



भारतीय लेखापरीक्षा और लेखा विभाग
क्षेत्रीय प्रशिक्षण संस्थान, मुंबई
Indian Audit & Accounts Department
Regional Training Institute, Mumbai
निगमित वित्त व अभिशासन, स्वायत्त निकायों की लेखापरीक्षा और
वाणिज्यिक लेखापरीक्षा के लिए ज्ञान केंद्र
Knowledge Centre for Corporate Finance and
Governance, Audit of Autonomous Bodies and Commercial Audit



शिक्षण स्थान
ज्ञान और नवजीवन के सूर्योदय का सुप्रसंग
Celebration of the Sunrise of Knowledge and New Life

सूचनापत्र /Newsletter

Issue 19

For April 2020- September 2020

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Thought for the day:

There is much hope after despair and many suns after darkness.

Rumi

Section 1: From the desk of Director General.....

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Dear Reader,

The last six months have seen the world adopting new methods of sustaining and continuing all social and economic activities. In RJI Mumbai, we have been no less active in ensuring continuity of our work, to achieve our mandate of meeting training needs of our user offices. We commenced online training by organising a pioneering programme on GST in April 2020, as requested by our user office, O/o DCA (Central), Mumbai. The experience, thereof, set the tone for online training on MS Teams and we shared the same with Headquarters in a concept paper in April 2020. Our calendar was rescheduled in such a way that training programmes amenable to online mode were taken up first. We followed a consultative process in this regard. We communicated (May 2020) the guidelines of Headquarters on the matter and shared our own experiences arising from our independent online training initiatives with user offices by convening a special meeting of the RAC online, in June 2020. Taking on board inputs received therein and being in touch with offices throughout, we progressively and dynamically set about revising the calendar of training programmes in a way that both met the training needs of user offices, as also was within the realm of operational, administrative and technological feasibility in this situation. As a result of these initiatives, the half-year ended September 2020 saw RJI, Mumbai conduct 26 online training programmes for 911 participants over 87 days, which have exceeded our targets, even in adverse circumstances. These included additional training programmes both in General and EDP, based on requests of user offices. I am sure that with our new found zeal & hope, we would meet our training mandate to the fullest.

With effect from May 2020, we have been designated as Knowledge Centre for Audit of Autonomous Bodies in place of IPSAS, as IPSAS is now assigned to RJI, Allahabad, in view of the topic being more closely related to their existing Knowledge Centre topic of

Government Accounting. We achieved substantial progress on an SFM on Audit of Port Trusts. In September 2020, we signed an MoU with the Institute of Cost Accountants of India to further our collaborative efforts in Knowledge sharing and research.

In addition to our training and Knowledge Centre work, we performed all admin work, coordinated regular Hindi workshop, organised farewells using MS Teams platform. Events like Independence Day were also celebrated by adhering to all protocols. We are detailing our work done through this newsletter.

Maharashtra and more so, Mumbai went through some of the most testing times as part of the pandemic resulting in a continued suspension of local trains, which are a vital means of public transport. We have been able to manage our work through the commitment and dedication of our personnel, who have taken pains to work from home with available resources, and considered alternate means of transport, to the extent possible.

I am also thankful to the user offices for having adapted to training in the new milieu and to have associated with us side by side in this mutual learning experience. I place on record appreciation of user offices for having acceded to our requests for training material.

We look forward for contribution and creative expression from all for the Newsletter. Feedback to improve the content and quality of the Newsletter is also welcome.

Wishing You a Happy New Year 2021.

Regards,



Alka Rehani Bhardwaj

Section 2: Summary of courses conducted and events in RTI, Mumbai during the half-year ended 30 September 2020

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(i) Training Courses we conducted

(a) General Courses, including Knowledge Centre

Sl. No.	Name of course	Number of participants
1	GST for the officials of DGAC, Mumbai	31
2	Pre-retirement course	24
3	Goods and Services Tax (May 2020)	45
4	Communication & Motivation, and APARs	24
5	Audit Evidence	27
6	Audit of Fraud and Fraud Detection Techniques	33
7	Financial Rules & Financial Management	26
8	Audit Reporting	27
9	Knowledge Centre Topic Audit of Autonomous Bodies	22
10	Financial Attest Audit Guidelines (including FAAM, audit using VLC & preparation of SFAR)	24
11	Regulation on Audit & Accounts, 2020	30
12	Audit of PPP Projects	24
13	Goods and Service Tax (September 2020)	24
	Total	361

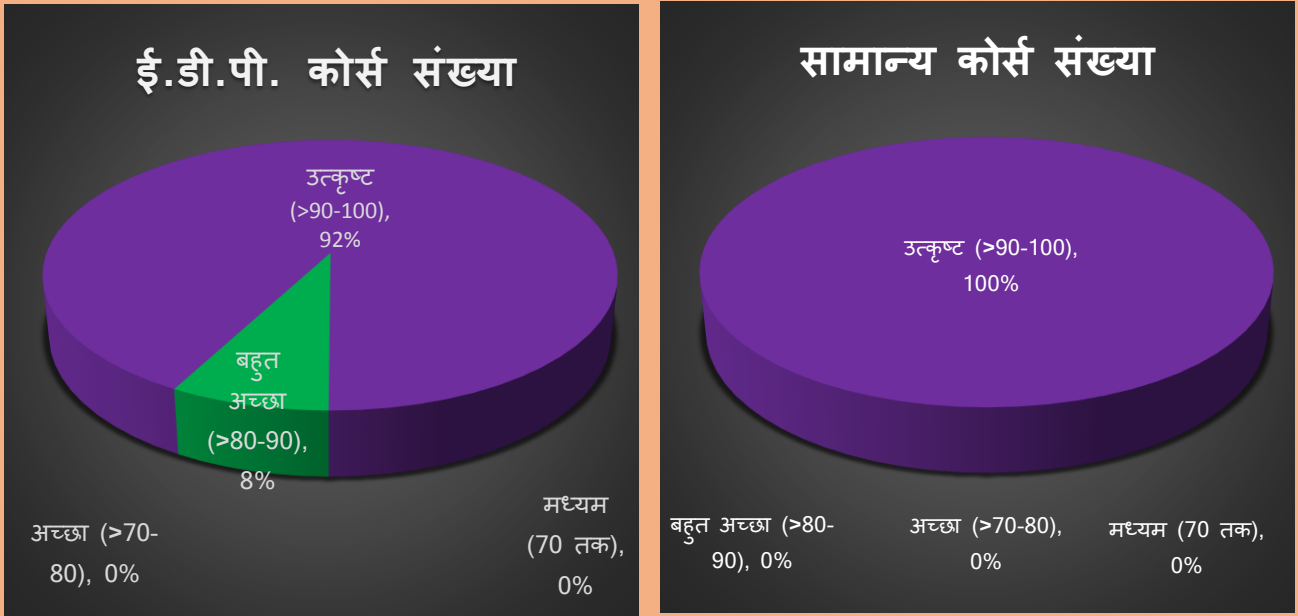
(b) EDP Courses

Sl. No.	Name of course	Number of participants
1	IT Audit (including INTOSAI Guidelines, Manuals) (May 2020)	24
2	E-Office	169
3	Hardware/Software Troubleshooting	52
4	Introduction to e-procurement (GeM) and e-tendering (CPPP)	48
5	Data Analytics tool – Qlikview (July 2020)	45
6	Data Analytics tool – Tableau (July 2020)	44
7	Data Analytics tool – KNIME (July 2020)	44
8	IT Audit (including INTOSAI guidelines, Manuals) (July 2020)	27
9	Budgetary Process in the Government, usage of iBEMS in IA&AD and integration with PFMS	24
10	Data Analytics tool – Qlikview (September 2020)	21
11	Data Analytics tool – Tableau (September 2020)	13
12	Data Analytics tool – KNIME (September 2020)	19
13	MS Office excluding MS Access (Word, Excel and Powerpoint)	20
	Total	550

