

5. Contravention of provisions of Section 299 in purchase of Petroleum products from M/s. New Alipore Service Station, a firm in which Shri P. N. Talukdar, Managing Director and Shri P. Talukdar, whole time director were interested.

6. Wrong statement by proprietor of M/s. Eastern Petro Transport regarding payment of premium on purchase of Furnance Oil involving contravention of Section 629 of the Act and doubtful payment of Rs. 30,000/- to Misra Trading Company by way of premium procurement of soda ash.

7. Failure to recover a sum of Rs. 95,259/- from company's export agent, M/s. Khemji Hansraj Agents (India) Ltd.

8. Negligence on the part of the Statutory Auditors of the company resulting from their failure to detect the inflation of the sales figures in the accounts of the company in 1973, 1974 and consequent professional negligence in their duties towards the shareholders of the company.

9. Establishment of installed capacity in excess of licenced capacity for ROLLED PLATE GLASS.

10. Following certain restrictive trade practices, i.e. allowance of discount on sale of glass on the condition that companies will not purchase glass from other firms.

11. Contravention of technical nature of the provisions of Sections 210/166, 303, 193(2), 226(8), 293(1) (d) of the Companies Act.

#### **Compulsory cost auditing of industries**

387. SHRI KALYAN ROY:  
SHRI AHMAD HOSSAIN  
MONDAL:

Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to refer to the reply to Unstarred Question 552 given in the Rajya Sabha on the 28th November, 1977 and state:

(a) whether cost auditing of cotton textile units have been started from 1st July, 1978 and if not, what are the reasons therefor;

(b) the number of units which have been subjected to cost auditing so far and what are the names and addresses of companies thereof and the results of auditing;

(c) the number of companies and units which have shown high profitability and under-utilisation of capacity and details thereof;

(d) what action Government have taken against these companies; and

(e) if the reply to part (d) above be in the negative, what are the reasons for the delay in auditing?

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI SHIV SHANKAR): (a) to (c) Yes, Sir, Cost Audit Orders have been issued in respect of 394 companies relating to Cotton Textiles whose names and addresses are furnished in the list attached. (See Appendix CXIV Annexure No. 31). Out of these, 128 Cost Audit Reports have been received upto end of May 1980 and are under review. In 19 cases where reviews have been conducted so far, the findings are given below:—

(1) Two instances of deficiencies in the maintenance of cost accounting records and system of costing;

(2) One case of under-utilisation of capacity;

(3) Three cases of high profitability.

(d) and (e) The results of the study, as and when finalised, would be communicated to the Ministry concerned where so warranted. Where there are deficiencies in the maintenance of a proper cost accounting system, the matter is taken up with the company for taking remedial steps and the cost audit is ordered afresh so as to keep a watch on the functioning of the company.