down the detailed accounting procedures.

II. Cost Control

No standard cost of the products had been fixed by the Company for its Chemicals and Engineering Division.

III. Credit Control

Debtors to the extent of Rs. 48.78 lakhs were outstanding (Rs. 33.51 lakhs from Government Departments and Rs. 15.27 lakhs from others) for more than 3 years.

IV. Inventory Control

(i) Unserviceable and/or damaged stores were not determined in Bombay oil region during the year.

(ii) The value of raw materials/stores declared non-moving from 1983-84 amounted to Rs. 13.18 lakhs in Engineering Division.

(iii) The stores and spares valued at Rs. 13.46 lakhs had not moved for more than 3 years in Chemicals Division.

75. INDIAN DRUGS AND PHARMACEUTICALS LIMITED

I. System of Accounts and Book-keeping

(i) The Company did not have any proper accounting manual. (Hyderabad unit).

(ii) Plant registers were not reconciled with financial books. (Hyderabad unit).

II. Credit Control

Debts outstanding for more than 3 years amounted to Rs. 403.22 lakhs.

III. Cost Control

(i) The system of preparing monthly cost sheets indicating cost of each formulation was not followed at the plant. (Gurgaon Plant).

(ii) Standard cost of the products had not been fixed.

(iii) There was no system in force at the plant to ascertain the idle time for labour and machinery.

IV. Inventory Control

(i) Stores and spares valuing Rs. 82.97 lakhs declared as surplus were awaiting disposal at the end of the year. (Hyderabad Unit).

(ii) Minimum and maximum limits for stores and spares had not been fixed. (Hyderabad Unit).

(iii) Consumption of major raw materials was higher than standard fixed. (Hyderabad, Gurgaon Units).

(iv) Various items of stores and spares, raw materials capital spares valuing Rs. 96.33 lakhs were not moved for more than 3 years. (Hyderabad Units).

V. General

Separate Proforma accounts were not maintained in respect of staff amenities like transports etc.

76. INDIA FIREBRICKS & INSULATION COMPANY LIMITED

I. Cost Control

(i) Standard cost of products had not been fixed.

(ii) D.D. Kiln and 80 T spengler press remained idle throughout the year.

II. Inventory Control

The maximum and minimum limits of stores & spares except for items of spares/tools, lubricants and fuel had not been fixed.

III. Credit Control

Debts amounting to Rs. 34.09 lakhs (Rs. 33.29 lakhs against Government Departments and Rs. 0.80 lakhs against others) remained outstanding for 3 years and above.

77. INDIAN IRON AND STEEL COMPANY LIMITED

I. System of Accounts & Book-keeping

(i) The existing accounts manual needed to be revised so as to be comprehensive for the purpose of better accountability and uniformity of accounting procedure.

(ii) Pending completion of stock registers, negative balances amounting to Rs. 242.70 lakhs and Rs. 195.30 lakhs for stores and spares respectively had been deducted from the gross amount of stores and spares amounting to Rs. 8600.21 lakhs.

(iii) The control and subsidiary ledgers in respect of sundry debtors of Calcutta branch were not reconciled.

(iv) Advances for stores & spares and sundry creditors amounting to Rs. 7398.38 lakhs and Rs. 36562.21 lakhs respectively were not linked and adjusted.

II. Inventory Control

(i) The maximum and minimum limits had not been fixed in respect of stores and spares.

(ii) The value of non-moving stores and spares at Burnpur, Kufri and Chasnalla was Rs. 1180.57 lakhs, 6.47 lakhs and Rs. 54.31 lakhs respectively.

(iii) Physical verification of finished stock, raw materials and work-in-progress revealed considerable shortages and excesses.

(iv) The Company did not have any purchase manual.

(v) Vendor's list had not been maintained/updated for the purpose of calling limited tenders.

III. Credit Control

(i) Confirmation of balances of debtors had not been obtained.

(ii) Debts to the extent of Rs. 643.28 lakhs and Rs. 204.34 lakhs were outstanding for more than 3 years from Government Departments and others respectively.

IV. General

The Company did not prepare detailed accounts regarding operation of service units for the benefit of staff.

78. INDIAN MEDICINES PHARMACEUTICALS CORPORATION LIMITED

I. Internal Control

Internal audit system had not been introduced.

II. Targets and Achievements

No budgets for capital, revenue, production and sales had been prepared by the Company.

III. Inventory Control

(i) No proper records had been maintained for determining the rejected production.

(ii) No minimum and maximum limits of stores and spares had been fixed.

(iii) The Company had no system for ascertaining idle time for labour and machinery.

IV. Costing Control

The Company had not introduced standard costing system.

V. General

No proforma accounts had been maintained for service units.

79. INDIAN OIL BLENDING LIMITED

I. Cost Control

There was no system for ascertaining idle time for labour and machinery.

II. Inventory Procedure & Control

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

(ii) Value of stores which had not moved for the last three years amounted to Rs. 4.90 lakhs.

80. INDIAN OIL CORPORATION LIMITED

I. System of Accounts & Book-keeping

No separate manufacturing accounts were prepared in Assam Oil Division, Digboi and in Gujarat Refinery.

II. Inventory Control

(a) There was accumulation of finished products of Raw Petroleum Coke valuing Rs. 1839.32 lakhs in Barauni Refineries and Head Office.

(iv) Panel of suppliers/contractors was not maintained (Qutab Hotel and Qutab Restaurant).

III. Budget Estimates

No budgets were prepared (Hotel Patliputra, Ashok Patna Transport Unit, Patna).

IV. Cost Control

(i) The cost of food was not ascertained (Lalitha Mahal Palace Hotel, Mysore).

(ii) There was no system for ascertaining idle time for labour (Lalitha Mahal Palace Hotel, Mysore, Hotel Janapath, Hotel Airport Ashok Dum Dum, Airport Restaurant & Flight Kitchen Dum Dum Airport, Lodhi Hotel).

(iii) There was no system to verify the quantum and cost of food consumed by operational staff. (Hotel Kalinga Ashok Bhubaneswar).

(iv) Separate cost records for each item of food were not maintained (Hotel Kalinga Ashok Bhubaneswar, Lodhi Hotel, Airport Restaurant & Flight Kitchen Dum Dum Airport).

(v) Records for determining rejection in production were not maintained (Lodhi Hotel, Hotel Airport Ashok Dum Dum Airport, Airport Restaurant & Flight Kitchen Dum Dum Airport).

(vi) Standard cost for major products had not been fixed (Lodhi Hotel).

(vii) There was no practice of allocation of stores and manhour consumed to relative jobs (Ashok Travels & Tours Calcutta).

V. Inventory Control

(i) There was no system of fixing minimum, maximum and re-ordering levels for stores (Lalitha Mahal Palace Hotels, Mysore, Ashok Tours and Travels Madras Regional Office (South), Ashok Beach Resort, Temple Bay, Mahabalipuram, Airport Restaurant Agra, Hotel Madurai, Ashok, Lodhi Hotel, Hotel Airport Ashoka Dum Dum Airport, Airport Restaurant and Flight Kitchen Dum Dum Airport, Qutab Hotel and Qutab Restaurant).

(ii) There was no system of pricing stores issued (Lalitha Mahal Palace Hotel, Mysore).

(iii) No action was taken by the management on shortages/excesses revealed in physical verification (Lalitha Mahal Palace Hotel, Mysore).

(iv) There was no system of periodically determining the surplus and unserviceable stores (Hotel Kalinga Ashok, Bhubaneswar).

(v) Maximum and Minimum limits were not fixed in respect of slow moving items (Hotel Kalinga Ashok Bhubaneswar).

(vi) Maximum and minimum levels of stores had not been fixed except that of provisions, crockery and cutlery, cleaning supplies and some items of engineering goods.

(vii) Priced stores ledger were not maintained and as such financial records could not be compared with stores records in respect of purchase and consumption (Airport Restaurant, and Flight Kitchen Dum Dum Hotel, Airport Ashok, Dum Dum, DFS Airport, Calcutta).

(viii) Stores purchased were directly charged to repairs and maintenance and no quantitative records of stores were maintained (Ashok Tour & Travels, Calcutta).

(ix) Book balances of inventory in circulation amounting to Rs. 33.88 lakhs was not reconciled with physical stocks (Ashok Hotel, New Delhi).

(x) Price stores ledger were not maintained in number of units and therefore pricing was done by deductive method (Qutab Hotel and Qutab Restaurant).

VI. General

Proforma accounts of Canteen service units for the benefit of staff were not maintained (Lalitha Mahal Palace Hotel, Mysore, DFS at New Delhi, Hotel Kalinga Ashok, Bhubaneswar).

84. HISCO UJJAIN PIPE & FOUNDRY COMPANY LIMITED

I. System of Accounts & Book-keeping

In the absence of accounting manual or instructions laying down the detailed accounting procedure and specifying the functional responsibilities of the different officers, the conventional accounting procedure and instructions were being followed.

II. Internal Control

The Company did not have Internal Audit Manual.

III. Inventory Control

Maximum and minimum limits of stores and spares items were not fixed. Value of non-moving items for more than 3 years was Rs. 10.28 lakhs.

85. INSTRUMENTATION LIMITED

I. System of Accounts & Book-keeping

Accounting manual prepared in 1969 was required to be revised based on amendments made later.

II. Cost Control

Standard cost of products had not been fixed.

III. Inventory Control

(i) The value of inventory written down during the year was Rs. 28.60 lakhs.

(ii) The value of surplus stock awaiting disposal at the year end was Rs. 6.38 lakhs. The value of items not moved for more than 2 years at the year end was Rs. 135.67 lakhs.

86. JUTE CORPORATION OF INDIA LIMITED

I. System of Accounts & Book-keeping

There was no accounting manual laying down detailed accounting procedures.

II. Internal Control

(i) There was no laid down procedure for write off, discount or refund.

(ii) Purchase procedures of the Corporation did not prescribe any system for open tenders.

III. Credit Control

(i) There was no system of obtaining confirmation of balances from debtors.

(ii) Debts to the extent of Rs. 129.15 lakhs were outstanding from various mills/parties for more than 3 years.

87. JESSOP & COMPANY LIMITED

I. System of Accounts & Book-keeping

There was no accounting manual except for sale of scrap.

II. Credit Control

Debts to the extent of Rs. 142.81 lakhs were outstanding (Rs. 117.35 lakhs from Government Departments and Rs. 24.74 lakhs from others) for more than 3 years.

III. Inventory Control

40 T. Electric weigh bridge (costing Rs. 5.06 lakhs) Hardness tested (costing Rs. 8.45 lakhs) and 1 No. Shot Blasting Plant (costing Rs. 18.62 lakhs) had not been installed and commissioned during the year.

IV. General

No norms with regard to man power requirement had been fixed by the management.

88. KUDREMUKH IRON ORE COMPANY LIMITED

I. Cost Control

Standard cost had not been fixed for the product.

II. Inventory Control

Stores and spares included items worth Rs. 97.88 lakhs declared surplus as on 31-3-1988.

III. General

The Company had incurred a demurrage of Rs. 124.88 lakhs on exports.

89. LEGAN JUTE MACHINERY COMPANY LIMITED

I. System of Accounts & Book-keeping

The Company had no manual prescribing detailed accounting procedures.

II. Internal Control

There was no internal audit system in operation and there was no manual outlining the scope and programme of work for the internal audit.

III. Cost Control

No standard cost had been fixed by the management for any of its products.

IV. Inventory Control

(i) Some of the components of imported Apron Draft Spinning Frame lying in stock (value Rs. 76.66 lakhs) for last few years had not yet been utilised.

(ii) The Company had not fixed any maximum/minimum limits of stores and spares.

(iii) The stores and spares valued Rs. 14.46 lakhs had not moved for last three years or more.

V. General

Norms for employment of manpower had not been fixed by the Management.

90. MAHANAGAR TELEPHONE NIGAM LIMITED

I. System of Accounts & Book-keeping

(i) The assets amounting to Rs. 395.05 crores transferred from DOT on 1-4-86 were to be reconciled with financial records. (Delhi Unit).

(ii) The accounting manual laying down the detailed accounting procedure did not contain the financial powers, duties and responsibilities of different officers. (Corporate Office).

(ii) Property/Plant Register had not been maintained. (Bombay Unit).

II. Internal Control

No manual outlining the scope and programme of internal audit had been drawn.

III. Inventory Procedure & Control

Bombay Unit had not been following a uniform basis of pricing issues for stores.

91. MODERN FOOD INDUSTRIES (INDIA) LIMITED

I. System of Accounts & Book-keeping

Petty cash book and retail cash sales register had not been maintained though prescribed in the accounts manual. (Ahmedabad Unit).

II. Internal Control

(i) Internal Audit was not conducted during the year and in earlier years. (Head Office, Ujjain Unit).

(ii) No separate spoilage and defective production records were maintained. The ratio of defective to good production remained higher than norms. (Ahmedabad Unit).

III. Budget Estimates

Capital, revenue, production and sales budgets were not prepared. (Jaipur, Ranchi, Chandigarh, Ahmedabad, Bhagalpur and Delhi Units).

IV. Targets of Production and Achievements

The rated capacity and targets of production were not fixed. (Bhagalpur Unit).

V. Cost Control

(i) Cost records were not maintained. (Delhi, Chandigarh, Calcutta and Jaipur Units).

(ii) Standard costs of main products were not fixed. (Hyderabad, Delhi, Ujjain, Bhagalpur, Indore, Calcutta, Chandigarh, Ahmedabad & Bombay Units).

(iii) Standard costing system had not been introduced. (Cochin Unit).

(iv) There was no system of ascertaining idle time for labour. (Chandigarh, Bhagalpur, Hyderabad, Ahmedabad, Calcutta and Bombay Units).

(v) There was no system of ascertaining idle time for machinery. (Bhagalpur, Hyderabad, Ahmedabad and Bombay Units).

VI. Credit Control

The debts outstanding for 3 years and more amounted to Rs. 57.91 lakhs against Government Departments and Rs. 28.16 lakhs against others. (Calcutta, Hyderabad, Ahmedabad, Head Office Delhi, Jaipur, Ranchi and Chandigarh Units).

VII. Inventory Control

(i) No norms had been fixed for consumption of raw materials for major products. (Bhagalpur, Ujjain Units).

(ii) The maximum and minimum limits of stores and spares had not been fixed. (Jaipur, Hyderabad, Bombay and Ujjain Units).

(iii) Inventory held at the end of the year represented 25.18 months' cost of production. (Bhagalpur Unit).

(iv) Reconciliation of stock records with financial books was not made. (Delhi Unit).

VIII. General

No proforma accounts were maintained in respect of service units for the benefit of staff. (Jaipur, Delhi, Calcutta, Head Office and Ranchi Units).

92. MISHRA DHATU NIGAM LIMITED

I. Cost Control

Standard cost for the products had not been determined.

93. MINERAL EXPLORATION CORPORATION LIMITED

I. System of Accounts & Book-keeping

(i) Project-wise accounts were not maintained, project-wise allocation of workshop expenses was also not made. Inward bill register, creditors ledger and purchase registers were not maintained. (Calcutta Area III).

(ii) Subsidiary registers as well as inter project current accounts were not reconciled periodically with control accounts in the General Ledger. (Calcutta Area III, Jaipur).

(iii) Cash balances were not periodically verified and certificates recorded. (Calcutta Area-III).