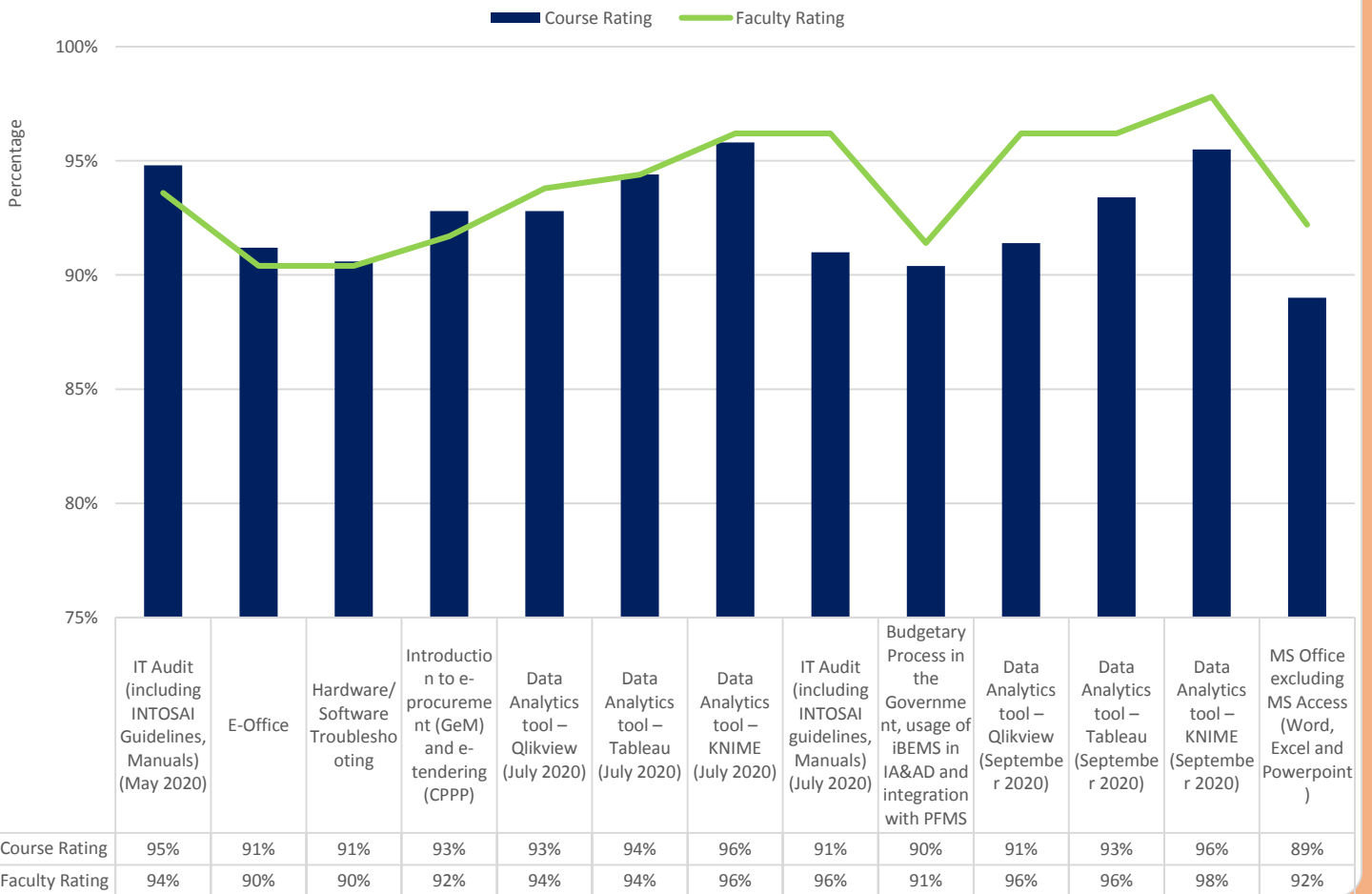
In General training, additional programme was conducted on GST for the officials of DGAC, Mumbai and in EDP, additional training was conducted on E-office and by splitting Data Analytics into three courses.

(c) Performance Graph

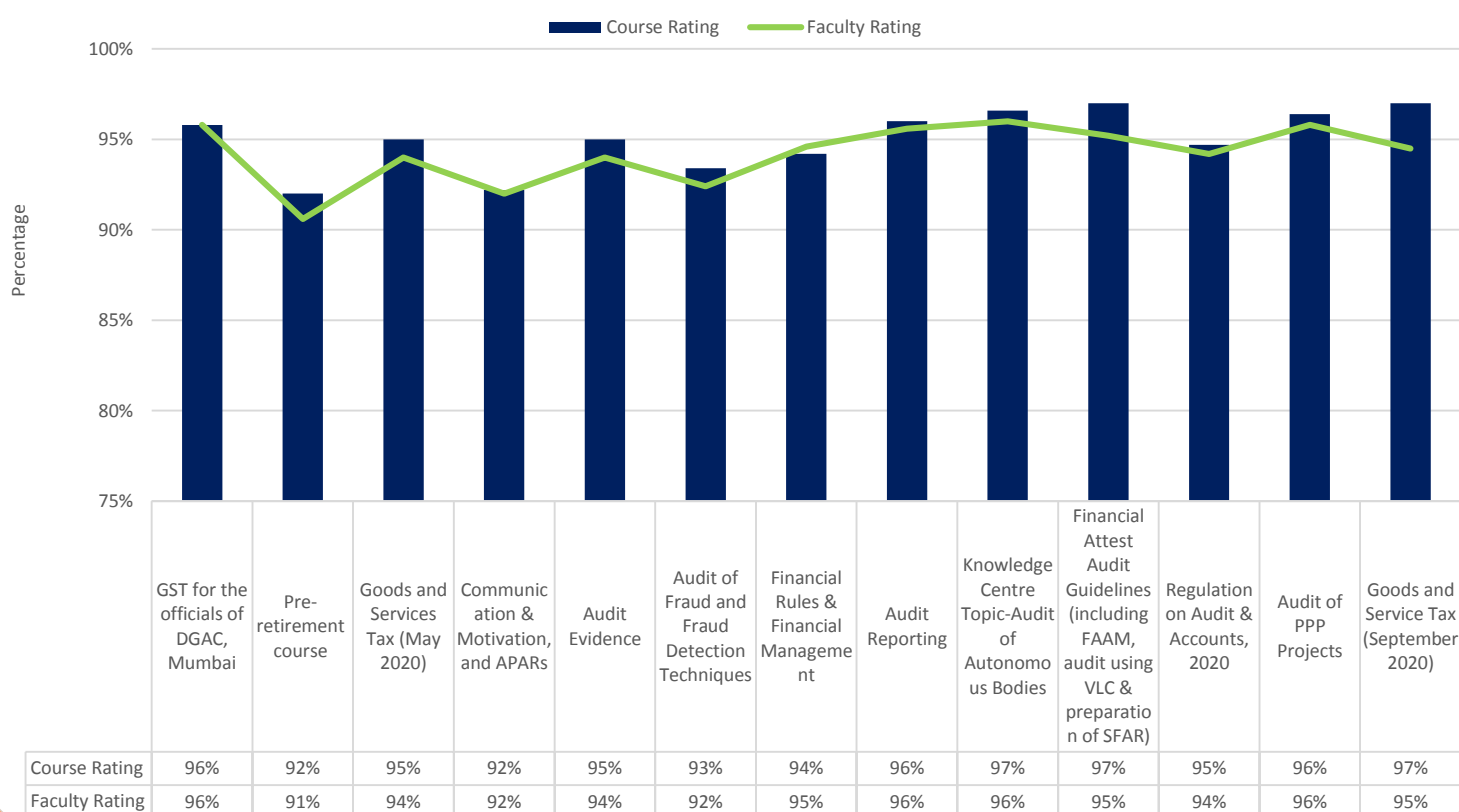
Graphical presentation of ratings of the courses conducted is given below.



Ratings for EDP courses



Ratings for General courses



(d) Toppers in end-course test- EDP

(e) Course	Toppers	Office Name
IT Audit (including INTOSAI Guidelines, Manuals) (May 2020)	Pardeep Kumar	Principal Accountant General(Audit-2), Gujarat, Ahmedabad
Hardware/Software Troubleshooting	Saurabh Abhishek	Principal Accountant General (Audit) I, Maharashtra, Mumbai
	Baiju K P	Principal Director Of Audit, Central Railway, Mumbai
Introduction to e-procurement (GeM) and e-tendering (CPPP)	Rahul Mittal	Principal Accountant General(Audit-2), Gujarat, Ahmedabad
	Naresh Kumar yadav	Principal Director Of Audit(Central), Ahmedabad
	Shashi Shekhar	Principal Director Of Audit, Central Railway, Mumbai
	Ranjith P A	Principal Accountant General (Audit) I, Maharashtra, Mumbai
	Madhu Nagrani	Principal Director Of Audit(Central), Mumbai
	Vimal K. Panikkar	Accountant General (A & E) I, Maharashtra, Mumbai
	Anuja Gupta	Principal Director Of Audit, Central Railway, Mumbai
	Vinay Kumar Singh	Principal Accountant General(Audit-2), Gujarat, Ahmedabad
	Saroj Kumar	Principal Accountant General(Audit-2), Gujarat, Ahmedabad
Mahesh Kumar Meena	Principal Director Of Audit, Defence Services, Pune	
Ravi Kumar	Principal Accountant General(Audit-2), Gujarat, Ahmedabad	

