

GOVT.-OWNED COMPANIES

Adverse Comments In Report

'The Times of India' News Service

NEW DELHI, March 8: Adverse comments on the working of Government companies are contained in the annual report of the administration of the Companies Act for 1959-60 which has been presented to Parliament.

Two points have been noted in particular: "The absence of an efficient internal accounting system and organisation and the lack of an internal costing system and organisation which has resulted in inadequate budgetary planning, ineffective control of budgets and insufficient use of essential cost data in the formulation of the company's policies."

TARDY APPRECIATION

A reference was made in the last annual report to the tardy appreciation of the role of and the need for specialist personnel in management and accounting matters like Chief Accountants, Financial Controllers as distinct from Financial Advisers, costing experts and company secretaries.

The latest report notes that the Company Law Department "is not quite sure if it has been able to persuade the top management of these (Government) companies to recognise the urgent practical necessity of strengthening their management set-up with the requisite specialist personnel."

The Department has started a short-term training scheme in cost accountancy, but it is stated that the Government companies have not taken any great advantage of this facility.

The report of the Company Law Administration is dated February 20, 1961.

PUBLIC UNDERTAKINGS

The Department has also sought to promote management accountancy (i.e., the use of accounting data not as a post-mortem, but as a current aid to management). The Honorary Adviser in the Department has assisted a few selected public undertakings to reorganise their accounting systems and give a lead to other enterprises.

The report disclosed that many Government companies failed to observe the stipulated time schedules for closing their annual accounts, preparing their balance-sheets and getting their accounts audited. It adds that "the Comptroller and Auditor-General of India had consequently been left with insufficient time at his disposal for giving his comments under Section 619(4) of the (Companies) Act."

There were 125 Government companies on March 31, 1960, with a paid-up capital of Rs. 468.4 crores.

As against this, there were 26,796 non-Government companies with a paid-up capital of Rs. 1,124.7 crores.

As noticed in earlier years, Bombay, Delhi West Bengal and Madras accounted for an overwhelming proportion—as much as 81 per cent.—of the 1,452 new companies registered in 1959-60.

An interesting development during the year under review was the sharp increase in the new company formations in the southern zone.

This is interpreted as "the emergence of strong forces of industrialisation in the southern areas of the country."