(iv) Voucher-wise postings were not made in cost-sub-ledger and other ledgers which may result in errors remaining undetected. (Jaipur Area).

II. Internal Control

(i) Internal Audit manual was not in existence.

(ii) Requisite procedure was not adopted in regard to purchase of materials such as maintenance of panel of approved suppliers. (Calcutta-III).

III. Cost Control

There was no system for ascertaining idle time for labour and machinery. (Calcutta area, Jaipur area).

IV. Inventory Procedure and Control

(i) There was no adequate system for recording receipt, issue and consumption of stores and spares. (Jaipur area).

(ii) Maximum/minimum levels were not fixed for any stores/spares items. The value of obsolete/surplus items of stores was not determined. (Calcutta area, Jaipur area).

94. MANGANESE ORE (INDIA) LIMITED

I. Internal Control

The manual outlining the scope and programme of work of internal audit was not drawn up.

II. Inventory Procedure & Control

Value of unserviceable and damaged stores and spares was not determined. Maximum and minimum levels of stores and spares had not been fixed for individual items.

III. General

Proforma accounts were not maintained separately in respect of the operation of service units.

95. MANDYA NATIONAL PAPER MILLS LIMITED

I. System of Accounts & Book-keeping

The Company did not have accounting manual laying down the detailed accounting procedure.

II. Cost Control

(i) The Company did not have system of standard cost for its products.

(ii) There was no system for ascertaining idle time for labour.

III. Credit Control

Debts outstanding for three years and more were as below :—

Government Departments	Rs. 2.98 lakhs
Others	Rs. 11.10 lakhs
	<hr/>
Total	Rs. 14.08 lakhs

IV. Inventory Control

Stores and spares which had not moved for three years and more were Rs. 26.54 lakhs.

96. MICA TRADING CORPORATION OF INDIA LIMITED

I. System of Accounts & Book-keeping

There was no ledger for sundry creditors. (Giridih Region).

II. Targets of production and achievement

Norms for consumption of raw materials had not been pre-determined. (Giridih Region).

III. Inventory Control

No Maximum or minimum limits of stores/spares were fixed. (Giridih Region, Headquarters).

IV. Cost Control

(i) Cost accounting system was not in operation. (Giridih Region).

(ii) There was no system for ascertaining idle time for labour and machinery. (Giridih Region, Headquarters).

(iii) There was no accounting system in operation to indicate the cost of unit of major products. (Headquarters).

(iv) The standard cost of various main products had not been fixed. (Headquarters).

97. METALLURGICAL & ENGINEERING CONSULTANTS (INDIA) LIMITED

I. Credit Control

Debts to the extent of Rs. 402.86 lakhs (Rs. 342.18 lakhs from Government Departments and Rs. 60.68 lakhs from others) were outstanding for more than 3 years.

98. METAL SCRAP TRADE CORPORATION LIMITED

I. Credit Control

Debts to the extent of Rs. 9.16 lakhs (Rs. 0.50 lakh from Government Departments and Rs. 8.63 lakhs from others) were outstanding for more than 3 years.

99. MAHARASHTRA ELECTROSMELT LIMITED

I. System of Accounts & Book-keeping

There was no accounting manual.

II. Internal Control

(i) There was no internal audit manual outlining the scope and programme of work.

(ii) Internal control system required to be improved as it did not fulfil the objectives.

III. Cost Control

The Company had not fixed the standard cost of their main products.

IV. Credit Control

Debts outstanding for more than 3 years amounted to Rs. 32.85 lakhs (from others than Government Departments).

V. Inventory Control

No maximum/minimum limits of stores & spares had been fixed.

100. MINING & ALLIED MACHINERY CORPORATION LIMITED

I. Cost Control

The company did not have standard costing system.

101. MINERALS & METALS TRADING CORPORATION LIMITED

I. System of Accounts & Book-keeping

(i) There was no accounting manual giving details of accounting procedure to be followed. (Regional Office, Bombay).

(ii) No weighment was done when the consignment was received in godown and quantity entered in the stock register was as per the invoice/bill of lading. (Regional Office, Bombay).

II. Credit Control

Debts due for more than three years stood at Rs. 730.54 lakhs against Government Departments and Rs. 861.08 lakhs against others.

III. General

(i) Demurrages amounting to Rs. 281.50 lakhs were paid during the year.

	(Rs. in lakhs)
(a) Regional Office, Goa	17.40
(b) Regional Office, Madras	24.05
(c) Regional Office, Bombay	3.18
(d) Regional Office, Visakhapatnam	79.75
(e) Corporate Office	157.12
	281.50

(ii) No norms were fixed for employment of manpower. (Goa Regional Office).

102. NATIONAL TEXTILE CORPORATION (U.P.) LIMITED

I. System of Accounts and Book-keeping

(i) There were no accounting manual, purchase manual, etc. (Rai Barelli Textiles Mills).

(ii) Fixed Assets Register was not maintained.

(iii) Books were not complete and balanced at year end.

(iv) No records was available for assets acquired before nationalisation as well as for capital work-in-progress and fixed assets which had been received but not accounted for.

II. Internal Control

(i) No targets of production were fixed. (Bijli Cotton Mills, Hathras).

(ii) No Internal Audit Manual had been drawn up. (Shri Vikram Cotton Mills, Rai Barelli Textile Mills).

(iii) No internal audit was conducted during the year. (Rai Barelli Textile Mills).

(iv) There was no system of ascertainig cost of production. (Swadeshi Cotton Mills, Kanpur).

III. Cost Control

(i) Cost records were not maintained. (Rai Barelli Textile Mills).

(ii) Standard cost of various main products had not been fixed. (Shri Vikram Cotton Mills, Rai Barelli Textile Mills, Swadeshi Cotton Mills, Kanpur, Lord Krishna Textile Mills).

(iii) There was no system for ascertaining idle time for labour and machinery. (Shri Vikram Cotton Mills, Rai Barelli Textile Mills, Swadeshi Cotton Mills, Kanpur, MUIR Mills, New Victoria Mills).

(iv) The unit had no system of calling open tenders. (MUIR, Mills).

IV. Targets of Production and Achievements

(i) The Company was not preparing Capital, Revenue, Production and Sales Targets.

(ii) Norms for consumption of raw materials were not fixed.

(iii) No records were maintained for determining rejections in production.

V. Credit Control

(i) Debts amounting to Rs. 941.48 lakhs were outstanding for more than 3 years. (Retail Sales Division, Varanasi).

(ii) Debts amounting to Rs. 12.73 lakhs were outstanding for more than 3 years. (Bijli Cotton Mills, Hathras).

(iii) There was no practice to obtain confirmation of balances from parties. (Rai Barelli Textile Mills).

(iv) Debts outstanding for more than three years amounted to Rs. 15.27 lakhs. (Lord Krishna Textile Mills, Saharanpur).

(v) Debts outstanding for more than three years amounted to Rs. 23.15 lakhs.

(vi) Debts outstanding for more than three years amounted to Rs. 113.79 lakhs (Rs. 13.86 lakhs from Government Department and Rs. 99.93 lakhs from others).

(vii) Debts outstanding for more than three years amounted to Rs. 8.32 lakhs.

VI. Inventory Procedure and Control

(i) Stocks valuing Rs. 9.11 lakhs were not moved for more than 3 years. (Retail Sales Division, Varanasi).

(ii) Stores and spares ledgers were not reconciled with financial books.

(iii) Maximum and minimum limits of stores and spares were not fixed.

(iv) There was no procedure for determining surplus and unserviceable stores periodically.

(v) Obsolete stores awaiting disposal for more than two years amounted to Rs. 3.95 lakhs.

(vi) No action was taken in respect of shortages detected and reported in the previous year.

(vii) Stocks valuing Rs. 57.46 lakhs sent to outside parties were neither verified nor certificate from those parties was obtained.

VII. General

Proforma accounts in respect of service units were not maintained.

103. NATIONAL TEXTILE CORPORATION (WBABD) LIMITED

I. Internal Control

(i) There was no manual outlining the scope, nature and extent of Internal Audit.

(ii) Capital budget was not prepared.

II. Cost Control

(i) Standard cost of the main products had not been fixed.

(ii) There was no system for ascertaining idle time for labour and machinery.

III. Credit Control

Debts outstanding for 3 years and above amounted to Rs. 454 lakhs (Government Departments Rs. 214 lakhs and others Rs. 240 lakhs).

IV. Inventory Control

(i) Maximum and minimum level of stores/spares had not been fixed.

(ii) Slow moving/non-moving items amounted to Rs. 29.17 lakhs at the end of the year.

104. NATIONAL ALUMINIUM COMPANY LIMITED

I. Cost Control

(i) No standard costing system was followed.

(ii) Demurrage of Rs. 9.38 lakhs was incurred during the year.

II. Inventory Control

Maximum and minimum levels of stores/spares had not been fixed.

105. NATIONAL BICYCLE CORPORATION OF INDIA LTD

I. System of Accounts and Book-keeping

There was no manual lying down detailed accounting procedures.

II. Internal Control

There was no Internal Audit Manual.

III. Cost Control

(i) Standard cost of main products had not been fixed.

(ii) There was no system of ascertaining the idle time for labour and machinery.

IV. Credit Control

Debts outstanding for more than 3 years amounted to Rs. 66.51 lakhs from other than Government Departments/Undertakings.

V. Inventory Control

Unserviceable stores which did not move for the last five years amounted to Rs. 5.37 lakhs due to discontinuance of Auto Engineers Division.

VI. General

No norms had been fixed in respect of manpower requirements.

106. NATIONAL BUILDINGS CONSTRUCTION CORPORATION LTD.

I. System of Accounts & Book-keeping

(i) (a) Agewise classification of value of work done was neither available at project site nor in the books of compilation section.

(b) Value of work done was recorded at the end of the year though bills at project sites were raised periodically.

(ii) The accounting manual prepared in 1974 was still to be approved by the Board.

(iii) In the absence of maintenance of financial ledger at unit, effective control could not be exercised at unit level.

(iv) There was no system of self-balancing ledger or sectional balancing.

II. Internal Control

(i) There were following weakness in internal control.—

(a) Inadequate communication between the H.O. & units and amongst the units.

(b) Inadequate follow up as regards old debtors/creditors.

(c) Bills not being raised in stipulated time.

(d) Some agreements had not been reduced to writing.

(ii) Panel of suppliers was not being maintained.

III. Budget Estimates

Capital, revenue and production budgets were not prepared.

IV. Credit Control

Debts amounting to Rs. 10317.32 lakhs were outstanding for a period of 3 years or more.

V. Inventory Control

(i) The maximum/minimum levels of stores were not fixed.

(ii) The laid down system of procurement and disposal had not been followed generally to ensure that:

(a) Stores in excess of requirement were not accumulated.

(b) The surplus and unserviceable stores were disposed off expeditiously.

(iii) There was no system to determine amount of surplus/unserviceable stores periodically.

VI. Cost Control

There was no reasonable system for identifying idle time of labour.

VII. General

(i) Proforma accounts had not been maintained in respect of the operation of service units for the benefit of staff.

(ii) No norms were fixed for manpower requirements.

107. NUCLEAR CORPORATION OF INDIA LIMITED

I. System of Accounts and Book Keeping

(i) There was no accounting manual. (Units-RAPS-2, RAPP 4, and NAPP).

(ii) No fixed assets/plants register were maintained. (Unit-RAPS-2).

(iii) No periodical trial balances were drawn up to reconcile the books with control accounts and subsidiary accounts including inter unit accounts.

(iv) Since formation of the corporation management had not undertaken any physical verification of fixed assets, stores and spares. As a result, excesses and shortages, if any, had not been identified.

II. Internal Control

(i) No manual outlining the scope and programme of work for internal audit was drawn up. (Units-RAPS-2, RAPP-3, 4 and NAPP).

- (ii) The units did not have internal audit system.
- (iii) Revenue, capital, sales and production budgets were not prepared by the units.

III. Inventory Control

Maximum and minimum limits of stores and spares had not been fixed. (Unit RAPS-2).

108. NORTHERN COALFIELDS LIMITED

I. System of Accounts and Book-keeping

Up to date reconciliation of property, plant registers with financial books was not done.

II. Internal Control

There was no manual outlining the scope and programme of work for internal audit.

III. Inventory Control

In no case maximum and minimum limits of stores/spares were fixed.

109. NORTH EASTERN REGIONAL AGRICULTURAL MARKETING CORPORATION LIMITED.

I. System of Accounts and Book-keeping

There was no accounting manual/instructions laying down detailed accounting procedures and financial powers, duties and responsibilities of different officers and there were deficiencies in the accounting system followed.

II. Internal Control

(i) The Company had not drawn up any manual outlining the scope and programme of work for internal audit and there was no effective system of internal audit.

(ii) There was no laid down procedure for calling for open tenders.

III. Credit Control

There was no laid down procedure/criteria for allowing credit.

110. NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED

I. Internal Control

There was no manual outlining the scope and programme of work for internal audit.

111. NATIONAL FERTILIZERS LIMITED

I. System of Accounts and Book-keeping

The company did not have an accounting manual.

II. Credit Control

The debts outstanding for more than two years amounted to Rs. 353.49 lakhs (Government Departments-Rs. 139.68 lakhs and others-Rs. 213.81 lakhs).

III. Inventory control

Surplus stores and spares not moved for three years and more amounted to Rs. 1563.07 lakhs (Bhatinda Rs. 360.24 lakhs and Nangal Rs. 702.83 lakhs).

112. NATIONAL FILM DEVELOPMENT CORPORATION LIMITED

I. System of Accounts & Book-keeping

There was no manual laying down the detailed accounting procedure.

II. Internal Control

- (i) There was no manual of Internal Audit.
- (ii) There were several drawbacks in the system of Internal Control.

113. NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED

I. System of Accounts and Book-keeping

There was no accounting manual.

II. Internal Control

(i) No Internal Audit manual outlining the scope and programme of work had been drawn up by the Corporation.

(ii) The Company did not have independent Internal Audit department.

III. Inventory Control

No maximum and minimum limits of stock of Yarn had been fixed.

114. NATIONAL HYDRO ELECTRIC POWER CORPORATION LIMITED

I. System of Accounts and Book-keeping

(i) Primary books of accounts were not maintained on regular basis. (Head Office).

(ii) Reconciliation between assets register and financial books was pending (Chukha transmission and Head office).

(iii) Job accounting was not done (Chukha Transmission).

II. Internal Control

(i) Internal Audit Manual was neither kept up to date nor followed in actual practice. (Head Office).

(ii) Internal Audit was not conducted during the year. (Loktak, Silchar, Dhaleshwari).

(iii) There was no internal control in respect of receipts and issue of inventories. (Dulhasti).

(iv) There were number of cases where the company did not resort to open tender system of purchases for the value exceeding Rs. 2 lakhs. Sufficient reasons were not recorded to justify this.

(v) Tenders were accepted with numerous over-writings and corrections (Dulhasti).

(vi) No norms were fixed for transformer losses and line losses and hence follow up action could not be taken. There was no control over the units of power consumed at the project (Bairasiul).

(vii) There was no insurance cover for the plant and machinery (Tanakpur Project).

III. Cost Control

(i) There was no system of cost accounting. There was no system for ascertaining idle time of labour and machinery.

(ii) Assets declared surplus amounted to Rs. 15.80 lakhs (Written Down Value) at Bairasiul Project.