(e) Course	Toppers	Office Name
	Kavita Bagoria	Principal Accountant General(Audit-2), Gujarat, Ahmedabad
	Jagdish Bajaj	Accountant General (A & E) I, Maharashtra, Mumbai
Data Analytics tool – Qlikview (July 2020)	Arvind Kumar Rathour	Accountant General, Goa
	Anil kumbhare	Principal Director Of Audit, Central Railway, Mumbai
	Sonu Khatri	Principal Director Of Audit(Central), Ahmedabad
	Ashish Kumar Sinha	Accountant General, Goa
	Anuja Gupta	Principal Director Of Audit, Central Railway, Mumbai
Data Analytics tool – Tableau (July 2020)	Arvind Kumar Rathour	Accountant General, Goa
	Mahipal Singh Thakur	Principal Accountant General(Audit-2), Gujarat, Ahmedabad
	Ashish Kumar Sinha	Accountant General, Goa
	Sonu Khatri	Principal Director Of Audit(Central), Ahmedabad
	Ankit Singh Shekhawat	Principal Accountant General(Audit-2), Gujarat, Ahmedabad
Data Analytics tool – KNIME (July 2020)	The following participants have got full marks.	
	Jagdeesh Meena	Principal Accountant General(Audit-2), Gujarat, Ahmedabad
	Mamta Singh	Principal Accountant General(Audit-2), Gujarat, Ahmedabad
	Girish Mishra	Principal Accountant General(Audit-2), Gujarat, Ahmedabad
	Narender Kumar Meena	Principal Accountant General(Audit-2), Gujarat, Ahmedabad
	Robin Malik	Principal Director Of Audit(Central), Ahmedabad
	Sonu Khatri	Principal Director Of Audit(Central), Ahmedabad
	Rajeev Kumar	Principal Accountant General (Audit I), Gujarat, Rajkot
	Rohit Kumar	Principal Accountant General (Audit I), Gujarat, Rajkot
IT Audit (including INTOSAI guidelines, Manuals) (July 2020)	Pratik Adakmol	Principal Accountant General (Audit) I, Maharashtra, Mumbai
	Arun Lamba	Branch : DGA, Navy, New Delhi At Mumbai
	Krishna Kumar	Accountant General, Goa
Budgetary Process in the Government, usage of iBEMS in IA&AD and integration with PFMS	Shri Niraj Kumar	Branch :Principal Accountant General (A & E), Gujarat at Ahmedabad
Data Analytics tool – Qlikview (September 2020)	The participant has got full marks	
	Shri Ankit Singh Shekhawat	Principal Accountant General(Audit-2), Gujarat, Ahmedabad
Data Analytics tool – Tableau (September 2020)	Shri Sandeep Choudhary	Principal Accountant General (Audit I), Gujarat, Rajkot
Data Analytics tool – KNIME (September 2020)	Hemant Singh	Principal Accountant General(Audit-2), Gujarat, Ahmedabad
	Abhay Chauhan	Principal Director Of Audit(Central), Ahmedabad
Training on MS Office excluding MS Access (Word, Excel and Powerpoint)	Sachin	Principal Accountant General(Audit-2), Gujarat, Ahmedabad
	Mr. Deshbandhu Yadav	Principal Accountant General(Audit-2), Gujarat, Ahmedabad

(e) Toppers in end-course test- General

Course	Toppers	Office Name
Goods and Services tax (May 2020)	Amar Surya	Principal Director Of Audit(Central), Ahmedabad
	Shree Mohan Mishra	Principal Director Of Audit(Central), Ahmedabad
	Umesh Patil	Director General Of Audit(Central), Mumbai
Audit Evidence	Ankit Middha	Principal Accountant General(Audit)-2, Gujarat, Ahmedabad
Audit of Fraud and Fraud Detection Techniques	The participant has got full marks	
	Rajiv Kumar Garg	Principal Accountant General(Audit)-2, Gujarat, Ahmedabad
Financial Rules & Financial Management	Nitinkumar Solanki	Branch :Principal Accountant General (A & E), Gujarat At Ahmedabad
Audit Reporting	Anand Kumar	Principal Accountant General (Audit) II, Maharashtra, Nagpur, Mumbai Branch
	Anil Kumar Sahu	Principal Accountant General (Audit I), Gujarat, Rajkot
	Manvendra Kumar Pandey	Director General Of Audit(Central), Mumbai
	Sandip Samanta	Accountant General, Goa
	Suryakant Chaudhary	Principal Accountant General (Audit I), Gujarat, Rajkot
Audit of Autonomous Bodies	Prakash Mahavar	Principal Accountant General(Audit)-2, Gujarat, Ahmedabad
Financial Attest Audit Guidelines (including FAAM, audit using VLC & preparation of SFAR)	The participant has got full marks	
	Ajay Singh	Accountant General, Goa
Regulation on Audit & Accounts, 2020	The participant has got full marks	
	Ankit Middha	Principal Accountant General(Audit)-2, Gujarat, Ahmedabad
Audit of PPP Projects	Achariya Kunal	Director General Of Audit, Western Railway, Mumbai
Goods and Service Tax (September 2020)	Shashi Shekhar	Principal Director Of Audit, Central Railway, Mumbai

(ii) Process Continuity Plan amidst COVID-19

RTI, Mumbai's calendar of training programmes for the year 2020-21 was prepared by due process, planning for 26 General training programmes over 101 training days covering 518 participants and 19 EDP training programmes over 102 training days covering 351 participants. We were able to surpass our training targets by rescheduling programmes in consultation with user offices, including by convening a Special meeting of the RAC in June 2020. Training was organised in an online mode through MS-Teams. We invited faculty from other RTIs/RTCs and IAAD offices, outside our jurisdiction besides external faculty attached to other RTIs as well. We also conducted online tests using our department's CEDAR portal and other online tools.

(iii) E-learning videos

We have prepared two e-learning videos on IDEA software and submitted them to Headquarters (September 2020). These are on: (1) Summarisation in IDEA and (2) Field Manipulation in IDEA.

(iv) Our Knowledge Centre Activities

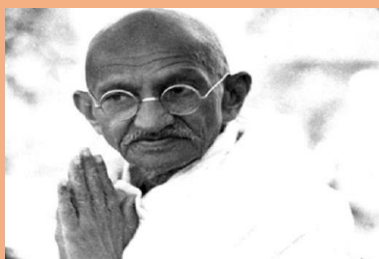
- From 8 May 2020, Headquarters designated us Knowledge Centre for Audit of Autonomous Bodies instead of IPSAS. IPSAS is more closely related to Government Accounts, which is a

Knowledge Centre topic of RTI, Allahabad, while Audit of Autonomous Bodies is a topic more closely related to Commercial Audit. Hence, the redistribution of topics was done.

- We organised a 4- day training on Audit of Autonomous Bodies in September 2020.
- We made significant progress in development of an STM on Audit of Port Trusts during this half-year, with substantial and timely contributions to the training material from O/o Principal Director of Audit (Shipping). We received inputs from offices of Director General of Audit (Mines), Kolkata and Directors General of Commercial Audit, Hyderabad and Chennai. We also sought and received inputs from Commercial Wing on Audit Plans of Ports. The proposed STM has elements of Audit of Autonomous Bodies and Commercial Audit.

(v) **Significant Events/ developments in RTI, Mumbai**

- A Memorandum of Understanding was signed on 28 September 2020, through Video Conferencing, with the Institute of Cost Accountants of India (established by Act of Parliament), for formalising faculty support and joint research arrangements.
- Ms. Maheswari V., Senior Audit Officer (Core Faculty/General-2) returned on 1 May 2020 to her parent office, O/o Principal Accountant General (Audit)-I, Maharashtra, Mumbai, on repatriation, following completion of 4 years' deputation to RTI.
- Ms. Seeta Magi, Asst. Audit Officer/Admin returned on 10 August 2020 to her parent office, O/o Principal Accountant General (Audit)-I, Maharashtra, Mumbai, on repatriation following completion of 4 years' deputation to RTI.
- Our faculty have been invited as guest faculty for in-house training by our user offices, namely O/o PAG (Audit)-I, Maharashtra, Mumbai and O/o DGA (Central), Mumbai.



I have come to this fundamental conclusion that if you want something really important to be done, you must not merely satisfy the reason, you must move the heart also.

Mahatma Gandhi

Section 3: Photo Gallery

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Independence Day 2020 was celebrated in RTI, Mumbai with all protocols in place.



MOU Signing Even with ICAI-Cost, Sept. 2020



Section 4: Gist of significant observations in CAG's reports relating to Knowledge Centre topics

An adapted compendium of highlights of significant observations in CAG's reports relating to Knowledge Centre topics tabled in competent Legislature during the half-year ended September 2020

[Click here for going back to cover page](#)

Autonomous Bodies

[Report no 3 of 2020 Union Government, Economic and Service Ministries for the year 2017-18 tabled in Parliament on 23 September 2020](#)

7.5 Inadequate security resulted in avoidable loss of Rs.6.25 crore

Paradip Port Trust (PPT) did not impose and collect service tax applicable on the wharfage charges equivalent to shortfall quantity of minimum guaranteed tonnage (MGT) and penalties on contract. As a result, Paradip Port Trust had to suffer a loss of Rs.6.25 crore towards payment of service tax and penalty thereon.

The Management contended (October 2018) that there was no possibility of recovery of Service Tax from the beneficiaries and further stated that PPT decided (April 2018) to include the applicable Goods & Services Tax (GST) on the wharfage charges of MGT quantity while collecting Bank Guarantees (BGs) from the MGT providers/allottees with effect from April 2018.

The Management further added that PPT had earned substantial income towards shortfall in MGT quantity vis-a-vis the payment of Service Tax etc. Had the Management included service tax in conformity with Section 66 E (e) of Service Tax Act (Finance Act 1994) in the wharfage charges of MGT quantity while collecting BG from the MGT providers/allottees, the earnings of PPT would have been increased by Rs.6.25 crore.

Learning Points:

1. *While securing an entity's dues from another, it is essential to include the impact of statutory dues thereon as well.*
2. *A substantial recovery of revenue on a transaction cannot compensate for a specific avoidable loss on it.*
3. *It is an example of how an Audit observation can lead to corrective action that would save future loss.*

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Appendix-VI - Significant Observations on the Accounts of Central Autonomous Bodies

5. V.O. Chidambaranar Port Trust

5.1 Current Assets, Loans & Advances: Rs.835.32 crore

The above includes Sundry Debtors of Rs.129.51 crore for which the Port had neither analysed the feasibility of recovery nor provided for bad debts and no confirmation of balances was obtained.

