Report of the Comptroller and Auditor General of India

for the year ended March 2013

Union Government (Commercial)
No. 2 of 2014
General Purpose Financial Reports of
Central Public Sector Enterprises
(Compliance Audit)

Contents

Preface			
Executive Summary			V
Chapter 1	Financial performance of Central Public Sector		
	Enterprises		
	1.1	Introduction	1
	1.2	Investment in government companies and corporations	3
	1.3.	Return on investment in government companies and corporations	9
	1.4	Loss-making CPSEs	13
	1.5	Operating efficiency of government companies	14
Chapter 2	Over	sight role of CAG	
	2.1	Audit of Public Sector Enterprises	17
	2.2.	Appointment of statutory auditors of Public Sector Enterprises by CAG	17
	2.3	Arrears of accounts of CPSEs	19
	2.4	CAG's oversight - Audit of accounts and supplementary audit	21
	2.5	Result of CAG's oversight role	22
	2.6	Departures from Accounting Standards	35
	2.7	Management Letters	36
	2.8	Significant observations of statutory auditors on the accounts of statutory corporations/government companies	37
	2.9	Observations reported by the statutory auditors in compliance with directions issued by the CAG under Section 619(3) (a) of the Companies Act, 1956.	47
	2.10	Internal control over financial reporting	48
Chapter 3	Corporate Governance		
	3.1	Introduction	49
	3.2	Board of Directors	51
	3.3	Audit Committee	54
	3.4	Code of Conduct for all Board Members	59
	3.5	Remuneration Committee for performance related pay	59

4.1 Introduction 4.2 Convergence process in India 4.3 Status of Implementation of Ind-AS Chapter 5 Compliance with DPE Guidelines 5.1 Introduction 5.2 Non-compliance with DPE guidelines 5.3 Status of 'Follow-up' on non compliance 5.4 Oversight role of DPE 5.5 Directives of Parliamentary Standing Committee on Industry Chapter 6 Corporate Social Responsibility	61 62 63 63		
4.3 Status of Implementation of Ind-AS Chapter 5 Compliance with DPE Guidelines 5.1 Introduction 5.2 Non-compliance with DPE guidelines 5.3 Status of 'Follow-up' on non compliance 5.4 Oversight role of DPE 5.5 Directives of Parliamentary Standing Committee on Industry	62 63 63		
4.3 Status of Implementation of Ind-AS Chapter 5 Compliance with DPE Guidelines 5.1 Introduction 5.2 Non-compliance with DPE guidelines 5.3 Status of 'Follow-up' on non compliance 5.4 Oversight role of DPE 5.5 Directives of Parliamentary Standing Committee on Industry	63 63		
 5.1 Introduction 5.2 Non-compliance with DPE guidelines 5.3 Status of 'Follow-up' on non compliance 5.4 Oversight role of DPE 5.5 Directives of Parliamentary Standing Committee on Industry 	63		
 5.2 Non-compliance with DPE guidelines 5.3 Status of 'Follow-up' on non compliance 5.4 Oversight role of DPE 5.5 Directives of Parliamentary Standing Committee on Industry 	63		
 5.3 Status of 'Follow-up' on non compliance 5.4 Oversight role of DPE 5.5 Directives of Parliamentary Standing Committee on Industry 			
 5.4 Oversight role of DPE 5.5 Directives of Parliamentary Standing Committee on Industry 			
5.5 Directives of Parliamentary Standing Committee on Industry	64		
on Industry	64		
Chanter 6 Cornorate Social Responsibility	65		
Corporate Social Responsibility	Corporate Social Responsibility		
6.1 Introduction	67		
6.2 Salient features of DPE's current guidelines on CSR	67		
6.3 Monitoring mechanism of CSR activities	68		
6.4 Shortfall in CSR budget/expenditure by CPSEs during 2012-13	68		
6.5 Changes in DPE guidelines on CSR effective from April 2013:	69		
Chapter 7 Public Private Partnerships and Joint ventures			
7.1 Legislative oversight mechanism over public money and assets	71		
7.2 Public Private Partnership	71		
7.3 Absence of legislative oversight mechanism over PPP projects	72		
7.4 Joint ventures by CPSEs	73		

Appendices