IV. Inventory Control

(a) Priced stores ledger was not maintained as envisaged in the accounting manual.

(b) Minimum/maximum limits of stores and spares were not fixed.

(c) Surplus and unserviceable stores were not periodically determined and disposed off.

V. General

Proforma accounts in respect of service units for the benefit of staff were not maintained.

115. NEW INDIA ASSURANCE COMPANY LIMITED

I. System of Accounts & Book-keeping

(a) There was no procedure for write off, discounts, refunds, etc. (Indore-I).

(b) There were no norms for determining premium for non-tariff items. (Ahmedabad, Shahdara, Alwar and Gwalior).

(c) Investment & capital budgets were not prepared. (Bombay).

(d) Premium and commission accounts in Agra Division and premium commission and refund of premium control accounts in Agra Division-II were not reconciled.

II. Internal Control

(a) Internal audit was not conducted. (Bokaro, Bangalore II & V Kalinga, Bangalore, New Delhi, Nagpur and Gorakhpur).

(b) There were serious defects in the system of charging premium as the premium calculations were not rechecked with the prevailing rates resulting in under charging and over charging of premium in numerous cases (New Delhi).

116. NATIONAL INSURANCE COMPANY LIMITED

I. System of Accounts & Book-keeping

(i) Assets registers were not maintained/not maintained with complete particulars. (Nasik, New Delhi-I, Siliguri, Ambala, Bombay-I, Purnea, Nasik, Calcutta-XVI and New Delhi-III).

(ii) Salvage register was not maintained. (Surat).

(iii) Premium register was not maintained/not maintained properly. (Siliguri, Bombay-VIII and Siliguri).

(iv) The accounting manual and instructions were not properly followed. (Indore-II)

(v) Subsidiary ledger in respect of premium deposit agent balances, outstanding premium, sundry debtors, creditors and other receivables & payables had not been maintained. (Kolhapur).

II. Internal Control

(i) Internal audit was not conducted during the year.

(ii) Important points/observations raised by Internal audit were not looked into (New Delhi-III).

(iii) There were no norms for determining premium for non-tariff items. (Mysore, Nasik, Calcutta-V, Mysore, Pune, Surat, Bombay-X, Bombay-V, Faridabad, New Delhi-III and Calcutta-X).

117. NATIONAL INSTRUMENTS LIMITED

I. System of Accounts & Book-keeping

(i) Revision & adjustments of old balances, debits, credits were not carried out and as such old balances remained unadjusted since a long time.

(ii) Reconciliation of Control accounts and subsidiary accounts was not done in respect of Sundry Debtors ledger, Sundry Creditors ledger and Advances ledger.

II. Internal Control

(i) There was no manual outlining the scope and programmes of work of Internal Audit.

(ii) Internal Auditor appointed for the purpose was exclusively utilised in regular accounts work by the Accounts Department.

(iii) The procedure for writing off discounts, refunds etc. was not adequate, especially in case of old matters.

III. Inventory Control

(i) The closing stock included non-moving stock for more than 3 years amounting to Rs. 16.22 lakhs.

(ii) Stores and spares values Rs. 8.00 lakhs were not moved for more than 3 years.

IV. Credit Control

(i) Debts to the extent of Rs. 31.11 lakhs (Rs. 80.27 lakhs from Government Departments and Rs. 0.84 lakhs from others) were outstanding for more than 3 years.

118. NATIONAL JUTE MANUFACTURES CORPORATION LIMITED

I. System of Accounts and Book-keeping

(i) There was no accounting manual (Union, Khardah, National, Kinnison, Alexandra, RBHM).

(ii) There was no laid down procedure for recording generation of scrap.

II. Internal Control

(i) There was no Internal Audit Manual.

III. Targets of Production

(i) Actual jute consumption per MT of various products was more than the norms fixed. (Kinnison).

IV. Cost Control

(i) The unit did not have a standard costing system. (Union, Khardah, National, Kinnison, Alexandra, RBHM).

(ii) Actual consumption of major raw materials for manufacture of major products was more than the JMDC. (Khardah).

(iii) There was no established system in vogue for ascertaining the element of idle-time for labour and machinery. (National).

(iv) Stores and spares valued at Rs. 6.77 lakhs which were declared non/slow moving had been charged to consumption during the year. (Kinnison).

(v) There were 2.07 lakhs idle mandays during the year. (Alexanda).

V. Credit Control

(i) There was no system of obtaining confirmation from debtors (Khardah).

(ii) Debtors outstanding for more than three years amounted to Rs. 99.57 lakhs.

VI. Inventory Control

(i) The unserviceable stores determined in the earlier years had not been disposed off. (Union, RBHM).

(ii) There was no system of fixing maximum/minimum levels of stores and spares. (Khardah, National, Kinnison, Alexandra, RBHM).

(iii) Non-moving, slow moving and obsolete stores and spares valued Rs. 9.08 lakhs had been charged to consumption during the year. (National).

(iv) Hank Dyeing and Bleaching Plant costing Rs. 6.36 lakhs had not been installed since 1985. (Kinnison).

(v) A sum of Rs. 4.94 lakhs being the total value of unserviceable stores were included in the consumption of stores during the year (RBHM).

(vi) The value of non-moving stores for more than 3 years was Rs. 3.71 lakhs. (RBHM).

VII. General

(i) Actual manpower (12280) was more than the sanctioned strength (11780). (National).

(ii) Norms for manpower requirement had not been fixed. (Alexanda).

(iii) The actual manpower (2939) was more than the manpower (2851) as envisaged in the project report. (RBHM).

119. NAYVELI LIGNITE CORPORATION LIMITED

I. Internal Control

There were delays in the case of purchase for inspecting materials and the timely preparation of inspection-cum-receiving reports. Items valuing Rs. 11.04 lakhs had been removed from stores through forged vouchers in previous year and the matter was under investigation.

II. Cost Control

Records were not maintained to ascertain the idle time of labour.

III. Credit Control

A thorough scrutiny of debtors accounts was to be made for adjusting old debits and credits lying in parties accounts.

IV. Inventory Procedure & Control

(i) Mobile crusher with spares (Cost Rs. 218 lakhs) in Mine-II was declared surplus within a year of its being put to use and had been identified for disposal for more than four years ago. Surplus/obsolete stock awaiting disposal for more than two years amounted to Rs. 105.68 lakhs.

(ii) Value of stores not moving for more than 3 years at the year end was Rs. 19.93 crores.

120. NATIONAL MINERAL DEVELOPMENT CORPORATION LIMITED

I. Cost Control

Standard costs had not been fixed. (B 10P-14, Head Office, Diamond Mining Project, Panna).

II. Inventory Control

(i) There was no system for fixing maximum and minimum limits for any category of stores. (BIOP-14, Head Office).

(ii) Value of stores and spares which had not moved for three years and more was Rs. 8.48 lakhs. (Diamond Mining Project, Panna).

III. Credit Control

Debts outstanding for three years and more were Rs. 40.77 lakhs. (Head Office).

121. NAGALAND PULP AND PAPER COMPANY LIMITED

I. Internal Control

(i) There was no manual for Internal Audit.

(ii) Internal audit was confined to routine matters only and no important point was thrown up by it requiring consideration and/or action by the Management.

II. Targets of Production

(i) Actual consumption of raw materials was more than the standard norms.

III. Cost Control

(i) There was no system for measuring and/or ascertaining idle time for labour and machinery.

(ii) There was no system of fixing standard costs.

(iii) The Turbine Generator (T.G.) installed and commissioned at a cost more than Rs. 5 lakhs remained idle because of inadequate availability of standard quality of coal required for the purpose.

(iv) Lime Kiln costing Rs. 36.14 lakhs was neither installed nor commissioned due to certain practical difficulties.

IV. Inventory Control

(i) Obsolete/unserviceable/surplus stocks were valued at Rs. 5.73 lakhs in addition to the such items valued at Rs. 27.10 lakhs in earlier years.

(ii) No action was taken to dispose of the surplus/unserviceable items of stores and stocks.

(iii) The limits of maximum/minimum stock levels, optimum order quantity and timing of orders were not fixed and where these were determined, they were not strictly adhered to.

122. NATIONAL NEWSPRINT & PAPER MILLS LIMITED

I. Cost Control

(i) No manufacturing account was drawn up by the Company.

(ii) Company had not fixed standard costs.

II. Credit Control

Amount outstanding for more than three years at the year end and from parties other than Governments Departments was Rs. 15.65 lakhs.

III. Inventory Control

Value of stores/spares which had not moved for 3 years and above amounted to Rs. 1.02 crores.

123. PROJECTS CONSTRUCTION CORPORATION LIMITED

I. System of Accounts & Book-keeping

(i) Income tax had not been deducted at source on amounts advanced to sub-contractors, which had been adjusted from their running accounts in some of the units in Northern, Eastern & North-Eastern Regions.

(ii) Large debit & credit balances were outstanding with sub-contractors, suppliers, credit and other accounts at most of the units which had neither been scrutinised nor any efforts made to adjust the same.

(iii) Records had not been maintained to record purchases, issue & consumption of stores & office materials at corporate office.

II. Inventory Control

(i) Maximum and minimum limits for stores/spares had not been fixed.

III. Cost Control

(i) There was no system to ascertain idle time for labour.

124. NATIONAL SEEDS CORPORATION LIMITED

I. System of Accounts and Book-keeping

Records of fixed assets did not have complete particulars, like description, value, quantity, situation of assets etc, except in few units. Detailed and item-wise physical verification reports were not available and there was no practice of segregating and identifying unserviceable and damaged assets at the time of physical verification.

II. Cost Control

Cost accounts indicating cost of each unit of major products were not prepared.

III. Inventory Control

Quantum of seeds which might have become sub-standard due to non-drawal of samples within prescribed time and non-linking/receipt of germination test reports was not ascertained.

IV. Credit Control

Rs. 169.14 lakhs due from Governments Departments/Companies and Rs. 34.79 lakhs from private parties were outstanding for more than three years.

V. General

No separate proforma accounts in respect of service units for the benefit of staff were maintained.

125. NATIONAL SMALL INDUSTRIES CORPORATION LIMITED

I. Internal Control

There was misappropriation of cash to the extent of Rs. 0.95 lakh (Regional Office, Madras).

II. Credit Control

(i) Debts amounting to Rs. 702.64 lakhs were outstanding against other parties for a period of 3 years or more as shown below :

(a) PDTC-Balitikuri	203.55
(b) Regional Office, Madras	306.30
(c) Bombay Branch	158.65
(d) Guwahati Branch	34.14
	<hr/>
	702.64

III. Inventory Control

The maximum and minimum limits of stores and spares had not been fixed. (PDTC Balitikuri, PDTC Madras).

IV. Cost Control

(i) Records for actual rejections vis-a-vis standard rejections were not maintained. (PDTC, Balitikuri).

(ii) There was no standard costing system. (PDTC Balitikuri).

126. NATIONAL THERMAL POWER CORPORATION LIMITED

I. Inventory Control

(i) At Ramagundam, a tower crane valuing Rs. 71.58 lakhs was kept idle during the year, pending transfer to another project.

(ii) Surplus stores awaiting disposal/transfer for more than a year amounted to Rs. 61.71 lakhs. Obsolete stores, if any, were not identified.

127. NATIONAL TEXTILE CORPORATION (APKK&M) LIMITED

I. Cost Control

(i) Standard cost for its products had not been fixed. (Cannanore Spinning & Weaving Mills, Cannanore, Netha Spinning Mills, Mahes, Parvati Spinning Mills, Mysore & Minerva Mills, Ajamjahi Mills, Anantapur Cotton Mills).

(ii) There was no system for ascertaining the idle time for labour (Ajamjahi Mills, Mehboob Shahi Kulbarga Mills).

(iii) There was no system for ascertaining the idle time for labour and machinery (Tirupati Cotton Mills).

(iv) No records were maintained for the rejections in production (Netha Spinning Mills).

II. Credit Control

Debts outstanding for more than three years were Rs. 133.75 lakhs. (Cannanore Spinning & Weaving Mills, Cannanore, Mysore Mills, Minerva Mills, Ajamjahi Mills, Parvathi Mills, Mehboob Shahi Kulbarga Mills).

III. Inventory Control

(i) Value of Stores and spares not moved for 3 years and more was Rs. 12.71 lakhs (Alagappa Textiles (Cochin) Mills, Mysore Spinning Mills, Minerva Spinning Mills, Mehboob Shahi Kulbarga Mills).

(ii) Maximum and minimum limits for stores/spares had not been fixed. (Mysore and Minerva Spinning Mills, Parvathi Mills, Mehboob Shahi Kulbarga Mills).

(iii) Value of stores and spares declared surplus and awaiting disposal for more than 2 years was Rs. 2.33 lakhs. (Mehboob Shahi Kulbarga Mills).

(iv) No physical verification of stock could be carried out. (Mehboob Shahi Kulbarga Mills).

128. NATIONAL TEXTILE CORPORATION (DP&R) LIMITED

I. System of Accounts and Book-keeping

(i) The accounting manual requires suitable amendments to incorporate the chapter dealing with fixation of reorder level, maximum and minimum levels at the sales Depots so as to make the accounts uniform at all the Depots. (Kharar Textile Mills).

(ii) Fixed Asset Register was not properly maintained indicating itemwise depreciation. (Divisional office Delhi, Udaipur Cotton Mills).

II. Internal Control

(i) Manual outlining the scope and programme for internal audit was not drawn up. (Suraj Textile Mills, Divisional Office Delhi).

(ii) The programme of internal audit had not been drawn as per the instructions given in the manual prepared by Head Office (Kharar Textile Mills).

(iii) Capital, revenue, production and sales budgets were not prepared by the unit during the year. (Suraj Textile Mills).

III. Cost Control

(i) There was no system for ascertaining idle time for labour and machinery (Kharar Textile Mills).

(ii) Standard costs for main products were not fixed (Suraj Textile Mills, Mahalaxmi Mills).

IV. Inventory Procedure and Control

(i) The unit had not adopted the system of fixing maximum/minimum levels of stores. (Suraj Textile Mills).

(ii) Stores declared as surplus or obsolete in the last two years amounted to Rs. 4.09 lakhs. (Udaipur Cotton Mills).

V. General

Proforma accounts in respect of service units for the benefit of staff were not maintained. (Kharar Textile Mills).

129. NATIONAL TEXTILE CORPORATION (GUJRAT) LIMITED

I. System of Accounts and Book-keeping

(i) Plant Register maintained did not show the particulars of each item and the details of assets acquired on 1-4-1974 and no reconciliation had been made with the financial books. (Rajnagar Textile Mills).

(ii) Instructions, specifying financial powers, duties and responsibilities at different level of management were not laid down. (Ahmedabad New Textile Mills, Head Office).

(iii) Stock records for any particular item by the stores departments were not based on any importance-wise classification of the different items purchased by the Mill. Such items were immediately transferred to the departments for which they were meant and accounted by the Accounts Department "as consumed" right at the first stage of purchase. As a result of this system it was observed that out of the total consumption of the materials aggregating to Rs. 118.26 lakhs during the year as much as Rs. 22.56 lakhs was in respect of direct debits. (New Manak Chowk Textile Mills).

(iv) In Fine Knitting Mill, Ahmedabad, the Fixed Assets register was not showing full particulars including value of each items, quantitative details and their location.