Learning Point: Ministry of Ports, vide their letter dated 6 November 2002 on Implementation of Standard Norms of Accounts for Port Trusts has in Para 2 (iii) thereof have stated that no debt shall be considered as bad and provisioning of bad and doubtful debts shall be subject to Government of India guidelines. Nevertheless, as the audit report is meant for a larger audience, we have commented upon the quality of the accounts recoverable.

[Report no 6 of 2020 Compliance Audit Union Government \(Civil\) for the year 2017-18 tabled in Parliament on 23 September 2020](#)

Appendix VI Significant observations on the accounts of individual Central Autonomous Bodies

3. Assam University, Silchar

Grants/Subsidies: Rs.150.15 crore

In a deviation of instruction contained in Format of Accounts prescribed by MHRD, revenue grant of Rs.150.15 crore was recognised under the above head instead of the amount equivalent to revenue expenditure of Rs.122.91 crore incurred in the year 2017-18. This resulted in overstatement of Grant/Subsidies and understatement Current Liabilities by Rs.27.24 crore each.

17. Indian Institute of Science, Education and Research, Thiruvananthapuram

Corpus/ Capital Fund: Rs.792.91 crore

This includes an amount of Rs.84.34 crore being unutilised capital grant, which should have been shown as current liability in the Balance Sheet. This has resulted in overstatement of Capital Fund to the tune of Rs.84.34 crore with corresponding understatement of Current Liabilities and Provisions by the same amount.

Learning Point: These two observations are examples of how grants should be accounted for. It shows the principles of how grantor's money (till it is utilised) and grantee's money (after it is utilised) should be segregated and accounted for distinctly.

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8. National Institute of Homoeopathy, Kolkata

Earmarked/Endowment Fund: Rs.35.53 crore

The above head was overstated by Rs.6.37 crore due to inclusion of fund balance of General Provident Fund and Contributory Provident Fund owned by employees in the Institute's accounts. Correspondingly, Current Assets, Loans and Advance was overstated by Rs.6.37 crore.

Learning Point: Employee's money/ resources should not be appropriated by employer and must be kept distinct. This principle should be observed in accounting as well.

Report no 10 of 2020 Compliance Audit Union Government (Civil) for the year 2018-19 tabled in Parliament on 23 September 2020

Ministry of Textiles

Central Silk Board

7.1 Fraudulent withdrawal of Government money

Fraudulent withdrawal of funds to the tune of Rs.85.13 lakh from bank accounts of Guwahati Regional Office of Central Silk Board due to ineffective internal control mechanism, of which Rs.75.52 lakh remained unrecovered.

Central Silk Board (CSB) is a statutory body, established in 1948, by an Act of Parliament. It functions under the administrative control of Ministry of Textiles, Government of India, with the objective of promoting growth and development of sericulture in the country.

The Guwahati Regional Office (RO) of CSB maintains close co-ordination/ liaison with department of Sericulture, North-Eastern states, Bodoland Territorial Council and other implementing agencies, arranges necessary technical support for overall development of silk industry in states, organises training and monitors various centrally sponsored schemes. It receives funds towards administrative cost from the various North-Eastern states to carry out the above activities.

Rule 35 of the CSB Rules, 1955 specifies various control measures regarding maintenance and operation of bank accounts of the Board which includes daily closing of cash book after complete checking and verification of the same by an authorised officer and also at the end of each month with a dated certificate to that effect. Further, Rule 21 of the General Financial Rules of 2017 enjoins every officer incurring or authorising expenditure from public moneys to be guided by high standards of financial propriety, financial order and strict economy duly complying with the relevant financial rules and regulations.

Test check of records maintained at RO revealed (April 2019) that between May 2018 and April 2019, an amount of Rs.73.43 lakh was transferred from the bank account of RO to the bank accounts of various individuals having no official transactions with RO. Further, verification of cash book entries with the day book and supporting vouchers revealed that figures of cash book and day book were tampered and fictitious entries were inserted in the instructions issued to the bank for payments ranging from Rs.10,000 to Rs.7,00,000 during the period. Instances were noticed where, an official

who was responsible for maintaining the cash book, issued instructions for payments to the bank. Further, the Management failed to produce monthly verification certificate for cash book as required under CSB Rules.

The Management while accepting the facts stated (October 2019) that further review of the cases revealed that as against the amount of Rs.73.43 lakh as pointed out by audit, there was fraudulent withdrawal of Rs.85.13 lakh, of which an amount of Rs.9.61 lakh was recovered leaving a balance of Rs.75.52 lakh, which was pending for recovery. It further stated that various steps had been taken for strengthening the internal control/ internal check system existing in the organisation to ensure non occurrence of such fraudulent activity in future. Show Cause Notices were served to the officials on act of negligence/ irresponsibility of duties, FIR had been lodged and one official was placed under suspension. Further, letters were issued to banks where the amounts had been transferred for freezing the accounts. The Ministry in its reply (February 2020), endorsed the views of the Management. Thus, ineffective internal control mechanism resulted in fraudulent withdrawal of government money to the tune of Rs.85.13 lakh, of which Rs.75.52 lakh remained unrecovered.

Learning Point: *It is an example of fraud detected by Audit and hence, printed in bold in the report.*

Commercial Audit:

[Report no 3 of 2020 State Finance Report for the year 2017-18 on Government of Rajasthan tabled in Legislature on 21 August 2020](#)

3.3 It is observed that an amount of Rs.16,885.83 crore had been invested by the State Government in 10 undertakings at the end of financial year up to which their accounts were finalised. Of these, eight undertakings incurred accumulated losses of Rs.13,857.86 crore continuously for more than five years. Most of the accumulated losses (99.91 *per cent*) pertained to Rajasthan Water Supply and Sewerage Management Board, which engaged in supply of drinking water and maintenance of sewage through network of Public Health and Engineering Department in the State.

Learning Point: *A deeper analysis of the accounts of Departmentally Managed Commercial Undertakings would indicate the magnitude of drain of public funds and its reasons. Such an undertaking is neither an autonomous body, nor purely a department. It is an entity with commercial characteristics. Hence, its revenue and expenditure needs to be subjected to proper scrutiny and audit, for which a pre-requisite is compilation and audit of proforma accounts in the mercantile accounting pattern.*

3.5 Infructuous expenditure on Floating Supermarket Project

Lack of prudence and total disregard of rules on Survey and Registration of boats made ₹1.82 crore spent on the purchase of nine ferro-cement hulled boats by the Kerala State Co-operative Consumers' Federation Ltd. (CONSUMERFED) infructuous.

During the period from June 2009 to September 2012, CONSUMERFED purchased seven Mobile floating supermarkets with ferro-cement hull at a cost of ₹181.77 lakh. They ceased their operation between April 2014 and September 2016. CONSUMERFED, therefore, decided (March 2017) to dispose them of in auction. After two unsuccessful attempts, to auction them, four of the seven were auctioned off (March 2019) for a sum of ₹91,658. There was no demand for the balance three.

Audit scrutiny revealed the following:

- The floating supermarket was purchased to make essential commodities available to the people who lived in isolated and inaccessible areas surrounded by water in Kuttanad, Alappuzha.
- Audit observed that CONSUMERFED introduced the project in Kuttanad without assessing its feasibility. As a result, most of the seven units commissioned ran on loss from the very beginning for want of adequate patronage.
- All these vessels were made of ferro-cement hull. The Chief Inspector of Boats, Irrigation Department refused (November 2009) to issue Inspection Certificate to these vessels as under the Travancore Public Canals and Public Ferries Act and Rules, Inspection Certificate could not be issued for vessels with ferro-cement hull.
- In spite of the rejection of inspection certificate for the vessels, CONSUMERFED continued to purchase six more ferro-cement hulled vessels.
- All the seven ceased activity after being in service for four to six years and the vessels which were left unattended thereafter, sank in water or were in bad condition. It was further noticed that an amount of ₹6.47 lakh was spent towards maintenance, lifting of capsized vessels and valuation fees.

Thus, decision of the CONSUMERFED to proceed with procurement of vessels for floating supermarkets without feasibility study and Inspection Certificate led to unfruitful expenditure of ₹1.88 crore.

Learning Point: *As public money is involved, commercial decisions need to be backed by feasibility study and legal vetting before further cost is incurred on them. The response of those, for whose welfare, a decision is ostensibly taken, and their acceptance of the decision, are indicators of the quality of consultation with beneficiaries and field-level study involved in taking the decision.*

Table - 3.5: Equity, loans and guarantees outstanding as per Finance Accounts of Government of Chhattisgarh vis-à-vis records of State PSUs (other than Power Sector)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of State PSUs	Difference
Equity	47.78	80.53	32.75 ¹¹
Loans	159.57	338.89	179.32 ¹²
Guarantees	835.31	832.50	2.81

(₹ in crore)

(Source: Compiled based on information received from PSUs and Finance Accounts.)

1.9.6 Status of guarantees – contingent liabilities

Guarantees of Rs.10,769.42 crore was outstanding at the end of March 2019. The outstanding amount of guarantees in the nature of contingent liabilities was about 16.54 per cent of the total revenue receipts of the State. The new guarantees were Rs.7,359.15 crore during 2018-19.

As per the recommendation of the 12th Finance commission, the Government of Chhattisgarh was required to constitute a Guarantee Redemption Fund (GRF) with minimum annual contribution of 0.50 per cent of outstanding guarantee at the beginning of the year. Accordingly, the State Government was required to create a GRF and transfer 151.92 crore to the fund from 2005-06 to 2018-19, out of which 19.41 crore pertains to 2018-19 alone. Contrary to State Finances Audit Report for the year ended 31 March 2019 the Finance Commission recommendations, the State Government has decided not to form the GRF as maximum guarantees sanctioned by the State Government were of “medium and low risk”.

During the year 2018-19, a sum of 5.00 crore was recovered as guarantee fees against receivable amount of 41.11 crore mainly due to short receipt from guarantees given to Co-operative institutions for repayment of principal and payment of interest (Rs.36.00 crore).

1.9.6.1 Off-budget borrowing

Chhattisgarh Housing Board (CHB) availed loan of ₹401.64 crore from Canara Bank and ₹195 crore from Allahabad Bank for housing. Government of Chhattisgarh (GoCG) undertook to repay the principal and interest accruing on this loan.

Similarly, Chhattisgarh Police Housing Corporation Limited (CPHCL) availed loans of ₹143.76 crore from Allahabad Bank and ₹60.95 crore from Canara Bank for construction houses for police officials. Thus, in effect liability on the loans entirely vested with GoCG and not with CHB and CPHCL, though not reflected in the accounts of GoCG.

Consequently, the liability of GoCG was understated by ₹801.35 crore.

Further, fiscal deficit would have been higher after adding these off-budget borrowings.

It was noticed that CHB and CPHCL raised loan at one year/six-month Marginal Cost of Fund based Lending Rate (MCLR) from banks ranging from 7.9 per cent to 8.70 per cent and the State Government raised market loans (Chhattisgarh State Development Loans) at the rate of 7.43 per cent to 8.18 per cent during 2018-19. Had the State Government raised market loan against these off-budget borrowings during 2018-19 at 8.18 per cent interest (i.e., maximum interest of market loan during 2018-19), the extra interest burden of 1.06 crore could have been avoided.

Learning Points:

1. *Off-budget borrowings may not only result in making the finances of a Government appear better than they are, but also may lead to overall increased financial burden.*
2. *Many of the State Reports (State Finance/ PSUs) bring out data on public sector entities. These include comparison between the amount of investments as recorded in Government Accounts, vis-à-vis those reflected by entities which have received these funds. Subsidies, grants, loans and advances are disclosed too. These are the direct visible financial stake of Governments in PSUs. But, the real stake/ sphere of influence of the Government on an entity or a vice-versa is much wider as can be seen from the following.*
3. *There is a comparison of guarantees given by the Government and those reflected by entities which have benefited from these, as also the amount of Guarantee fees paid by the entities and Guarantee Funds created by the Government out of these. This is a form of indirect financing of PSUs. The magnitude of guarantees given is significant as compared to revenue.*
4. *Off-budget borrowings and off-budget funding of entities could be seen as sub-sets of a broader class of off-budget transactions, which can take many forms - guarantees payable by the government - contingent on an event happening or on default; commitment to meet certain liabilities or payments of an entity- upfront or in due course; grants in-kind, including land; vesting of properties in an agency without any money flow; vesting of rights to raise levies, directly from citizens/ users, for activities/ services that are expected to be State functions; patronage or sponsorship of ostensibly non-government entities. These may include bodies or authorities such as societies, trusts, corporations, companies, associations of individuals, private sector agencies. These are ways in which expenditure (including revenue foregone or vested in non-government agencies) and funds raised from citizens in an obligatory/ fiduciary capacity are kept out of the ambit of government accounts, as also the Legislature Competent.*

5. *The increasing number of disclosures on account of IGAS relating to grants (including in-kind), and guarantees, etc. and audit comments in this regard will bring such off-budget transactions and beneficiary entities into the public domain. In commercial accounting too, with the emergence of Ind AS, there is a greater emphasis on the substance of transactions, rather than their legal form, for accounting. Such transactions would easily unravel, as being in substance, transactions and obligations of the Government, though in legal form, they are transactions involving non-government entities.*
6. *Off-budget transactions in any public sector scenario, may be symptomatic of a larger scheme of de facto taxation and de facto public expenditure and even de facto restriction of Constitutional safeguards, as these may result in escaping the Legislature's and citizenry's supervision. Setting procedures by which, for preserving Constitutional Guarantees such as their right to life and liberty and right to equality, or for granting legitimate State benefits to individual citizen/user, they are expected to subscribe to services of a non-Government agency, which they would not otherwise do so (unsolicited goods and services foisted on the citizen), such as mandatory use of ICT equipment, internet/ mobile connections and apps, applying for cards for transactions with government at added cost to citizen/user, could be examples of de facto taxation and de facto expenditure out of public money. Both the money flow and the setting of such procedure are kept out of scrutiny by Legislature. Both the levy of charges for buying the 'goods' and availing the 'services' and its flow to the non-Government supplier outwardly appear to be voluntary transactions, which are, in fact and in effect, mandated by the State, as they are offered without a reasonable alternative to the citizen/ user.*
7. *These may result in circumvention of Articles 114/204- No money shall be withdrawn from the Consolidated Fund of India/ State except under appropriation made by law passed in accordance with the provisions of this article, 265 - Taxes not to be imposed save by authority of law and 300A Right to Property.*

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3.4 Delay in finalisation of accounts of Public Sector Undertakings

The Companies Act, 2013 stipulates that the annual financial statements of companies are to be finalised within six months from the end of the relevant financial year, i.e. 2018-19 by September end. Failure to do so may attract penal provisions under which every officer of the concerned defaulting Company shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than 50,000 but which may extend to 5,00,000 or with both.

The State Government provided budgetary support (grants & subsidies) and accepted liability (guarantee) for 12,789.88 crore in nine PSUs during the period for which their accounts were in arrears up to 31 March 2019. These PSUs have not finalised their accounts for the last one to four years in gross violation of the provisions of the Companies Act. Due to non-finalisation of accounts, the C&AG has been unable to discharge the responsibilities with regard to certification of accounts of these PSUs as required under CAG's DPC Act, 1971 and the Companies Act. The above position reflects the failure of the concerned administrative departments and specifically of the Finance Department to ensure that the defaulting companies comply with the relevant Acts.

Learning Point: Citing the penal provisions and reporting on the statutory non-compliance by PSUs has strengthened the audit observation, and this issue can no longer be seen as a minor procedural lapse.

Report no 4 of 2020 Public Sector Undertakings for the year 2018-19 on Government of Gujarat tabled in Legislature on 25 September 2020

3.27 Non-compliance of IND AS commented upon in the financial statements of an SPSU is discussed below:

Dahej SEZ Limited (2017-18)

The invoices of material purchased for construction of road under a work order awarded to a contractor was booked in the Company's books as purchase of material. The Contractor included the material cost in its RA bills. In the Annual Financial Statements, the Company has again included the cost of material Rs. 40.03 lakh in Capital works-in-progress that has resulted in double accounting of material cost under CWIP. This has resulted in overstatement of Capital works-in-progress and Current Liabilities by Rs. 40.03 lakh.

Learning Point: As in the report on Union Government (Commercial) Report on CPSEs, the State Report on PSEs can also re-iterate at one place, important comments on accounts of SPSEs

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Table 3.13: Net worth of SPSUs during 2014-15 to 2018-19

(Rs. in crore)

Year	Paid up capital at the end of year		Free Reserves	Accumulated Profit/(Loss) at end of the year	Net worth
	Number	Equity			
2014-15	53	44,065.64	9,537.09	(1,696.72)	51,906.01
2015-16	56	47,811.22	10,011.75	(2,479.20)	55,343.77
2016-17	60	51,958.94	10,451.69	(18,946.05)	43,464.58
2017-18	60	59,381.46	10,413.21	(18,314.76)	51,479.91
2018-19	60	66,061.76	11,383.48	(19,216.58)	58,228.66

Source: As reported in latest finalised financial statements received from SPSUs.

Learning Point: The net worth when compared to equity investment shows how much the stake of a Government in a company has grown or shrunk and hence, this is a useful statistic as to performance of public sector entities.

Corporate Finance:

[Report No 1 of 2018 - Revenue Sector and Public Sector Undertakings \(Social, General and Economic Sectors\) for the year 2016-17 on Government of Jammu and Kashmir tabled in Legislature on 23 September 2020](#)

Finance Department

Jammu and Kashmir Bank Limited

5.1 Doubtful recovery of investment

Inappropriate internal rating system coupled with non-exercising of due diligence before investing in Commercial Paper of a Public Limited Company - a non-borrower customer - led to doubtful recovery of the principal of Rs.48.37 crore and additional amount of Rs.1.63 crore.