(v) Departmental records for consumption of stores and spare items were not reconciled with accounts department. (Mahalaxmi Textile Mills).

II. Internal Control

(i) Internal audit programme was not drawn up during the year under review. (Mahalaxmi Textile Mills).

(ii) There was no manual outlining the scope and programme of internal audit. (Ahmedabad Jupiter Textile Mills).

III. Cost Control

(i) Standard cost of various main products had not been fixed. (Himadri Textile Mills, Ahmedabad Jupiter Textile Mills, New Manak Chowk Textile Mills, Jahangir Textile Mills).

(ii) There was no system for ascertaining idle time for labour/machinery. (Ahmedabad Jupiter Textile Mills, Jahangir Textile Mills, Mahalaxmi Textile Mills).

(iii) No norms had been fixed for consumption of raw materials. (New Manak Chowk Textile Mills).

(iv) There was no standard costing system. (Head Office, Marketing Division, Ahmedabad New Textile Mills, Mahalaxmi Textile Mills).

130. NATIONAL TEXTILE CORPORATION (M.P.) LIMITED

I. System of Accounts and Book-keeping

(i) Separate records were not maintained for loose pieces. (Marketing Division).

(ii) Fixed Asset registers were not maintained properly giving details of location, depreciation etc. for all the assets. (Head Office, Marketing Division, Kalyanmal Mills, Indore Malwa-United Mills).

(iii) Kardex was not maintained for cotton as prescribed in the manual. (Swadeshi Cotton and Flour Mills).

II. Internal Control

(i) There was no system of internal control and for checking day-to-day payments in particular wage payments.

(ii) Capital budget were not prepared for the year. (Indore Malwa-United Mills, Kalyanmal Mills, Marketing Division).

(iii) There were cases of misappropriation and fraud of cash (Kalyanmal Mills, Indore Malwa-United Mills).

III. Cost Control

There was no system of fixing standard cost and there was no system for ascertainment of idle time for labour. (Swadeshi Cotton & Flour Mills, Indore Malwa-United Mills, Kalyanmal Mills).

IV. Credit Control

Amount outstanding for more than three years from parties other than Government Departments were Rs. 9.63 lakhs for Swadeshi Cotton & Flour Mills and Rs. 10.23 lakhs for Indore Malwa-United Mills.

V. Inventory Control

(i) Maximum and minimum limits of each item of stores had not been fixed. (Himadri Textile Mills, Mahalaxmi Textile Mills).

(ii) Since last 3 years there was no determination of surplus or unserviceable stores. (Ahmedabad Jupiter Textile Mills).

VI. Credit Control

(i) Unit-wise debts outstanding for three years and more were as under :—

	(Rs. in lakhs)	
	Government Department	Others
(a) Mahalaxmi Textile Mills	—	13.83
(b) Head Office	—	181.23
(c) Ahmedabad Jupiter Textile Mills	—	24.91
(d) New Manak Chowk Textile Mills	—	4.65
(e) Rajnagar Textile Mills	—	33.95
(f) Himadri Textile Mills	79.08	9.80

VII. General

(i) No proforma accounts were maintained in respect of service units for the benefit of staff. Himadri Textile Mills).

(ii) The mill did not have any system of comparing the man power actually employed with the man power requirement envisaged by the Management. (Ahmedabad Jupiter Textile Mills).

VIII. Inventory Control

(i) There was no definite procedure to determine periodically the quantum of surplus and unserviceable stores and value thereof. (Kalyanmal Mills, Indore Malwa-United Mills).

(ii) Value of stores declared as surplus or obsolete during the year was Rs. 4.43 lakhs. (Indore Malwa-United Mills).

(iii) Maximum and minimum limits of stores and spares were not fixed. (Kalyanmal Mills).

131. NATIONAL TEXTILE CORPORATION (M.N.) LIMITED

I. System of Accounts and Book-keeping

There was no accounting manual. (India United Mills Dye Works).

II. Internal Control

(i) There was no proper procedure for write-off etc. (India United Mills Dye Works).

(ii) No open tenders were invited for the purchases of stores, dyes, chemicals and the packing material. (India United Mill No. 5).

(iii) There was no Internal Audit manual outlining the scope and programme of work for the internal audit. (H.O.).

III. Cost Control

(i) Standard cost of various main products had not been fixed. (India United Mills Dye Works, No. 5, R.S.R.G. Mohta Mills, Model Mills, Sawatram Ramprasad Mills).

(ii) The unit had no record for ascertaining the idle time for labour and machinery. (India United Mills Dye Works, No. 5, Sawatram Ramprasad Mills).

(iii) No records had been maintained for inferior quality of processing and rejection in production. (India United Mills Dye Works).

(iv) Selling prices were lower than the cost price. (India United Mills Dye Works, No. 5, H.O.).

IV. Inventory Procedure & Control

(i) Maximum/minimum limits of stores had not been fixed. (India United Mills Dye Works).

(ii) Surplus/unserviceable stores were not periodically determined. (India United Mills Dye Works).

V. Credit Control

(i) Debts outstanding for more than 3 years were as under :—

	(Rs. in lakhs)	
	Government Departments	Others
India United Mills No. 5	3.45	2.10
Head Office	—	223.67
Model Mills	15.12	10.22
		83.63
		(Prior to Nationalisation)
R.S.R.G. Mohta Mills	3.46	27.15

(ii) The system of allowing credit to outside parties were not reasonable as the credit was allowed without charging interest. (India United Mills Dye Works).

132. NATIONAL TEXTILE CORPORATION (S.M.) LIMITED

I. System of Accounts & Book-keeping

(i) Monthly consumption of raw-materials, stores (including dyes and chemicals) was not recorded in the financial books. (Digvijay Textile Mills).

(ii) Signature of workers were not obtained on the wage sheets for the payments made to them. Revenue stamps were also not affixed on wage sheets. (Dhule Textile Mills).

II. Internal Control

(i) There was no manual outlining the scope of Internal Audit Work. (Marketing Division, Barshi Textile Mills).

(ii) Necessary action on the Internal Audit observation was not taken. (Jupiter Textile Mills).

(iii) There was no system of calling for open tenders. (H.O. Marketing Division).

III. Cost Accounts

Unit had no system of standard costing of various main products. (Digvijay Textile Mills, Dhule Textile Mills, Jupiter Textile Mills, New Hind Textile Mills, Chalisgaon Textile Mills, Barshi Textile Mills).

IV. Credit Control

Debts outstanding for more than 3 years were as under :—

	(Rs. in lakhs)	
	Government Departments	Others
Digvijay Textile Mills	2.31	21.51
Dhule Textile Mills	—	14.73
Appals Textile Mills	14.47	27.74
H.O. (Marketing Division)	135.85	106.43
New Hind Textile Mills	6.17	7.80
Chalisgaon Textile Mills	—	18.96
Barshi Textile Mills	—	9.49
Jupiter Textile Mills	19.23	43.35

V. General

No proforma accounts were kept for canteen facilities to employees. (Barshi Textile Mills).

133. NATIONAL TEXTILE CORPORATION (TN&P) LIMITED

I. System of Accounts and Book-keeping

(i) Proper records showing the details of plants and property were not maintained. (Sri Bharathi Mills).

(ii) Fixed assets register had not been updated and reconciled with financial books. (Kaleeswarar Mills Ltd, A&B Units).

(iii) Proper sales registers were not maintained at showrooms and periodical stock reconciliation was not done. (Retail Marketing Division, Madras).

(iv) Stores ledger was not reconciled with General Ledger. (Swadeshi Cotton Mills, Pondicherry).

II. Internal Control

(i) The Retail Marketing Division, Madras was not exercising proper control over the blank receipt books, bill books etc. issued to the various show rooms. There was no system to ensure that cash collected by the salesmen by using the receipt books was properly remitted and entered in the books.

(ii) There was no satisfactory system of stock control also in the above Division. Though this was pointed out during the previous two years, no action seemed to have been taken by the Management.

(iii) There was no procedure to call for open tenders. (Pioneer Spinning Mills).

III. Cost Control

(i) Manufacturing accounts were not drawn up for the year (Coimbatore Spinning and Weaving Mills).

(ii) Standard costing system was not introduced. (Pioneer Spinning Mills, Swadeshi Cotton Mills, Pondicherry, Sri Bharathi Mills, Combodia Mills, Coimbatore Mills).

(iii) Standard costs of main products were not fixed. (Pondicherry Textile Mills, Pankaj Mills, Coimbatore Kaleeswarar Mills A & B Units, Om Parasakthi Mills, Krishnaveni Textile Mills, Coimbatore, Rangavilas Ginning Spinning & Weaving Mills, Somasundram Mills, Kaleeswarar Mills A&B Units).

(iv) Idle time of labour was not ascertained (Kaleeswarar Mills 'A' Unit, Somasundaram Mills, Coimbatore, Murogan Mills, Coimbatore Spinning & Weaving Mills).

IV. Credit Control

Debts outstanding over a period of 3 years at the year end from parties other than Government Departments amounted to Rs. 6.48 lakhs in respect of Kaleeswarar Mills—'A' unit, Rs. 3.40 lakhs in respect of Retail Marketing Division, Madras, Rs. 6.29 lakhs in respect of Coimbatore Murugan Mills Limited and Rs. 14.53 lakhs in respect of Coimbatore Spinning & Weaving Mills.

V. Inventory Control

(i) Periodical physical verification of stocks at Central Distribution Depot and Show rooms was not done. Excess/shortages of 11 (eleven) varieties of cloth were combined and net shortages were arrived at and recovered from employees. The excess in one variety of cloth gets adjusted against the shortage of another variety of cloth. This procedure was not considered proper. (Retail Marketing Division, Madras).

(ii) Maximum/Minimum limits of stores and spares were not fixed. (Rangavilas Ginning Spinning & Weaving Mills, Kaleeswarar Mills A&B Unit & Pankaj Mills).

(iii) Surplus/obsolete stores valued at Rs. 2.36 lakhs remained undisposed for over two years. (Cambodia Mills).

VI. General

(i) There was no project report/norms for employment of manpower. (Head Office).

(ii) Proforma accounts of canteen were not prepared. (Kaleeswarar Mills A Unit).

134. ORISSA DRUGS AND CHEMICAL LIMITED

I. System of Accounts and Book-keeping

(i) The Company did not have any accounting manual.

II. Internal Control

(i) The Company did not have any defined purchase policy.

III. Budget Estimates

During the year 1987-88 no budget was prepared by the Company.

IV. Targets of Production

(i) There was no system to verify the actual consumption of major raw materials to the norms fixed therefor.

(ii) Actual production was only 13% of the installed capacity during the year.

V. Cost Control

Cost accounts/records were not maintained by the Company.

VI. Inventory Control

(i) Priced stores ledgers were not maintained.

(ii) Minimum/maximum and reordering levels had not been fixed for any item of raw materials, stock and stores.

135. ORIENTAL INSURANCE COMPANY LIMITED

I. System of Accounts & Book-keeping

(i) Assets registers were not maintained/kept up-to-date. (Kanpur, Udupi & Kanpur-III).

(ii) There were no norms for determining premium for non-tariff items. (Kota, Calcutta-II, Delhi-II, Satara & Kota).

II. Internal Control

(i) Internal audit was not conducted or was conducted irregularly during the year. (Bombay-20, Bhavnagar, Bokaro, Tanuku, Amritsar, Patiala, Madurai, Bombay-II, New Delhi-X, Kota, Gwalior, Cochin-II, New Delhi-XI, Secunderabad, Kanpur-II, Akola).

136. OIL INDIA LIMITED

I. Credit Control

(i) Debts outstanding for more than three years amounted to Rs. 380.52 lakhs.

(ii) The Company did not have any system of obtaining confirmation of balances from customers.

II. Inventory Control

The stores and spares which had not moved for three years and more amounted to Rs. 592.00 lakhs.

III. Cost Control

The Company had not adopted standard costing.

137. PROJECTS & DEVELOPMENT INDIA LIMITED

I. System of Accounts & Book-keeping

The Company was not having accounting manual of its own.

II. Internal Control

The Company was not having Internal Audit Manual of its own.

III. Cost Control

Standard costing system was not in operation.

IV. General

No norms for manpower requirements were formulated by the Company.

138. PAWAN HANS LIMITED

I. Inventory Control

Maximum and minimum limits of stores and spares had not been fixed.

139. PYRITES, PHOSPHATES AND CHEMICALS LIMITED

I. System of Accounts & Book-keeping

(i) Records for generation, disposal and the quantity in hand of the scrap material had not been maintained.

(ii) The manufacturing accounts were not drawn up.

II. Inventory Control

There was no system for determining unserviceable/damaged and surplus store.

III. Cost Control

(i) There was no system for ascertaining the idle time for labour and machinery

(ii) Demonstration plant valued at Rs. 100.11 lakhs had not been commissioned for the last 4 years because its operation was economically prohibitive.

(iii) The Plant and Machinery declared surplus amounting to Rs. 35.02 lakhs was lying idle.

IV. General

No norms for employment of manpower had been fixed.

140. PARADEEP PHOSPHATES LIMITED

I. Internal Control

(i) Following drawbacks in the system of internal control were observed by the Internal Audit Department.

(a) No memorandum/record of the various insurance policies issued/covers undertaken was being maintained.

(b) Monthly status report of bank guarantees was not prepared and submitted to the management for taking action in cases where bank guarantees had expired or about to expire.

II. Cost Control

There was no system for ascertaining the idle time for labour and machinery. The entire plant remained idle for a period of four months due to non-availability of raw materials.

III. Inventory Control

(i) The Company had not fixed the maximum and minimum levels of stores/spares.

(ii) The Company had not identified unserviceable stores.

IV. General

No proforma accounts had been maintained in respect of the operation of service units of transport, canteen etc. for the benefit of staff during the year.

141. PRAGA TOOLS LIMITED

I. Credit Control

Debts outstanding for three years and more were Rs. 30.50 lakhs from the Government Departments and Rs. 6.73 lakhs from others.

II. Inventory Control

Value of stores/spares which had not moved for two years and more were Rs 48.16 lakhs.

142. RICHARDSON AND CRUDDAS (1972) LIMITED

I. Internal Control

There was no manual of internal control. (Madras Branch).

II. Cost Control

(i) There was no system of recording idle time for labour and machinery. (Madras Branch).

(ii) There was no standard cost fixed of various products. (Byculla and Mulund Unit).

(iii) The following items of machinery had not been installed/commissioned in Byculla & Mulund Unit:—

	Year of Purchase	Cost Rs. in lakhs
(a) Heavy duty Crane	August 86	31.35
(b) Plate Bending & Flame Cutting Machine	October 86	592.68
(c) Kirloskar Compressor	July 86	79.26
(d) Fabrication, Painting & Erection of Trusser & A.C. Sheets for covering open guntry	March 87	12.13

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III. Targets of Production and Achievements

The Company had no system of comparing consumptions with estimates. (Byculla & Mulund Unit).

IV. Credit Control

Debts outstanding for more than 3 years from the Government Departments and from others are as follows.—

Unit	Government Departments	Others
	(Rs. in lakhs)	
Madras Branch	3.70	14.18
Byculla & Mulund Unit	37.00	44.00

V. Inventory Control

(i) Value of unserviceable stores/surpluses had not been determined. (Byculla & Mulund Unit).

(ii) Maximum/minimum limits of stores/spares holding had not been fixed. (Byculla & Mulund Unit).

143. RASHTRIYA CHEMICALS & FERTILIZERS LIMITED

I. Internal Control

Trombay unit had paid/provided Rs. 110.29 lakhs for demurrage on 14 shipments.

II. Inventory Procedure & Control

There was surplus stores of Rs. 227.07 lakhs, the yearwise break-up of which was not done.

III. Credit Control

The debts outstanding for more than 3 years amounted to Rs. 8.64 lakhs and Rs. 201.95 lakhs against the Government Departments and others respectively.

144. RAIL INDIA TECHNICAL & ECONOMIC SERVICES LIMITED

Credit Control

Debts outstanding at the year end for more than 3 years from parties other than Government Departments were Rs. 19.90 lakhs for Head office and Rs. 1.23 lakhs for Calcutta branch.

145. STEEL AUTHORITY OF INDIA LIMITED

I. System of Accounts & Book-keeping

(i) Priced stores ledger had not been maintained at the Kuteswar Mines (Bokaro Steel Plant).

(ii) There was no accounting manual. (Rourkela Steel Plant).

(iii) There was no proper documentation in respect of SIV/SRV for semi-finished and finished products received from sister plants. (Durgapur Steel Plant).

II. Internal Control

Stores-in-transit of capital equipment included Rs. 129.04 lakhs which were neither physically verified nor cleared for long-time (Durgapur Steel Plant).

III. Credit Control

Debts amounting to Rs. 6994.31 lakhs (Rs. 6650.62 lakhs against Government Departments/Undertakings and Rs. 343.69 lakhs against other parties were outstanding for 3 years or above.

	Government Departments Undertakings	Others
	(Rs. in lakhs)	
(i) Bhilai Steel Plant	100.90	65.33
(ii) Alloy Steel Plant	49.00	19.00
(iii) CMO (Export & Import Department).	15.75	131.11
(iv) Bokaro Steel Plant	104.75	58.90
(v) Head Office	6153.68	—
(vi) Rourkela Steel Plant	226.54	69.35
	6650.62	343.69

Claims amounting to Rs. 245.67 lakhs were being shown under suspense for more than 3 years (Rourkela Steel Plant).

IV. Inventory Control

(i) Stock worth Rs. 1483.82 lakhs declared surplus/obsolete by the Committee was awaiting disposal (Bokaro Steel Plant, Rourkela Steel Plant, Bhilai Steel Plant). Stores and spares amounting to Rs. 13275.71 lakhs did not move for a period of 3 years and above (Bokaro Steel Plant, Rourkela Steel Plant and Durgapur Steel Plant).

(ii) The stores amounting to Rs. 131.16 lakhs for Central Engineering Zone became surplus as most of the construction equipment to which these spares related had been disposed off or were awaiting disposal (Bhilai Steel Plant).

(iii) Maximum/minimum limits had not been fixed in respect of spares (Rourkela Steel Plant).

V. Cost Control

(i) No norms for rejection in the production had been fixed (Bokaro Steel Plant).

(ii) Standard cost of various products had not been fixed (Bokaro Steel Plant).

(iii) There was no system for determining idle time for labour (Bokaro Steel Plant, Rourkela Steel Plant, Durgapur Steel Plant).

(iv) Idle labour charges aggregating Rs. 59.86 lakhs were paid at Rajhara Mines (Bhilai Steel Plant).

(v) Average selling price was less than actual cost of production in respect of Amonia Sulphate, Slabs and steel ingots (Alloy Steel Plant and Bokaro Steel Plant).

VI. General

(i) Demurrage charges amounting to Rs. 493.02 lakhs were paid during the year. (Bhilai Steel Plant and Rourkela Steel Plant).

(ii) There was no system of assessment of manpower requirement. (Bokaro Steel Plant).

146. SEMICONDUCTORS COMPLEX LIMITED

I. Cost Control

The Company did not maintain proper records for rejection in production.

II. Inventory Control

Maximum and minimum limits of stores/spares had not been fixed.

III. General

Proforma accounts were not maintained in respect of the operation of service units for the benefit of staff e.g. transport, canteen, etc.

147. SHIPPING CORPORATION OF INDIA LIMITED

Credit Control

Debts outstanding for more than 3 years amounted to Rs. 118 lakhs (from other than Government Departments).

148. SOUTH EASTERN COALFIELDS LIMITED

I. System of Accounts and Book-keeping

(i) Production of coal was accounted on the basis of MIS reports which was not tallied with basic production records (Korba West area).

(ii) There was no system of physical verification of stores & spares. (Bilaspur (H.O.), Korba West area).

(iii) Reconciliation of plant and machinery and other properties with financial books was not done though physical verification was done (Hasdeo and Baikunthpur areas).

(iv) Accounting instructions issued contained deficiencies in respect of determination of slow moving and obsolete items of stock, fixing minimum/maximum limits and hence there was no proper system. (Jamuna Kotma area, Sohagpur area, Korba west area).

(v) Shortage of coal valuing Rs. 143.79 lakhs was adjusted from the value of stock without proper investigation. (Bilaspur H.O.).

II. Internal Control

(i) There was no manual outlining the scope and programme of work for the internal audit. There was no internal control system in vogue Korba West area, Bilaspur (H.O.).

(ii) Important points thrown up by Internal Audit were not considered and necessary follow-up action taken by the management (Sohagpur area).

(iii) There had been instances where discounts, refunds had been foregone in the form of unusual concessions, discounts, rebates involving Rs. 174.62 lakhs (Talcher area).

III. Cost Control

(i) Day to day production and despatch records were not properly kept to arrive at the production figures. (Talchar area).

(ii) Standard costing system was not adopted (Talchar area).

(iii) There was no system of calculating the cost per tonne of various grades of coal produced.

(iv) There was no proper system for ascertaining idle time for labour and machinery. (Hasdeo, Baikunthpur, Chirimiri).

(v) Machines (each costing more than Rs. 1.5 lakhs) which were not installed and not commissioned were of the value of Rs. 173.32 lakhs for Talchar area, Rs. 178.69 lakhs for Baikunthpur area, Rs. 78.33 lakhs for Chirimiri area, Rs. 71.44 lakhs for Hasdeo area, and Rs. 678.87 lakhs (one Dragline) for Jamuna Kotma area.

IV. Inventory Control

At regional office, there was over stocking of stores to the tune of Rs. 3.81 crores which were either slow moving or obsolete. (Talchar area).

V. General

(i) Demurrages amounting to Rs. 18.13 lakhs for Talchar area, Rs. 38.21 lakhs for Hasdeo, Rs. 58.26 lakhs for Baikunthpur, Rs. 37.39 lakhs for Chirimiri area, Rs. 10.36 lakhs for Sohagpur area, Rs. 12.22 lakhs for Jamuna Kotma area and Rs. 40.43 lakhs for Korba (West) area were paid.

(ii) Proforma accounts in respect of operation of service units for the benefit of staff were not maintained. (Hasdeo Baikunthpur, Chirimiri, Sohagpur, Jamuna and Kotma area).

149. SCOOTERS INDIA LIMITED

I. System of Accounts of Book-keeping

There was no accounting manual.

II. Internal Control

There was no manual outlining the scope and programme of work of internal audit.

III. Credit Control

Debts outstanding for more than three years amounted to Rs. 23.80 lakhs (Government Companies) and Rs. 4.53 lakhs. (others).

IV. Inventory Control

(i) The Company had not established the procedure for procurement and disposal of stores & spares.

(ii) The value of unserviceable stores and spares was Rs. 20.51 lakhs.

(iii) Maximum limits for stores & spares had not been fixed.

150. SOUTHERN PESTICIDES CORPORATION LIMITED

I. Cost Control

No standard cost had been fixed in respect of main products.

II. Inventory Control

Maximum and minimum limits had not been fixed for any class of stores.

151. SMITH STANISTREET & PHARMACEUTICALS LIMITED

I. System of Accounts and Book-keeping

There was no accounting manual.

II. Internal Control

The Company did not have internal audit manual outlining the scope and programme of work for internal audit.

III. Cost control

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

(ii) The Company had no system of recording idle time for labour and Machinery.

IV. Inventory Control

(i) The Company had not determined recording, minimum, maximum levels etc. of stores/spares.

(ii) The non-moving stores amounted to Rs. 8.47 lakhs.

V. General

Proforma accounts had not been maintained in respect of operation of service units for the benefit of staff.

152. SAMBHAR SALTS LIMITED

I. Cost Control

There was no system of determination of rejections in production.

153. STATE FARMS CORPORATION OF INDIA LIMITED

I. Cost Control

(i) Standard costs of main products were not fixed. (Jawalgara Unit).

(ii) There was no system of ascertaining idle time for labour and machinery. (Jawalgara Unit).

II. General

No proforma accounts were maintained in respect of service units for the benefit of staff. (Jawalgara Unit).

154. STATE TRADING CORPORATION OF INDIA LIMITED

I. System of Accounts & Book-keeping

(i) There was no accounting manual laying down the detailed accounting procedure and specifying the financial powers, duties and responsibilities of different officers. (Visakhapatnam Branch).

(ii) Particulars of parties were not available in respect of Government cheques relating to year 1980-81 to 1984-85 amounting to Rs. 26.88 lakhs in the imported car division. (Head Office).

(iii) Reconciliation of accounts of sugar handling agent, ISEC had not been done since 1978-79. (Head Office).

II. Internal Control

(i) There was no manual outlining the programme for the internal audit.

(ii) No internal audit was conducted during the year (Delhi Branch).

III. Credit Control

(i) Debts amounting to Rs. 742.97 lakhs (Rs. 190.46 lakhs against Government Departments & Rs. 552.53 lakhs against other parties) were outstanding for 3 years or more.

(ii) There was no system of obtaining confirmation of outstanding debts. (H.O.)

IV. Inventory Control

(i) There were abnormal transit losses of edible oil. (Delhi Branch).

(ii) There was no system for fixing maximum and minimum limits for stores & spares (Leather Garment Unit).

V. Cost Control

There was no system for ascertaining idle-time for labour and machinery. (Leather Garment Unit).

VI. General

(i) Demurrage amounting to Rs. 39.61 lakhs was incurred during the year. (Calcutta Branch).

(ii) Norms for the employment of manpower had not been fixed.

155. SPICES TRADING CORPORATION LIMITED

I. System of Accounts and Book-keeping

There was no accounting manual in the Company.

II. Credit Control

The system of obtaining confirmation from outstanding debtors was not in practice.

156. TELECOMMUNICATION CONSULTANTS INDIA LIMITED

General

No norms were fixed by the management for employment of manpower.

157. TYRE CORPORATION OF INDIA LIMITED

I. System of Accounts and Book-keeping

(i) Accounting manual as prepared by the Company had not yet been implemented (except a part of it viz. purchase manual).

(ii) Delegation of powers to subordinate officers at various levels had not been formulated.

(iii) The system of making out monthly cash trials and monthly Bank reconciliations had not been followed in Branches.

II. Internal Control

(i) A manual outlining the scope and programme for internal audit had not been drawn up.

III. Cost Control

(i) Standard costing system had not yet been introduced.

(ii) Certain spares and parts of fluidised Bed Boilers valued at Rs. 12.88 lakhs were yet to be installed.

IV. General

No norms had been fixed by the Management for manpower requirement.

158. TRADE FAIR AUTHORITY OF INDIA

I. System of Accounts & Book-keeping

The Company did not have any manual laying procedure for recording accounting entries.

II. Internal Control

There was no manual outlining the scope of internal audit.

III. Credit Control

There was no system laid down for allowing credit.

159. THE FERTILIZER CORPORATION OF INDIA LIMITED

I. Internal Control

Internal audit was not conducted during the year. (Industrial Products Division, Calcutta and Regional Marketing Division, Raipur).

II. Credit Control

Non-Government debts outstanding for more than 3 years amounted to Rs. 16.81 lakhs. (Industrial Products Division).

III. Inventory Control

(i) Surplus/obsolete stores amounted to Rs. 372.83 lakhs at the end of the year. (Sindri Unit, Talchar Unit).

(ii) Maximum and Minimum levels of stores had not been fixed. (Sindri Unit).

(iii) Stores and spares valuing Rs. 1565.15 lakhs had not moved for over three years. (Ramagundam, Gorakhpur and Talchar Units).

IV. Cost Control

(i) Demurrage charges amounting to Rs. 41.73 lakhs were paid during the year. (Industrial Products Division and Sindri Unit).

(ii) There was no system of recording idle time for labour/machinery. (Sindri, Talchar and Ramagundam Units).

(iii) Standard costing system had not been introduced. (Jodhpur, Talchar and Ramagundam Units).

160. TANNERY AND FOOTWEAR CORPORATION OF INDIA LIMITED

Credit Control

The amount outstanding for more than three years amounted to Rs. 18.25 lakhs against Governments Departments and Rs. 16.98 lakhs against others.

161. THE PROJECTS AND EQUIPMENTS CORPORATION OF INDIA

I. Internal Control

No regular manual for internal audit was maintained.

II. Credit Control

Debts amounted to Rs. 269.67 lakhs (Rs. 53.35 lakhs against Government Departments and Rs. 216.32 lakhs against private parties) were outstanding for a period of 3 years or more.

III. General

No norms for manpower requirement had been laid down.

162. TUNGABHADRA STEEL PRODUCTS LIMITED

Credit Control

Debts outstanding for more than three years were Rs. 231.40 lakhs.

163. TRIVENI STRUCTURALS LIMITED

I. Internal Control

(i) Detailed internal audit manual had not been prepared by the Company.

(ii) Observations of internal audit remained unresponded and unsettled by the management.

(iii) Shortages/excesses due to physical verification remained unaccounted for.

II. Budget Estimates

No capital budget was prepared.

III. Credit Control

Debts outstanding for more than three years amounted to Rs. 118.15 lakhs against Government Departments & Public Sector Undertakings and Rs. 6.30 lakhs against other parties.

IV. Inventory Control

(i) The Company did not maintain records as regards rejections in the production.

(ii) Maximum and minimum limits of all items under stores and spares had not been fixed.

(iii) The value of items which had not moved and were awaiting disposal for more than three years amounted to Rs. 48.12 lakhs.

V. General

The Company did not maintain proforma accounts in respect of operation of service units.

164. TEA TRADING CORPORATION OF INDIA LIMITED

I. System of Accounts and Book-keeping

The Company had not prepared accounts manual.

II. Internal Control

(i) There was no internal control manual. Even no separate internal audit department existed.

(ii) There had been no written procedure for write-off, discounts, etc.

165. URANIUM CORPORATION OF INDIA LIMITED

Inventory Control

The value of stores which did not move for the last 3 years amounted to Rs. 58.39 lakhs.

166. UTTAR PRADESH DRUGS & PHARMACEUTICALS COMPANY LIMITED

I. System of Accounts & Book-keeping

No accounting manual was introduced giving detailed accounting procedure and specifying the financial powers and duties of the officers of different levels.

II. Internal Control

Company did not have an internal audit system.

III. Credit Control

Debts outstanding for more than three years amounted to Rs. 11.41 lakhs.

IV. Inventory Control

Maximum and minimum limits of stores/spares had not been fixed for any item of stores.

167. UNITED INDIA INSURANCE COMPANY LIMITED

I. System of Accounts and Book-keeping

(i) Registers of premium claims, various advances were not maintained (Aurangabad).