The Reserve Bank of India (RBI) guidelines, 2001 regarding non-Statutory Statutory Liquidity Requirement (SLR) investment of Banks stipulate that investment proposals should be subjected to the same degree of credit analysis as any loan proposal; Bank should make their own internal credit analysis and rating even in respect of rated issues; should not entirely rely on the ratings of external agencies; and the appraisal should be more stringent in respect of investments in instruments issued by non-borrower customers. Further, for issues of Companies who are not their borrower customers, banks should have an internal system of rating. The Jammu and Kashmir Bank Limited (Bank) made (27 March 2012) an investment of Rs.48.37 crore for a period of 91 days in Commercial Papers (CP) of a Public Limited Company (Company) through HDFC Bank Limited, being its issuing and paying agent. The CP were due (26 June 2012) for redemption with maturity value of Rs.50 crore. However, the Company failed to pay the redemption amount and the Bank declared (September 2012) the investment as a Non-Performing Investment (NPI). The Bank filed (November/ December 2012) an application for recovery of dues in Debt Recovery Tribunal-1 (DRT), Mumbai and winding up petition at National Company Law Tribunal which were pending for hearing and verdict (April 2017). Meanwhile, the Company's reference to Board for Industrial and Financial Reconstruction and Appellate Authority for Industrial and Financial Reconstruction had been rejected. Scrutiny of the records revealed that the Bank in contravention of RBI guidelines, made an investment in CP of the Company by relying on the credit analysis and rating of 'A1+' accorded to short term instruments of the Company by an external rating agency, M/s Credit Analysis & Research Limited (CARE). No internal credit analysis and rating had been carried out by the Bank at their own level by quoting the reasons that as per its investment policy, investments in money market instruments would not be subjected to internal rating when they have an eligible external rating.

Further, the Bank did not exercise due diligence before investing in CP when CARE while assigning the rating in November 2011, had, as a part of rating rationale *inter alia* reported that:

- The rating was constrained by higher collection days leading to stretched working capital cycle.
- The rating was also constrained by existence of loss making divisions (viz. Indian Premier League franchise and retail business) leading to a decline in the profitability margins and inherent industry risk.
- The Company's ability to grow amidst the political uncertainty in Andhra Pradesh for its publication business, ensuring lower reliance on debt to fund its expansions and maintenance of liquid investment were key rating sensitivities.
- The Company's current ratio (Ratio of current assets to current liabilities - used by the investor to assess the Company's ability to pay short term liabilities with its short term assets) declined from 2.35 to 2.01 and quick ratio (Ratio of liquid assets to current liabilities - symbolises the Company's ability to pay current liabilities with quick assets immediately)declined from 2.13 to 1.79 between March 2010 and March 2011. Further, the Company posted decline of 11.15 *per cent* in 2010-11 in Publication Division which was the core business of the Company.

Had the management taken cognizance and impact of these qualifications reported by the credit rating agency, investing in CP to the extent of Rs.48.37 crore could be avoided.

Further, Audit analysis revealed that:

- Financial results of the Company for the third quarter of the year 2011-12, ending December 2011, when compared with the corresponding figures for quarter ending December 2010 showed that Company's profit decreased from Rs.209.02 crore to Rs.54.60 crore (decrease of 73.87 per cent).
- The stocks of the Company which were trading at Rs.180 in Mumbai Stock Exchange during April 2010, fell to Rs.49.20 in December 2011.
- There was an issue of Commercial Paper (CP) of the same value i.e. of Rs.50 crore by the Company, subscribed by the Bank, which carried a settlement date of 27 March 2012 which is the commencement date of the current CP, i.e. roll over, that met with default. This indicated that the fresh issue of CP has been a renewal or as a means of providing funds to the Company to honour its repayment commitment in the earlier CP.

Thus, investment in CP in violation of the RBI guidelines and by placing complete reliance on the ratings of CARE, despite CARE disclaimer that "CARE ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE had based on its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/ instruments are rated

by CARE have paid a credit rating fee, based on the amount and type of bank facilities/ instruments”, was not correct.

The Management stated (November 2016) that they did not deviate from guidelines set by Reserve Bank of India - the regulator. The RBI stipulates minimum A2 rating for CP issuance whereas the investment policy of the bank stipulates A1+ rating, which was the highest credit rating for short term papers, indicating strong degree of safety to ensure lowest credit risk. The Bank further stated that Audit highlighted only the constraints of rating and ignored the various strengths enlisted in the rationale for rating.

The reply of the Management that the Bank did not deviate from guidelines set by RBI while making this investment is not correct as the regulator had advised all commercial banks for internal credit analysis also, of the investment proposals, irrespective of the rating awarded by the external rating agencies. As such, the investment policy of the Bank which pre-empts/ deters the scope for internal scrutiny and evaluation of an investment decision through due diligence process specifically for non-borrower customer was deficient and therefore, requires a revisit. Further, the audit observation was about flip side of the financials of the Company as highlighted in the rating rationale, which was a crucial factor for consideration before making investment. However, the same had been ignored, in absence of an appropriate internal rating system. The Management did not offer its comments on the audit observation that the new CP issue was a roll over instrument, to provide liquidity to the Company, for the earlier instrument.

Learning Point: *The Bank tried to deflect audit observation by stating that Audit highlighted only the constraints of rating and ignored the various strengths enlisted in the rationale for rating. Audit gave a rebuttal that RBI had advised all commercial banks for internal credit analysis also, of the investment proposals, irrespective of the rating awarded by the external rating agencies. Hence, this addressed the reply of the bank, which tried to draw support from rating agency’s opinion and tried to bind Audit too, to only the rating by external agency.*

[Report No 1 of 2020 - Public Sector Undertakings for the year 2017-18 on Government of Kerala tabled in Legislature on 24 August 2020](#)

The Kerala State Financial Enterprises Limited

Gold loan scheme of the Company

Gold loan is a secured loan in which a customer pledges his/her gold ornaments as collateral for taking a loan.

5.1.6 During 2015-16 to 2017-18, the Company disbursed 18.22 lakh loans amounting to ₹13,926 crore. Out of this, 14.95 lakh loans (82 per cent) amounting to ₹4,723.84 crore (34 per cent) were gold

loans. Considering the significance of gold loans in the total loan portfolio of the Company, apart from the sample of 77 gold loans, Audit examined, the gold loan portfolio in general.

The audit observations are discussed in the following paragraphs.

Improper sanction of gold loan to private money lenders

5.1.6.1 Through the gold loan scheme, the Company aimed at (March 2012) achieving its social objective of saving the common man from the unscrupulous activities of private players. According to the circular issued (June 2009) by the Company, a person can be given a maximum number of three gold loans in a working day from a branch, otherwise specific approval of the Branch Manager concerned was to be obtained. Audit observed that:

- In three out of twenty branches examined by Audit, the Company extended 570 gold loans amounting to ₹0.96 crore to 16 individuals in excess of three loans on occasions ranging from 1 to 136 days. The sanction of excess loans was without the specific approval of the Branch Managers. Out of the 16 individuals, five individuals in Vizhinjam branch were private gold financiers and these private gold financiers were given excess loans of ₹0.36 crore.
- During the period 2015-16 to 2017-18, seven branches disbursed gold loans amounting to ₹156.78 crore to 11,430 loanees. Out of this, ₹66.44 crore were issued to 56 individuals through 30,370 gold loans. These 56 borrowers, who accounted for one *per cent* of the total loanees were disbursed 42 *per cent* of the total gold loans during 2015-16 to 2017-18. As the high number of loans availed and used by the individuals in a short span of three years seemed unlikely, the possibility of private money lenders having taken gold loan from the Company for further lending could not be ruled out. Managers of Alappuzha II and Vizhinjam branches accepted that eight individuals who took large number of loans from each of the branches were private money lenders.

The Company, while acknowledging (December 2018) that the very objective of the Gold Loan Scheme would not be achieved if it was extended to private money lenders, stated that strict directions were given to Regions and branches not to entertain private money lenders.

Learning Point: *This is an example of how an Audit point could have a social impact. A scheme which was intended to benefit individuals and protect them from the web of usurious private sector money-lenders could have been derailed, if the practice of accepting gold from the money lenders themselves was continued. This would have led individuals back to the money-lenders who could then pledge gold with the public sector financier at lower rates and then lend them at even higher rates to individuals. A watchful observation by Audit prevented this from happening.*

Rajasthan Financial Corporation

Lack of prompt action against defaulter suspected in 'Syndicate Bank Scam'

5.1.11 The Corporation sanctioned (November 2014) a loan of ₹ 7.72 crore to *Guman Builders and Developers (Private) Limited (Borrower)*. After the borrower defaulted in repayment of quarterly instalment (June 2016), the Corporation issued (June 2016) a legal notice under Section 30 of the SFCs Act for depositing the outstanding dues of ₹ 5.54 crore but the borrower did not deposit the amount within the notice period. As per the notice, in case of non-deposit of dues, the borrowing unit was to be taken under possession but the Corporation instead of taking over possession of the borrowing unit, allowed (July to October 2016) several opportunities to the borrower by extending the date for depositing the overdue amount. However, the borrower did not deposit the amount within the extended period and the Corporation took over possession of the borrowing unit on 28 November 2016. Meanwhile, the Enforcement Directorate, Government of India (ED, GoI) informed (25 November 2016) the Corporation that an investigation against the main promoter of the borrower was under progress in case of First Information Report (FIR) registered (March 2016) by the Central Bureau of Investigation (CBI), GoI. The ED also restricted the Corporation to release any documents of the property charged with it which belonged to the concerned promoter, his relatives and firms associated to him. Later, ED attached (May 2018) the mortgaged property by issuing a provisional attachment order which was retained (November 2018) by the Adjudicating Authority. Against the attachment order, the Corporation filed (December 2018) an appeal with the Appellant Tribunal, Prevention of Money Laundering Act which issued (January 2019) a stay order in this case and the matter is still pending with the Appellant Tribunal. (June 2019)

Audit observed that the Corporation was well aware of the facts that CBI had registered (March 2016) an FIR in Syndicate Bank scam where the main promoter of the borrowing unit was also suspected to be involved. Despite this, the Corporation instead of promptly taking over the possession, allowed several extensions to the borrower for depositing the overdue amount. Audit also observed that the property was situated at a prime location of Jaipur and had substantial MRV (*i.e.* ₹ 19.65 crore assessed in January 2017). Had the Corporation taken prompt action for taking over and disposing of the property, it could have recovered its dues. However, allowing extension for repaying dues to a defaulter suspected in a Bank Scam resulted in unwanted legal proceedings and non-recovery of outstanding dues worth ₹ 9.26 crore. The Government accepted the facts and stated that the borrower had informed (22 July 2016) the Corporation that its bank account had been blocked by the CBI due to which the bank dishonoured its cheque due on 1 June 2016.

Further, three more cheques furnished by the borrower during August 2016 were also dishonoured. It further stated that the Appellate Authority had allowed for auctioning the fixed assets of the unit and accordingly, property will be disposed of to recover the dues.

The fact remained that the Corporation was well aware of the fact that the promoter of borrowing unit was suspected in a Bank scam and CBI had lodged an FIR against him in March 2016. However, the Corporation did not furnish any justification in respect of allowing several extensions to the borrower during July to October 2016 instead of initiating prompt action to take over the property which led to non-recovery of significant dues.

Learning Point: *Granting extension to a known defaulter was against propriety and logic. Yet, it was allowed. This is a clear lapse that has been pointed out in Audit. Irrespective of whether the amount is recovered in future or not, the lapse in procedure is a serious one. Pointing it out would result in a salutary effect as it would deter similar practices with respect to other parties.*

Political Democracy rests on four premises which may be set out in the following terms:

- (i) The individual is an end in himself.*
- (ii) That the individual has certain inalienable rights which must be guaranteed to him by the Constitution.*
- (iii) That the individual shall not be required to relinquish any of his constitutional rights as a condition precedent to the receipt of a privilege.*
- (iv) That the State shall not delegate powers to private persons to govern others.*



Dr B R Ambedkar.

Section 5: Interesting published material on Knowledge Centre Topics

Disclaimer: The contents in this segment are edited extracts from material downloaded from the internet. RTI, Mumbai does not necessarily endorse any views expressed therein, nor vouch for the factual accuracy of any of the matters described therein. These have been reported herein, only for awareness of, or as possible inputs for, our personnel, who may take up audits.

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(I) Regulations on Audit and Accounts, 2020 notified

Salient features of the Regulations on Audit and Accounts (Amendments) 2020 include:

- Auditing in IT environment
- Framework for data access including data maintained in digital environment
- Broadbasing the understanding of our mandate in the light of judgements by the Honourable Supreme Court
- Consolidating regulations relating to Planning, Conduct of Audit and Reporting under one chapter
- Consolidating the 'Forms of Communication at the close of Audit' to provide for digital adaptation
- Rational timelines for response to draft paras

Sources: PPG Wing, HQ email dated 9 September 2020 and <https://cag.gov.in/uploads/media/Gazette-Regulations-Audit-Accounts-2020-20200915182347-20201014174922.pdf>

(II) Govt calls off merger of the three public sector general insurers Cabinet approves capital infusion of Rs 12,450 crore in these three companies

Business Standard- Subrata Panda | Mumbai Last Updated at July 9, 2020 00:45 IST

The Union government said on Wednesday that the merger of three ailing public sector general insurance companies has been shelved and the focus will be on making them profitable instead.

The Cabinet also approved capital infusion of Rs 12,450 crore into the three firms — Oriental Insurance Company, National Insurance Company, and United India Insurance Company. This sum includes the Rs 2,500 crore already infused in February. “...given the current scenario, the process of merger has been ceased so far and instead focus shall be on their solvency and profitable growth, after capital infusion”, a release by Press Information Bureau (PIB) read.

Of the Rs 12,450 crore, the government will release Rs 3,475 crore immediately and the remaining Rs 6,475 crore will be infused later. In this year’s Budget, the government set aside Rs 6,950 crore for re-capitalisation of the three entities as all three were struggling on the solvency ratio front.

The Cabinet also approved raising the authorised capital of National Insurance Company to Rs 7,500 crore and that of United India Insurance to Rs 5,000 crore to give effect to the infusion. “The capital infusion will enable the three public sector general insurers to improve their financial and solvency position, meet the insurance needs of the economy, absorb changes and enhance the capacity to raise resources and improved risk management”, said the PIB release.

“In these times, the merger process would have been difficult,” said an executive of one of the insurers.

Experts said the aim was to augment capital by listing the merged entity, which would have brought down government equity. In the current scenario, given that the firms are not in good shape, the government would have netted lesser than expected if it would have gone ahead with the merger.

KEY RATIOS OF THE THREE PSU GENERAL INSURERS

In %

Insurers	Solvency ratio	Combined ratio
National Insurance Company	1.01	173
Oriental Insurance Company	1.54	132
United India Insurance Company	0.94	128

Note: Data as of Q3FY20 Source: Companies

In the 2018-19 Budget, the government had proposed the merger and subsequent listing on the bourses. In January, the boards of all three firms had approved this plan. Last year, the three firms had appointed EY to prepare the roadmap. It had recommended completion of the merger by December 2020 or within 18 months starting July. However, the merger was put on the back burner because of the pandemic.

As of the third quarter of 2019-20, National Insurance had a solvency ratio of 1.01, against the regulatory requirement of 1.5. Solvency ratio is a key indicator of financial health. Its combined ratio — a measure of profitability for non-life insurers — stood at 173 *per cent*. If the ratio is below 100, it indicates that the firm is making underwriting profits.

Oriental had a solvency ratio of 1.54 and reported a combined ratio of 132 *per cent*. United reported a solvency ratio of 0.94, much below the regulatory requirement, with combined ratio at 127.62 *per cent*.

Source: https://www.business-standard.com/article/economy-policy/govt-calls-off-merger-of-the-three-public-sector-general-insurers-120070801365_1.html

(III) CAG to audit TTD accounts as AP govt gives green signal

By Express News Service - VIJAYAWADA: - Last Updated: 03rd September 2020 07:55 AM

The State government has consented to entrust the audit of the Tirumala Tirupati Devasthanams (TTD) to the Comptroller and Auditor General (CAG) of India from 2020-21 onwards to ensure transparency in the temple trust board’s accounting and auditing systems and retain full confidence of devotees and donors in the same.

The CAG will also be requested to conduct a special audit of the TTD for the years 2014-15 to 2019-20 and furnish its report within six months.

“We discussed the issue at the TTD Trust Board meeting on August 28 and passed a resolution for re-audit of TTD accounts. Chief Minister advised us to conduct the re-audit not with any other chartered accountants but to request the CAG to do it. Based on his advice, we have taken this decision,” he explained.

A petition had been filed in the high court in 2018 seeking an interim injunction for an external audit of the TTD accounts, utilisation of funds and properties including jewellery for three financial years beginning 2014-2015. Their plea came in the wake of a controversy over alleged missing jewels of the Tirumala temple.

At its board meeting on August 28, the TTD reviewed its accounting and audit systems “keeping in view the criticism being made in social and mainstream media from time to time regarding various types of expenditure and the need to improve the confidence of the pilgrims and donors in the systems adopted by the Board.”

Audit of TTD consists of two types — statutory and internal audit. Statutory audit is being conducted by the state audit department since 1961-62 except for three years from 2003-06 when a CA firm was appointed as statutory auditor. The Public Accounts Committee (PAC) had recommended in its special report (2004-05) that CAG be asked to audit TTD accounts. The TTD Trust Board, based on the PAC recommendation, had requested the State government in 2008 to approve the same but its request was rejected at that time.

Source: <https://www.newindianexpress.com/states/andhra-pradesh/2020/sep/03/cag-to-audit-ttd-accounts-as-ap-govt-gives-green-signal-2191822.html>

(IV) Gujarat: ‘Compliance of SPSUs with accounting standards deficient,’ states CAG report

By: Express News Service | Ahmedabad | Updated: September 26, 2020 3:32:40 pm

The audit found that compliance of SPSUs with the accounting standards remained deficient as there were 35 instances of non-compliance in 19 financial statements.

Of the 87 State Public Sector Undertakings (SPSUs), the Comptroller and Auditor General (CAG) report pointed out irregularities in the Gujarat State Electricity Corporation Limited (GETCO).

Among the issues flagged are coal supply agreements not monitored simultaneously, violation of environment guidelines by utilising amount recovered from sale of fly ash for purposes not specified for, absence of information of critical and non-critical items and incorrect inventory-reporting. These issues were also detected in the audit of Gujarat State Electricity Corporation Limited, a subsidiary of Gujarat Urja Vikas Nigam Ltd (GUVNL), responsible for power generation.

GUVNL ended up paying an excess of Rs 716.09 crore in a span of nine years (2009-18) to GETCO as wheeling and transmission charges. While this was recovered during 2018-19 by GUVNL, the audit found that non-compliance with accounting standards resulted in understatement of retained earnings, where this recovered amount should have been classified under, and instead ended up being an overstatement of profit by Rs 716.09 crore.