(ii) No norms had been fixed for determining premium for non tariff business (New Delhi, Ernakulam-II, Bombay-13).

II. Internal Control

Internal audit was not conducted during the year. (Bombay Division No. XI, Hoshiarpur, Kota, Jalgaon, Madras Division V, Karnal, Margao, Amritsar, Ahmedabad, Bangalore, Bombay (MO fussil), Ludhiana-I, Udaipur, Noida, Tirupathi, Patna).

168. VIGNYAN INDUSTRIES LIMITED

I. System of Accounts and Book-keeping

(i) No accounting manual containing accounting instructions was laid down.

(ii) The Company had not maintained priced stores ledger and hence the system of reconciliation of balances was not in existence.

(iii) Periodical trial balances were not prepared.

II. Internal Control

(i) The Company had no internal audit department.

(ii) There was no manual outlining the scope of work.

III. Cost Control

(i) Standard cost of steel casting was not fixed as there was no costing system prevalent.

(ii) There was no system for ascertaining the idle time for labour and machinery.

IV. Inventory Control

Maximum and minimum limits for stores and raw material had not been fixed.

169. VIDESH SANCHAR NIGAM LIMITED

I. System of Accounts and Book-keeping

(i) There was no accounting manual. (Northern Region).

(ii) No open tenders were invited for any purchase. (Northern Region).

(iii) The accounts had been written after the close of the year. (Northern Region).

(iv) There did not exist any system of reconciliation of the books periodically. (Northern Region).

(v) Maintenance of purchase register and recording of invoices required to be introduced so as to make it possible to vouch the transactions in depth.

(vi) No reconciliation was made for stores accounting. (Southern Region).

II. Internal Control

There was no internal audit manual. (Northern and Southern Region).

III. Inventory Procedure and Control

(i) There was no system of pricing of stores issued. (Calcutta Branch).

(ii) There was no system of periodical deterioration of the value of surplus and unserviceable stores. (Calcutta and H.O.)

(iii) No norms had been fixed in Head Office for maximum and minimum limits for stores/spares and the stores/spares not moved for three years or more had not been ascertained.

170. WESTERN COALFIELDS LIMITED

I. System of Accounts and Book-keeping

There was no accounting manual for the Company.

II. Cost Control

(i) Basic production records like coal raising registers, mine returns, daily production registers, stock and despatch registers and the annual production statements remained unlinked and unreconciled with one another. (Nagpur area, CBE Bhandara).

(ii) Cost accounts were not reconciled with financial accounts.

(iii) Standard costs were not fixed.

(iv) During the year 1987-88 total payments of Rs. 123.07 lakhs had been made towards demurrage and penalties. (Chandrapur area, Wani area, Nagpur area, CBE Bhandara).

III. Credit Control

The Company did not have a system of getting periodical or year end confirmation of balances from any of the customers. (Nagpur Sales Office, CBE Bhandara).

IV. Inventory Control

(i) The Company had not fixed minimum and maximum levels of stores and spares items. (Chandrapur area, Wani area, Nagpur area, CBE Bhandara).

(ii) Age wise classification of inventories was not made so as to ascertain stores which had not moved for more than 3 years, (Nagpur area, Nagpur Sales area, CBE Bhandara).

V. General

The Company did not maintain any proforma accounts in respect of service units for the benefit of staff.

171. WEIGHBIRD INDIA LIMITED

I. Cost Control

Standard costs of main products had not been fixed.

II. Inventory Control

Maximum and minimum limits of stores and spares had not been fixed.

172. WATER AND POWER CONSULTANCY SERVICES (INDIA) LIMITED

I. System of Accounts and Book-keeping

There was no accounting manual.

II. Internal Control

There was no internal audit manual.

III. Credit Control

Debts outstanding for more than three years amounted to Rs. 22.87 lakhs against parties other than Government Departments.

173. ZENITH SECURITIES AND INVESTMENTS LIMITED

Internal Control

There was no internal audit arrangement in the Company.

SECTION II

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

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

- (a) The Auditor of a Government Company (appointed under Section 619(2) of the said Act) is required to submit a copy of his report on the accounts of the Company to the Comptroller and Auditor General of India; and
- (b) The Comptroller and Auditor General of India has the right to comment upon or supplement the said audit report in such manner as he may think fit.

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

Out of 241 Government Companies including 79 subsidiaries of the Union Government as on 31st March, 1988 (details given in Appendix I), accounts of 227 Government Companies (including 70 subsidiaries) for 1987-88 were received upto August, 1989. In addition, there were 41 Companies (details given in Appendix II) as on 31st March, 1988 falling within the purview of Section 619-B of Companies Act, 1956 in which Central Government and/or Central Government Companies and Corporations owned or controlled by the Central Government had dominant shares. Out of these, accounts of 26 Companies for 1987-88 were received upto August, 1989.

Out of 282 Companies (214 Government Companies including subsidiaries, and 41 Section 619(B) Companies) referred to above, the accounts of 194 Government Companies and their subsidiaries and 16 under Section 619(B) Companies were audited by the Comptroller and Auditor General under Section 619(4) of the Companies Act. On the basis of Comptroller and Auditor General's audit observations, the accounts of 35 Companies were revised by the Management. In addition, in 50 cases the Comments were issued; including 13 cases where Comments were issued as well as accounts were revised by the Management.

The particulars of significant revisions made in the accounts and important Comments issued consequent

upon Comptroller and Auditor General's supplementary audit under Section 619(4) of the Act in respect of Companies selected for such audit have been categorised as follows :

- (A) Companies which revised their accounts and consequently 'nil' comments were issued.
- (B) Companies which partly revised their accounts and carried comments for which no accounting adjustments were made.
- (C) Companies which did not carry out adjustments and carried full comments.

A. Names of Government Companies and particulars of the revisions made as a result of audit observations.

1. BHARAT COKING COAL LIMITED

The loss of the Company increased by Rs. 2212.50 lakhs as per details given below :—

(Rs. in lakhs)

(a) Reduction in Income	
(i) Sales of coal, coke etc.	0.78
(ii) Other receipts	0.88
(iii) Decrease in stock accretion	1442.31
	1443.97
(b) Increase in Expenditure	
(i) Increase in employees' remuneration & benefits.	529.43
(ii) Increase in consumption of stores & spare parts.	5.46
(iii) Increase in power & fuel costs.	7.46
(iv) Increase in repair cost.	1.66
(v) Increase in the cost of social overheads.	132.60
(vi) Further provision for depreciation.	74.13
(vii) Increase in rent, rates & taxes.	9.89
(viii) Increase in selling expenses.	7.90
	768.53

2. BHARAT EARTH MOVERS LIMITED

(a) The profit was overstated by Rs. 192.06 lakhs on the account of :—

	(Rs. in lakhs)
(i) Short provision of depreciation on fixed assets.	1.01
(ii) Short provision of entry tax on Iron & Steel.	93.24
2. Overvaluation of :	
	(Rs. in lakhs)
(i) Work-in-progress	57.35
(ii) Finished stock	4.07
(iii) Short provision of liability towards material received.	10.12
3. Overstatement of sales.	4.19
4. Non-charging of small value items of raw material and components.	6.84
5. Understatement of expenditure on account of redemption of debentures	15.24
	<u>192.06</u>

(b) Profit was understated by Rs. 143.77 lakhs on account of :—

(i) Undervaluation of finished stocks	15.24
(ii) Excess provision of liability towards customs duty	11.31
(iii) Excess provision of depreciation	0.78
(iv) Wrong calculation of turn-over discount.	0.84
(v) Treatment of items of capital expenditure as revenue expenditure.	10.54
(vi) Understatement of sales.	12.69
(vii) Wrong provision for warranty claims liability contrary to accounting policy.	3.53
(viii) Understatement of interest due to non-accountal of interest due on deposits with Karnataka Electricity Board and on investments in National Savings Certificates.	1.46
(ix) Overstatement of cost of raw materials and spares consumed.	6.95
(x) Excess provision of liability towards Contributory Provident Fund, bonus and leave encashment, and interim relief paid to workers.	80.43
	<u>143.77</u>
Net effect—as a result of adjustments	48.29
Reduction in profit (192.06—143.77) =	<u>48.29</u>

3. BHARAT ELECTRONICS LIMITED

(a) Profit was decreased by Rs. 24.83 lakhs on account of :—

	(Rs. in lakhs)
(i) Overstatement of sales due to adoption of higher price.	6.19
(ii) Overvaluation of work-in-progress due to wrong evaluation.	5.52
(iii) Non-provision of obsolete stock of 68 Nos. IC tubes which had lost their shelf life.	3.92
(iv) Non writing off of miscellaneous expenses during construction period even though commercial production had started.	9.20
	<u>24.83</u>

(b) Profit was increased by Rs. 3.84 lakhs on account of excess provision of electricity charges. Net effect—Decrease in Profit (24.83—3.84) = 20.99

4. BHARAT HEAVY PLATE & VESSELS LIMITED

The profit was reduced by Rs. 92.69 lakhs due to the following :—

(a) Profit was reduced by Rs. 113.70 lakhs on account of :—

	(Rs. in lakhs)
(i) Short provision for redundancy on stainless steel off cuts (above 1000mm width)	1.17
(ii) Double accountal of extra claims recoverable from customers for work of civil foundation.	3.03
(iii) Excess accountal of (a) escalation claims on account of exchange rate variations due to wrong adoption of FOB value, (b) escalation claim on account of customs duty variations due to adoption of wrong value of duty, arithmetical error in calculation and escalation claim which was neither accepted by the customers nor covered by the purchase order terms.	6.94
(iv) Non-provision for excise duty.	18.10

(v) Excess account of income on account of wrong account of work done by subcontractors, wrong adoption of percentages on prorata basis on work-in-progress and wrong calculation of accrued income by Boiler Erection Department.	16.63
(vi) Non-account of material directly despatched to sites and consumed.	15.22
(vii) Short provision of site erection and fabrication expenses in respect of subcontractors.	29.73
(viii) Short provision of depreciation, doubtful debts and amount withheld by the customers.	22.88
	<u>113.70</u>

(b) Profit was increased by Rs. 21.01 lakhs on account of short account of erection income.

Net effect (Rs. 113.70 — Rs. 21.01) =

Decrease in Profit Rs. 92.69

5. CENTRAL COALFIELDS LIMITED

The loss for the year increased by Rs. 5390.50 lakhs as per details given below :—

(a) <i>Increase in Loss</i>	(Rs. in lakhs)
(i) Decrease in other receipts	0.05
(ii) Reduction in accretion/decretion in stock.	4318.40
(iii) Increase in Employees' remuneration and benefits.	333.60
(iv) Increase in power & fuel cost.	2.47
(v) Increase in cost of repairs.	5.37
(vi) Increase in contractual expenses.	1.16
(vii) Increase in social overheads.	0.41
(viii) Increase in provision for interest.	491.76
(ix) Further provisions.	80.03
(x) Increase in other expenditure.	32.59
(xi) Decrease in prior period adjustment (net credit).	72.97
(xii) Further provision for depreciation	69.42
	<u>5408.23</u>
(b) <i>Decrease in loss</i>	
Reduction in consumption of store.	17.73
Net effect - Increase in Loss (a—b)	<u>5390.50</u>

6. COAL INDIA LIMITED

The profit of Rs. 103.14 lakhs was converted into a loss of Rs. 136.85 lakhs as detailed below :—

	(Rs. in lakhs)
(i) Non-provision for deterioration in quality of coal and coke.	205.61
(ii) Understatement of employees remuneration and benefits.	22.10
(iii) Under-provision for interest	20.46
(iv) Overstatement of prior period adjustment.	5.57
	<u>253.74</u>
(v) Overstatement of provisions	8.84
(vi) Understatement of other Receipts.	4.91
	<u>(—)13.75</u>
Total Net effect :	<u>239.99</u>

7. EASTERN COALFIELDS LIMITED

The loss for the year increased by Rs. 1305.26 lakhs by due to further provisions/adjustments towards :—

	(Rs. in lakhs)
(a) (i) Payment to provision for employees remuneration.	580.00
(ii) Consumption of stores.	4.00
(iii) Payment to contractors.	0.08
(iv) Repairs	0.84
(v) Social overheads	0.57
(vi) M.sc. Expenses	31.35
(vii) Depreciation	2.00
(viii) Provisions	185.67
(ix) Reduction in accretion in stock	325.34
(x) Prior period adjustment	175.41
	<u>1305.26</u>

(b) The assets and liabilities increased by Rs. 976.85 lakhs as per details given below :—

	(Rs. in lakhs)
<i>Increase in Assets</i>	
Fixed Assets	39.59
Profit & Loss Account (Loss)	1305.26
	<u>1344.85</u>
<i>Decrease in Assets</i>	
Work-in-progress	42.66
Inventories	325.34
	<u>(—)368.00</u>
	<u>976.85</u>
<i>Increase in liabilities</i>	
Current liabilities & Provisions	976.85

8. ELECTRONICS CORPORATION OF INDIA LIMITED

The profit was reduced by Rs. 119.30 lakhs before tax as detailed below :—

(a) Profit was reduced by Rs. 145.94 lakhs on account of adjustments in respect of the following :—

	(Rs. in lakhs)
(i) Overstatement of sale	52.18
(ii) Non-provision of depreciation on system capitalised during 1985-86	4.30
(iii) Non-provision of interest on the advances received from customers	3.57
(iv) Understatement of consumption of material.	54.41
(v) Overvaluation of work-in-progress	31.48
	145.94

(b) Profit was increased by Rs. 26.64 lakhs on account of adjustments in respect of the following :—

(i) Overvaluation of consumption of material.	21.88
(ii) Excess provision of rent	1.02
(iii) Understatement of income of the claims admitted by customs authorities.	0.62
(iv) Excess provision of sales tax due to overvaluation of sales as mentioned above.	3.12
	26.64

Net effect = (Rs. 145.94 — Rs. 26.64)
= Reduction in Profit : 119.30

9. HEAVY ENGINEERING CORPORATION LIMITED

There was increase in the loss to the extent of Rs. 90.12 lakhs for the current year on account of :—

	(Rs. in lakhs)
(a) Making further provisions for :—	
(i) Interest due on mobilisation advances received from customers	50.00
(ii) Surplus casting	20.00
(iii) Deductions made on account of excess weight supplied over designed weights	47.00
(iv) Difference in rates of excise duty & profit	17.26
	134.26
(b) Writing back of excess depreciation	(—)44.14
	90.12

10. HINDUSTAN AERONAUTICS LIMITED

The profit was reduced by Rs. 78.55 lakhs as detailed below :—

(a) Profit was decreased by Rs. 158.91 lakhs due to :—

	(Rs. in lakhs)
(i) Overstatement of work-in-progress	40.60
(ii) Non-provision of doubtful claims which had been rejected by the customer	20.71
(iii) Overstatement of sales	6.83
(iv) Short provision of depreciation	40.67
(v) Overstatement of claims receivable due to setting up of claims on IAF twice	37.89
(vi) Short provision of interest on deferred liabilities.	12.21
	158.91

(b) Profit was increased by Rs. 80.36 lakhs due to :—

(i) Overstatement of rectification of Miscellaneous expenses	30.94
(ii) Understatement of work-in-progress and stock in trade	32.14
(iii) Understatement of sales.	16.89
(iv) Overstatement of depreciation	00.39
	80.36

Net effect = (Rs. 158.91 (—)80.36)
= Reduction in profit : 78.55

11. INDIAN ROAD CONSTRUCTION CORPORATION LIMITED

The net loss of the Company for the year increased by Rs. 228.85 lakhs due to short-provision of penalties and fines.

12. INDIAN TELEPHONE INDUSTRIES LIMITED

The profit was reduced by Rs. 68.05 lakhs due to the following :—

(a) Profit was reduced by Rs. 74.43 lakhs on account of :—

	(Rs. in lakhs)
(i) Overstatement of sales in respect of supplies to DOT.	27.50
(ii) Excess accountal of escalation claim on non-sequential supplies.	17.87
(iii) Non-provision of sales overhead for valuation of work-in-Progress	12.92
(iv) Non-provision for dormant stores.	3.79
(v) Short provision of depreciation	11.34
(vi) Non-provision for material found short and under investigation.	1.01
	74.43

(b) Profit was increased by Rs. 6.38 lakhs on account of :—

(i) Excess provision of interest charges on Bonds.	3.99
(ii) Excess provision of other expenses for freight and insurance etc.	2.39
	6.38
Net effect (Rs. 74.43 (—) Rs. 6.38)	
= Reduction in profit :	68.05

13. IISCO UJJAIN PIPE AND FOUNDRY COMPANY LIMITED

There was increase in loss by Rs. 23.55 lakhs, increase in the liability by Rs. 22.83 lakhs and decrease in fixed assets by Rs. 0.72 lakh.

14. MINING AND ALLIED MACHINERY CORPORATION LIMITED

The sales were reduced by Rs. 25.30 lakhs leading to increase in loss by the same amount.

15. NATIONAL MINERAL DEVELOPMENT CORPORATION LIMITED

The loss was increased by Rs. 20.98 lakhs due to the following :—

(a) Loss was increased by Rs. 24.29 lakhs on account of :—

	(Rs. in lakhs)
(i) Non-provision for conveyor belt replacement.	1.68
(ii) Short provision of power and electricity charges, etc.	22.61
	24.29

(b) Loss was decreased by Rs. 3.31 lakhs on account of :—

(i) Wrong calculation of accretion of stock.	0.54
(ii) Adjustments relating to earlier years and other income, etc.	2.77
	3.31
Net effect = (Rs. 24.29 lakhs (—) Rs. 3.31 lakhs) = Increase in loss :	20.98

16. NATIONAL THERMAL POWER CORPORATION LIMITED

The profit was reduced by Rs. 22.15 lakhs.

	(Rs. in lakhs)	
	(+)	(—)
Increase in fixed assets	38.16	—
Increase in Capital work-in-progress, construction stores and advances.	18.18	—
Decrease in current assets, loans and advances.	—	44.60
Increase in Current Liabilities & Provisions.	—	33.89
	56.34	78.49

Net effect = (Rs. 78.49 (—) 56.34)

= Reduction in Profit : Rs. 22.15 lakhs.

17. NATIONAL TEXTILE CORPORATION (APKK&M) LIMITED

The loss of the Company was increased by Rs. 29.60 lakhs as indicated below :—

	(Rs. in lakhs)
(i) Treating the sales relating to previous period as sale for the year.	3.00
(ii) Short provision/non-provision of liabilities for analysis remuneration, manufacturing, administration, selling and distribution expenses, doubtful debts and advances.	29.06
	32.06
Less : Providing the financial charges relating to previous period in this year.	—2.46
	29.60

18. NATIONAL TEXTILE CORPORATION (TN&P) LIMITED

The net loss for the year increased by Rs. 9.02 lakhs as miscellaneous expenses and financial charges were understated by Rs. 4.28 lakhs and Rs. 1.68 lakhs respectively and consumption of raw materials was understated by Rs. 3.06 lakhs.

4. BHARAT OPHTHALMIC GALSS LIMITED

The loss was understated by Rs. 4.81 lakhs on account of overvaluation of finished stock-in-shop floor as on 31-3-1988.

5. BRAITHWAITE & COMPANY LIMITED

(a) The net loss of Rs. 892.47 lakhs was understated by Rs. 10.69 lakhs on account of the following:—

	(Rs. in lakhs)
(i) Inflation of income from project job due to inclusion of value of redundant conveyors in the contract price.	8.05
(ii) Over-valuation of contract-in-progress due to inclusion of spares which were delivered to the contractor last year and accordingly included in the sales of the previous year.	2.64
	10.69

(b) The loss for the year had to be viewed in the light of the following:—

(i) Income from project job included claim for additional work which was being referred to arbitration.	59.29
(ii) Profit on sale of investment.	14.91
(iii) Non-provision of interest pending approval of the Government of India for waiver.	274.34
(iv) Write back of provision due to change in accounting policy for provision against non-moving raw material and stores.	130.16
	478.70

(c) Balance Sheet

The Government loans and interest accrued thereon upto 31-3-1986 (Rs. 4431.45 lakhs) had been written off and adjusted against the accumulated loss of Rs. 6256.70 lakhs upto 31-3-1987.

6. BURN STANDARD COMPANY LIMITED

(a) The loss of Rs. 1192.44 lakhs was understated by Rs. 12.26 lakhs on account of the following:—

	(Rs. in lakhs)
(i) Write back of provision credited in the previous years for expenditure booked to work-in-progress revenue account in current year.	4.57
(ii) Non-provision of interest on non-plan Government loan.	1.54
(iii) Overvaluation of closing stock of raw materials due to inclusion of interest element on customs duty.	6.05
	12.16

(b) The loss had also to be viewed in the light of the following:—

- (i) Non-provision of sub contractor's expenses/claim amounting to Rs. 22.48 lakhs.
- (ii) Non-provision of penal interest of Rs. 25.62 lakhs on Government loans pending approval of restructuring of Capital by Government.

7. FERTILIZERS AND CHEMICALS TRAVANCORE LIMITED

The profit of Rs. 1562.04 lakhs had to be viewed as loss of Rs. 844.85 lakhs in view of the following:—

	(Rs. in lakhs)
(i) Reckoning of claims against FICC for reimbursement of inadmissible expenses as income.	26.47
(ii) Retention of gain arising out of use of imported phosphoric acid in excess of the norm adopted for retention price in respect of Cochin-Phase II (For the current year—Rs. 620.91 lakhs and for the prior period—Rs. 1759.51 lakhs).	2380.42
	2406.89

8. FERTILIZER CORPORATION OF INDIA LIMITED

The loss of Rs. 1,1541.39 lakhs had to be viewed in the light of the following:—

	(Rs. in lakhs)
(i) Understatement of depreciation	7.40
(ii) Under-provision of interest payable to Singareni Collieries.	49.90
(iii) Non-provision of octroi duty.	36.13
(iv) Non-provision of penal interest on Government loans.	1649.23
(v) Non-provision of interest on electricity duty.	60.22
	1802.88

9. HINDUSTAN CABLES LIMITED

(a) The profit was overstated by Rs. 165.33 lakhs on account of the following :—

(Rs. in lakhs)

(i) Inclusion of profit on sale of goods (Rs. 1820.03 lakhs), the property in which had not passed to the purchaser on account of non-completion of delivery.	158.58
(ii) Over-valuation of closing stock of raw materials due to inclusion of interest element.	6.75
	165.33

(b) "Stores, spare parts and small tools consumed" were overstated by Rs. 71.93 lakhs due to adjustment of shortages. This should have been disclosed distinctly.

(c) Due to errors in the stock records, the positive balance of Rs. 0.54 lakh had been taken as negative balance of Rs. 3.39 lakhs in valuation of stores.

10. HINDUSTAN COPPER LIMITED

The profit of Rs. 1611.69 lakhs had to be viewed in the light of the following :—

- (i) The closing stock and work-in-progress had been valued by taking the percentage of metal content in slag and concentrate at the end of year instead of the weighted average as indicated in the accounting policy—an excess of Rs. 61.38 lakhs.
- (ii) The finished stock and work-in-progress had been over valued by Rs. 22.69 lakhs due to non-exclusion of the trade discount in the computation of net realisable value.
- (iii) No provision had been made against the expenditure of Rs. 71.45 lakhs in respect of the project abandoned as per decision of the Government taken in July, 1985.

11. HINDUSTAN FERTILIZER CORPORATION LIMITED

The loss for the year had been understated by Rs. 3555.17 lakhs due to non-provision of liability towards penal interest on Government Loans.

12. HINDUSTAN PREFAB LIMITED

(i) The Company received grants of Rs. 6.44 lakhs and Rs. 2.43 lakhs from National Buildings Organisation and Department of Science and Technology respectively against which assets were created. The assets were depreciated by Rs. 2.90 lakhs and Rs. 1.25 lakhs respectively. The Company neither credited the amount of grant to the assets created nor transferred proportionate part thereof annually to the Profit and Loss Account.

(ii) Sales included Rs. 24.05 lakhs being the cost of material laying at site which should have been shown under 'Inventories'.

13. HINDUSTAN STEEL WORKS CONSTRUCTION LIMITED

Pending sanction of the Government for waiver of interest for the years 1986-87 and 1987-88 on plan/non-plan loans, liability amounted to Rs. 2156.54 lakhs was not provided for in the accounts of the Company resulting in under-statement of loss by like amount.

14. HINDUSTAN INSECTICIDES LIMITED

Loss was understated by Rs. 332.08 lakhs on account of :—

- (i) Under-provision of depreciation of Rs. 306.20 lakhs; and
- (ii) Overvaluation of finished products and work in progress due to inclusion of interest, general administrative overheads, head office and marketing expenses—Rs. 25.88 lakhs.

15. INDIAN DRUGS & PHARMACEUTICALS LIMITED

The accumulated loss of Rs. 25,665.43 lakhs was understated by Rs. 2,743.16 lakhs as the surplus earned by the Company during 1970-71 to 1978-79 on the trading activity in canalised imported bulk drugs not deposited with the Government.

16. INSTRUMENTATION LIMITED

Sales included Rs. 99.68 lakhs being cost of the goods despatched on 31-3-1988 on FOR destination basis, the title of which had not passed on to the purchaser.

17. INDIAN OIL CORPORATION LIMITED

No provision for tax liability amounting to Rs. 4,765.79 lakhs was made in the accounts by the Company.

18. INDIAN RAILWAY FINANCE CORPORATION LIMITED

The profit for the year was overstated by Rs. 241.81 lakhs due to excess account of lease rent in contravention of the Company's declared accounting policy.

19. JUTE CORPORATION OF INDIA LIMITED

The profit of Rs. 17.14 lakhs for the year had to be viewed in the light of the fact that due to change in the basis of valuation of "Price Support" raw jute stock, the losses for the previous years and profit for the current year were reduced by Rs. 4,091.69 lakhs and Rs. 1,214.64 lakhs respectively.

20. MAZAGON DOCK LIMITED

The loss for the year was understated by Rs. 125.71 lakhs due to :—

(i) Non-provision towards estimated loss (Rs. 10.21 lakhs) in respect of five works under construction as per the accounting policy.

(ii) Non-provision of penal interest (Rs. 115.50 lakhs).

21. MAHANAGAR TELEPHONE NIGAM LIMITED

Profit was overstated by Rs. 517.35 lakhs due to the following :—

(i) Non-capitalisation of completed works amounting to Rs. 916.15 lakhs resulted in non-charging of depreciation on these works and overstatement of profit by Rs. 126.32 lakhs.

(ii) Inclusion of telephone and telex exchange, having depreciated value of Rs. 228.23 lakhs, in fixed assets, though these were de-commissioned and replaced by new ones, thus resulting in overstatement of fixed assets and profit by that amount.

(iii) Inclusion of Rs. 33.05 lakhs in Capital Work-in-Progress on account of addition of establishment charges of Rs. 20.98 lakhs on the last year's Capital Work-in-Progress in current year also and retaining of establishment charges Rs. 12.07 lakhs on account of misclassification or revenue expenditure to Capital

Work-in-Progress resulted in overstatement of current years profit by Rs. 12.07 lakhs.

(iv) Non-apportionment of escalation charges of Rs. 68.06 lakhs on stores supplied by ITI to maintenance on the basis of consumption but its inclusion in inventory.

(v) Non-provision of liability for interest amounting to Rs. 23.33 lakhs on late payment of loan instalment to Department of Telecommunication.

(vi) Non-provision of liability amounting to Rs. 18.99 lakhs on account of increase in dearness allowance for the period January, 1988 to March, 1988.

(vii) Inclusion under income from services of Rs. 8.83 lakhs on account of income received in advance and Rs. 10.54 lakhs received against demand notes but services not provided upto 31st March, 1988.

22. MODERN FOOD INDUSTRIES (INDIA) LIMITED

(i) Neither the interest liability to the tune of Rs. 28.42 lakhs was exhibited as loan as per directions of the Government nor the interest thereon to the tune of Rs. 4.12 lakhs provided in the accounts of 1987-88. This resulted in understatement of loan liability Rs. 28.42 lakhs and overstatement of profit Rs. 4.12 lakhs.

(ii) Against the advances of Rs. 85.59 lakhs made to a firm upto 31-3-1988 for the supply of plant and machinery, the firm had supplied equipment worth Rs. 68.42 lakhs at site. But no adjustment was made in the accounts. This resulted in overstatement of loans/advances to the tune of Rs. 68.42 lakhs and corresponding understatement of work-in-progress.

23. MINERALS & METALS TRADING CORPORATION OF INDIA LIMITED

Profit of the Company was overstated by Rs. 248 lakhs as a result of non-inclusion of income tax liability due to incorrect inclusion of the foreign exchange earnings of its business associates during the year 1985-86 and 1986-87 in the turnover of the Company even though the Company had built-in the required account for 1987-88.

24. NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED

(i) The loss for the year had been understated by Rs. 8.13 lakhs due to non-charging of depreciation on the building which had been completed and put to use.

(ii) The Auditors' report had neither been addressed to the Shareholders nor did it indicate that the Balance Sheet and Profit and Loss Account were in agreement with the books of accounts and returns as required under Section 227 of the Companies Act.

New Delhi

Dated: 6-5-1991

Countersigned

New Delhi

Dated : 6-5-1991

25. NATIONAL BUILDINGS CONSTRUCTION CORPORATION LIMITED

The loss for the year was understated by Rs. 3784.42 lakhs as detailed below :—

	(Rs. in lakhs)
(i) War claims yet to be accepted by clients.	5 8.61
(ii) Amount unrealisable from customers as a result of arbitration award	305 .47
(iii) Penal interest on overdue interest not provided for.	209 34
	3784.42

A. C. Tiwari

(A. C. TIWARI)

Deputy Comptroller and Auditor
General (Commercial)-Cum-Chairman
Audit Board.

C. G. Somiah

(C. G. SOMIAH)

Comptroller and Auditor General of India

NATIONAL BUREAU OF INVESTIGATION
U.S. DEPARTMENT OF JUSTICE

MEMORANDUM FOR THE DIRECTOR
FROM: SAC, [illegible]

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APPENDIX I

List of Government Companies

1. Air India Charters Limited.
2. Airlines Allied Services Limited.
3. Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.
4. Andrew Yule and Company Limited.
5. Artificial Limbs Manufacturing Corporation of India.
6. Assam Ashok Hotel Corporation Limited.
7. Balmer Lawrie and Company Limited.
8. Bengal Chemicals and Pharmaceuticals Limited.
9. Bengal Immunity Limited.
10. Bharat Aluminium Company Limited.
11. Bharat Bhari Udyog Limited.
12. Bharat Brakes and Valves Limited.
13. Bharat Coking Coal Limited.
14. Bharat Dynamics Limited.
15. Bharat Earth Movers Limited.
16. Bharat Electronics Limited.
17. Bharat Gold Mines Limited.
18. Bharat Heavy Electricals Limited.
19. Bharat Heavy Plate and Vessels Limited.
20. Bharat Leather Corporation Limited.
21. Bharat Ophthalmic Glass Limited.
22. Bharat Petroleum Corporation Limited.
23. Bharat Process and Mechanical Engineers Limited.
24. Bharat Pumps and Compressors Limited.
25. Bharat Refractories Limited.
26. Bharat Wagon and Engineering Company Limited.
27. Bharat Yantra Nigam Limited.
28. Biecco Lawrie Limited.
29. Bongaigon Refinery and Petrochemicals Limited.
30. Bridge and Roof Company (India) Limited.
31. Birds Jute and Exports Limited.
32. Braithwaite and Company Limited.
33. Braithwaite Burn Jessop Construction Corporation Limited.
34. Brushware Limited.
35. Burn Standard Company Limited.
36. Cawnpore Textiles Limited.
37. Cement Corporation of India Limited.
38. Central Coalfields Limited.
39. Central Cottage Industries Corporation of India Limited.
40. Central Electronics Limited.
41. Central Inland Water Transport Corporation Limited.
42. Central Mine Planning and Design Institute Limited.
43. Central Road Transport Corporation Limited. (In liquidation with effect from 12th April, 1979).
44. Chandigarh Child and Women Development Corporation Limited.
45. Chandigarh Industrial and General Development Corporation Limited.
46. Chandigarh Scheduled Castes Financial and Development Corporation Limited.
47. Coal India Limited.
48. Cochin Refineries Limited.
49. Cochin Shipyard Limited.
50. Computer Maintenance Corporation Limited.
51. Cycle Corporation of India Limited.
52. Container Corporation Limited.
53. Damodar Cement and Slag Limited.
54. Dredging Corporation of India Limited.
55. Donyi Polo Ashoka Hotel Corporation Limited.
56. Delhi Scheduled Castes Financial and Development Corporation Limited.
57. Delhi State Civil Supplies Corporation Limited.
58. Delhi State Industries Development Corporation Limited.
59. Delhi State Mineral Development Corporation Limited.
60. Delhi Tourism Development Corporation Limited.
61. Eastern Coalfields Limited.
62. Educational Consultants India Limited.
63. Electronics Corporation of India Limited.
64. Electronics Trade and Technology Development Corporation Limited.
65. Engineers India Limited.
66. Engineering Projects (India) Limited.
67. Export Credit and Guarantee Corporation Limited.
68. Ferro Scrap Nigam Limited.
69. Garden Reach Shipbuilders and Engineers Limited.
70. Gas Authority of India Limited.
71. Goa Meat Complex Limited.
72. Goa Shipyard Limited.
73. General Insurance Corporation of India.
74. Heavy Engineering Corporation Limited.
75. Hindustan Aeronautics Limited.
76. Hindustan Antibiotics Limited.
77. Hindustan Cables Limited.
78. Hindustan Copper Limited.
79. Hindustan Fertilizer Corporation Limited.
80. Hindustan Fluro Carbons Limited.
81. Hindustan Insecticides Limited.
82. Hindustan Latex Limited.
83. Hindustan Newsprint Limited.
84. Hindustan Organic Chemicals Limited.
85. Hindustan Photo Films Manufacturing Company Limited.
86. Hindustan Paper Corporation Limited.

87. Hindustan Petroleum Corporation Limited.
88. Hindustan Prefab Limited.
89. Hindustan Salts Limited.
90. Hindustan Shipyard Limited.
91. Hindustan Steelworks Construction Limited.
92. Hindustan Teleprinters Limited.
93. Hindustan Vegetable Oils Corporation Limited.
94. Hindustan Zinc Limited.
95. HMT Limited.
96. HMT Bearings Limited.
97. HMT (International) Limited.
98. Hooghly Dock and Port Engineers Limited.
99. Hooghly Printing Company Limited.
100. Hospital Services Consultancy Corporation (India) Limited.
101. Hotel Corporation of India Limited.
102. Housing and Urban Development Corporation Limited.
103. India Renewable Energy Development Agency Limited.
104. Indian Drugs and Pharmaceuticals Limited.
105. Indian Firebricks and Insulation Company Limited.
106. Indian Iron and Steel Company Limited.
107. IISCO Ujjain Pipe and Foundry Company Limited.
108. Indian Medicines Pharmaceuticals Corporation Limited.
109. Indian Oil Blending Limited.
110. Indian Oil Corporation Limited.
111. Indian Petrochemicals Corporation Limited.
112. Indian Rare Earths Limited.
113. Indian Railway Construction Company Limited.
114. Indian Railway Finance Corporation Limited.
115. Indian Road Construction Corporation Limited.
116. Indian Telephone Industries Limited.
117. Indian Tourism Development Corporation Limited.
118. Indo-Burma Petroleum Company Limited.
119. Industrial Credit Company Limited.
120. Instrumentation Limited.
121. Intelligent Communication Systems India Limited.
122. Jessop and Company Limited.
123. Jute Corporation of India Limited.
124. Karnataka Antibiotics and Pharmaceuticals Limited.
125. Kudremukh Iron Ore Company Limited.
126. Lagan Jute Machinery Company Limited.
127. Lubrizol India Limited.
128. Madhya Pradesh Ashok Hotel Corporation Limited.
129. Madras Fertilizers Limited.
130. Madras Refineries Limited.
131. Mahanagar Telephone Nigam Limited.
132. Maharashtra Antibiotics and Pharmaceuticals Limited.
133. Maharashtra Electro Smelt Limited.
134. Manganese Ore (India) Limited.
135. Maruti Udyog Limited.
136. Mazagon Dock Limited.
137. Metal Scrap Trade Corporation Limited.
138. Metallurgical and Engineering Consultants (India) Limited.
139. Mining and Allied Machinery Corporation Limited.
140. Mineral Exploration Corporation Limited.
141. Mishra Dhatu Nigam Limited.
142. Modern Food Industries (India) Limited.
143. Nagaland Pulp and Paper Company Limited.
144. National Aluminium Company Limited.
145. National Bicycle Corporation Limited.
146. National Buildings Construction Corporation Limited.
147. National Fertilizers Limited.
148. National Films Development Corporation Limited.
149. National Handloom Development Corporation Limited.
150. National Hydro-Electric Power Corporation Limited.
151. National Instruments Limited.
152. National Insurance Company Limited.
153. National Jute Manufactures Corporation Limited.
154. National Mineral Development Corporation Limited.
155. National Projects Construction Corporation Limited.
156. National Research Development Corporation of India.
157. National Seeds Corporation Limited.
158. National Textile Corporation Limited, New Delhi.
159. National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited.
160. National Textile Corporation (Delhi, Punjab and Rajasthan) Limited.
161. National Textile Corporation (Gujarat) Limited.
162. National Textile Corporation (Madhya Pradesh) Limited.
163. National Textile Corporation (Maharashtra North) Limited.
164. National Textile Corporation (South Maharashtra) Limited.
165. National Textile Corporation (Tamil Nadu and Pondicherry) Limited.
166. National Textile Corporation (Uttar Pradesh) Limited.
167. National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited.
168. National Thermal Power Corporation Limited.
169. Neelanchal Ispat Nigam Limited.
170. New India Assurance Company Limited.
171. Neyveli Lignite Corporation Limited.
172. North Eastern Electric Power Corporation Limited.
173. North Eastern Handicrafts and Handlooms Development Corporation Limited.
174. North Eastern Regional Agricultural Marketing Corporation Limited.
175. Northern Coalfields Limited.
176. Nuclear Power Corporation Limited.
177. Oil India Limited.
178. Oriental Insurance Company Limited.
179. Orissa Drugs and Chemicals Limited.
180. Paradeep Phosphates Limited.
181. Pawan Hans Limited.

182. Pondicherry Ashok Hotel Corporation Limited.
183. Power Finance Corporation Limited.
184. Praga Tools Limited.
185. Pyrites, Phosphates and Chemicals Limited.
186. Rajasthan Drugs and Pharmaceuticals Limited.
187. Ranchi Ashok Bihar Hotel Corporation Limited.
188. Rajasthan Electronics and Instruments Limited.
189. Rashtriya Chemicals and Fertilizers Limited.
190. Rashtriya Ispat Nigam Limited.
191. Rail India Technical and Economic Services Limited.
192. Rehabilitation Industries Corporation Limited.
193. Richardson and Cruddas (1972) Limited.
194. Rural Electrification Corporation Limited.
195. Sambhar Salts Limited.
196. Scooters India Limited.
197. Semiconductors Complex Limited.
198. Smith Stanistreet Pharmaceuticals Limited.
199. South Eastern Coalfields Limited.
200. Spices Trading Corporation Limited.
201. Sponge Iron India Limited.
202. State Farms Corporation of India Limited.
203. Steel Authority of India Limited.
204. Swadeshi Mining and Manufacturing Company Limited.
205. Tannery and Footwear Corporation of India Limited.
206. Tea Trading Corporation of India Limited.
207. Telecommunication Consultants India Limited.
208. Trade Fair Authority of India.
209. Triveni Structurals Limited.
210. Tungabhadra Steel Products Limited.
211. Tyre Corporation of India Limited.
212. The British India Corporation Limited.
213. The Cashew Corporation of India Limited.
214. The Cotton Corporation of India Limited.
215. The Elgin Mills Company Limited.
216. The Fertilizer Corporation of India Limited.
217. The Fertilizer and Chemicals Travancore Limited.
218. The Handicrafts and Handlooms Exports Corporation of India Limited.
219. The Mandya National Paper Mills Limited.
220. The Mica Trading Corporation of India Limited.
221. The Minerals and Metals Trading Corporation of India Limited.
222. The National Industrial Development Corporation Limited.
223. The National Newsprint and Paper Mills Limited.
224. The National Small Industries Corporation Limited.
225. The Projects and Equipment Corporation of India Limited.
226. The Projects and Development India Ltd.
227. The Shipping Corporation of India Limited.
228. The Southern Pesticides Corporation Limited.
229. The State Trading Corporation of India Limited.
230. United India Insurance Company Limited.
231. U.P. Drugs and Pharmaceuticals Company Limited.
232. Uranium Corporation of India Limited.
233. Utkal Ashok Hotel Corporation Limited.
234. Vayudoot Limited.
235. Videsh Sanchar Nigam Limited.
236. Vignyan Industries Limited.
237. Vijayanagar Steel Limited.
238. Water and Power Consultancy Services (India) Limited.
239. Weighbird (India) Limited.
240. Western Coalfields Limited.
241. Zenith Securities and Investments Limited.

SECTION I

NOTE : In respect of Serial Nos. 6, 15, 22, 23, 27, 50, 54, 80, 102, 111, 114, 129, 158, 169, 183, 190, 194 and 237 no observations have been incorporated in this report as no important deficiency was noticed.

SECTION II

In respect of Serial Nos. 2, 3, 8, 9, 12, 26, 28, 33, 36, 39, 45, 46, 51, 89, 98, 99, 100, 105, 109, 126, 128, 173, 174, 192, 195, 200, 201, 213, 222, 226, 236, 237 and 238 accounts were not selected for the purpose of review under Section 619(4) of the Companies Act, 1956.

APPENDIX II

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

1. Andhra Pradesh Industrial and Technical Consultancy Organisation Limited.
2. Accumesures Punjab Limited Accounts in arrears from 1979-80 onwards.
3. Agricultural Finance Corporation Limited.
4. Allied International Products Limited (in Liquidation).
5. Ashok Paper Mills Limited.
6. Becker Grey and Company (1930) Limited.
7. Beagal Assam Steamship Company Limited.
8. Bihar Industrial and Technical Consultancy Organisation Limited.
9. Canbank Financial Service Limited.
10. Decro Cooling Coils Limited.
11. Dishegarh Power Supply Company Limited.
12. Ductron Castings Limited.
13. Excellsior Plants Corporation Limited (From 1976-77 onwards) (In Liquidation).
14. Gaydey Iron and Steel Company Limited (under liquidation since 7-7-1977).
15. Gangawati Sugar Limited.
16. Hydrocarban India Limited.
17. India Tea and Restaurants Limited.
18. Industrial and Technical Consultancy Organisation Limited.
19. J&K Industrial and Technical Consultancy Organisation Limited.
20. Kerala Industrial and Technical Consultancy Organisation Limited.
21. Kohinoor Mills Limited.
22. Madan Industries Limited.
23. Maharashtra Industrial and Technical Consultancy Organisation Limited.
24. Mandovi Pellets Limited.
25. Nalanda Ceramics and Industries Limited.
26. North Bengal Dolomite Limited.
27. North Eastern Industrial and Technical Consultancy Organisation Limited.
28. Orissa Fertilizers and Chemicals Limited.
29. Orissa Industrial and Technical Consultancy Organisation Limited.
30. Punjab Tractors Limited.
31. Ruby Rubber Works Limited.
32. Shriram Pistons and Rings Limited.
33. Siporex India Limited.
34. Shyam Properties Limited.
35. Textile Processing Corporation of India Limited.
36. The Industrial Credit and Investment Corporation of India Limited.
37. U.P. Industrial Consultants Limited.
38. Vikrant Tyres Limited.
39. Wagon India Limited.
40. Webel Electro Ceramics Limited.
41. West Bengal Consultancy Organisation Limited.

NOTE: Accounts of the Companies at Serial Nos. 2, 5, 9, 19, 24, 26, 27, 29, 34 and 38 were not selected for the purpose of review under Section 619(4) of the Companies Act, 1956.

ERRATA

Page No.	Column	Reference	For	Read
V	1	Sl. No. (i) 19 line	on	of
9	2	Sl. 32, Line 12	budgetory	budgetary
12	1	Sl. 44 I (vii) line 1	on	as
22	1	Sl. 80 III Line 24	Machinerv	Machinery
24	1	Sl. 83 V(i) Line 12 from bottom	Hotels	Hotel
25	2	Sl. 89 Line 20	Legan	Lagan
26	2	Sl. 91 VIII line 15 from bottom	maintined	maintained
27	2	Sl. 95 III Line 9	Govtornment	Government
28	1	Sl. 99 IV Line 22	others	other
29	2	Sl. 103 III Line 19-20	amonuted	amounted
33	1	Sl. 117 III (ii) Line 17	valves	valuing
33	2	Sl. 119 Line 9 from bottom	NAYVELI	NEYVELI
34	2	Sl. 122 II Line 13 from bottom	and	end
35	1	Sl. 134 IV Line 11 from bottom	Governments	Government
38	2	Sl. 131 V(ii) line 2	were -	was
41	1	Sl. 140 I(i)(b) Line 1	gurantees	guarantees
43	2	Sl. 149 I Line 16 from bottom	of	&
43	2	Sl. 149 II Line 13 from bottom	outlningiht	outlining the
47	1	Sl. 167 (i) line 4	alvances	advances
47	2	Sl. 169 III(ii) Line 14	deterioration	determination