Major differences in outstanding amounts with respect to equity, loans and guarantee in SPSUs’ records vis-a-vis Gujarat government’s finance accounts were found in the case of seven SPSUs. Ideally, the two records should correspond to each other. These include Gujarat State Petroleum Corporation Ltd (GSPC), Sardar Sarovar Narmada Nigam Ltd (SSNNL), Gujarat Metro Rail Corporation Ltd, GSPC LNG Ltd, Dholera Industrial City Development Ltd, Gujarat State Financial Corporation and Gujarat State Road Corporation Ltd.

Audit of Gujarat Mineral Development Corporation (GMDC) showed that the company had 24 mining leases as on March 31, 2019 of which nine were non-operational and among the nine, in the case of five leases, the company had neither submitted an application for extension nor undertook mining operations. GMDC could not also achieve “important goals of the sole business plan” and the audit found that neither a mechanism for monitoring achievement of business plan was in place nor a business plan was prepared for subsequent periods. Instances of non-achievement of production targets in the mine plan were observed, indicating a need for revision of mine plan.

Audit also observed that the company was yet to frame any policy regarding retention or sale of acquired private freehold land after mineral reserves are exhausted. Violations of environment clearance conditions related to corporate social responsibility expenditure were noted in two cases.

Moreover deficient monitoring of mining agreements showed that it resulted in an otherwise avoidable loss amounting to Rs 104.64 crore in 10 cases, undue benefit to contractor amounting to Rs 21.02 crore in two cases and arbitration claim of Rs 107.01 crore.

Deviation from such turnkey mining agreements also resulted in an extra expenditure of Rs 23.38 crore in one case, undue benefit of Rs 23.30 crore in another case and additional payment of Rs 1.48 crore in yet another case. GMDC audit also observed deficiencies in the system for tendering and awarding of turnkey mining contracts which resulted in avoidable loss of Rs 17.75 crore.

Overall it was found that of the remaining 77 SPSUs as on March 31, 2019, Gujarat government invested funds in 61 SPSUs in form of equity, loans and grant/subsidy and no funds were infused in remaining 16 SPSUs, which were joint ventures or subsidiaries of state government companies (SGCs).

Source: <https://indianexpress.com/article/cities/ahmedabad/gujarat-compliance-of-spsus-with-accounting-standards-deficient-states-cag-report-6614601/>

"Consistent with their responsibility towards regularity audit, the trend all over the world for the Supreme Audit Institutions like ours is to lay emphasis on the three E's. At the same time, the private accounting profession itself is broadening its role to take into its fold aspects of efficiency and better management. To the extent norms are predetermined or well established, aspects of economy or efficiency, which are two sides of the same coin, can be built into guidelines which we may give to the Primary auditors wherever appointed. In other words, wherever audit procedures can be 'programmed' (to borrow the computer language) they can with advantage be left to the Primary auditors supplemented by an occasional test check by us. When it comes to the 'non-programmed' evaluation of the performance or the achievements of the institutions with reference to defined, undefined or inadequately defined objectives or purposes, we have a unique role to play. Effectiveness audit cannot be easily delegated."

Shri K. S. Sastry, Director of Audit, HQ's DO letter dated 29 April 1985 on roles of primary ("professional"/statutory) auditor and CAG Audit. (A timeless, relevant guiding document on audit of Autonomous Bodies)

Section 6: Articles and Write-ups

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KNIME as a data analytic tool for Audit

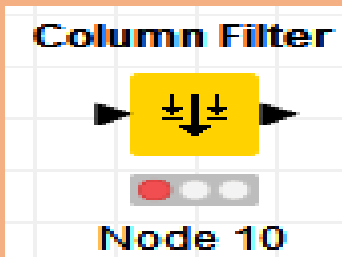
KNIME was introduced as a data analytic tool in the Indian Audit & Accounts Department sometime in the year 2016 and since then there have been a host of training programmes on this tool across the department to acquaint field audit officials with the use of this tool in audit.

One of the biggest advantages working with this tool is that it is an open source tool compared to similar tools available in the market i.e Tableau and Qlikview. We in the Indian Audit & Accounts Department are accustomed to using IDEA as a Computer Assisted Audit Tool for almost three decades now and there is no gainsaying the fact that IDEA has become an integral part of data analysis across all audits that we perform – Compliance, Financial and Performance audits. Some of the significant advantages of working with IDEA is the facility of creating audit documentation and also the host of sampling features that IDEA offers including Monetary Unit Sampling.

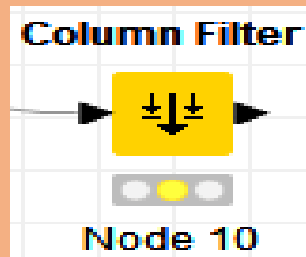
However, with a view to leveraging the use of open source software and also with the growing awareness of the importance of data analytic tools in the department, the use of KNIME software as a data analytic tool is gaining ground within the department. KNIME helps in breaking down the entire audit analysis into individual tasks through the use of nodes, each node identifying itself with the task that it can perform. The audit analysis will thus, appear as a neat workflow of nodes, each node feeding into the other so that the sequence of tasks used in the analysis for deriving audit conclusions can be discerned.

The nodes are central to the analysis in KNIME and they normally follow a traffic light approach, the red light denoting a node is not configured, yellow denoting that the node is configured and is ready for execution and a green light denoting a configured and successfully executed node with options available for viewing the output or results of execution.

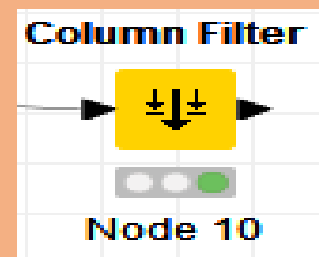
Understanding the traffic light system



Not configured: Node is not yet configured and cannot be executed with its current settings

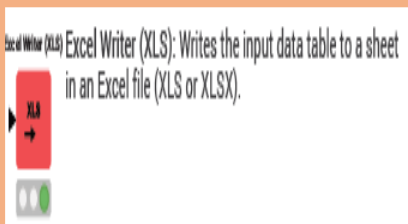


Configured: Node has been correctly configured and may be executed at any time



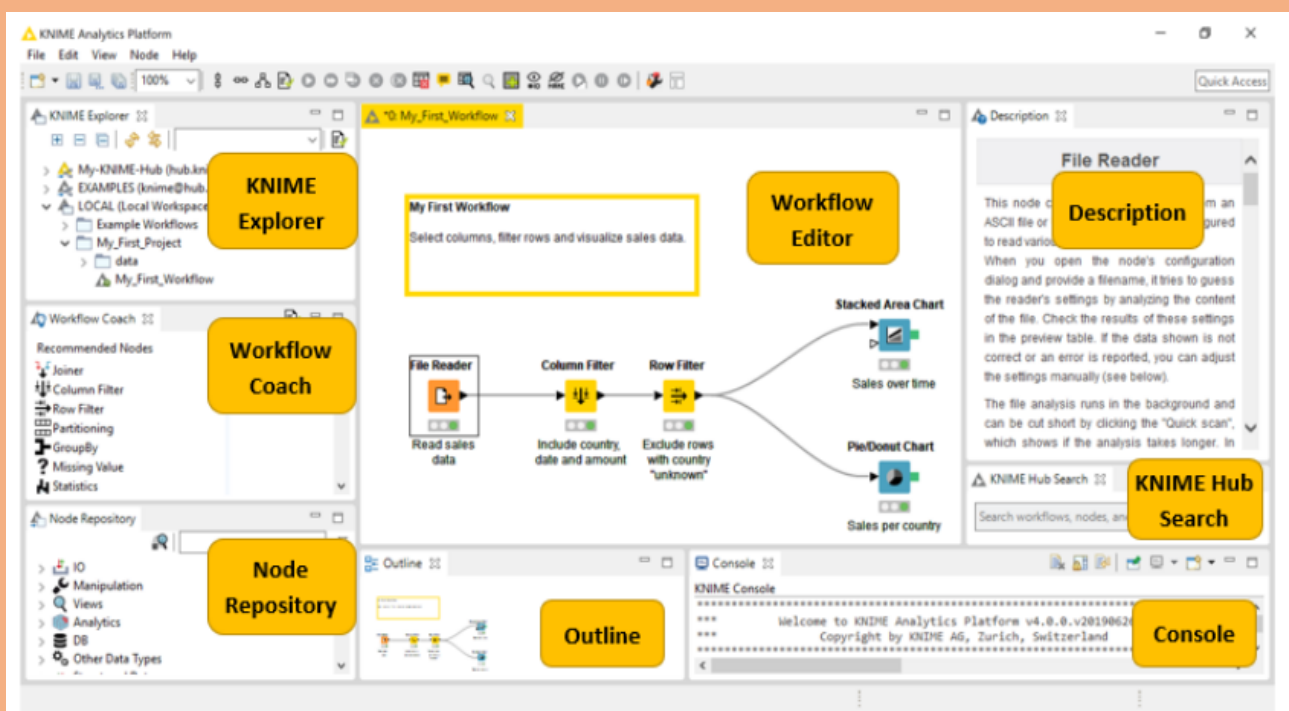
Executed: Node has been successfully executed and results can be viewed and used in downstream nodes

There are numerous nodes available in KNIME offering a gamut of statistical and analytical solutions to issues that could possibly confront us in the analysis of audited entity data. Apart from the reader nodes that can help us import data into KNIME from flat files and

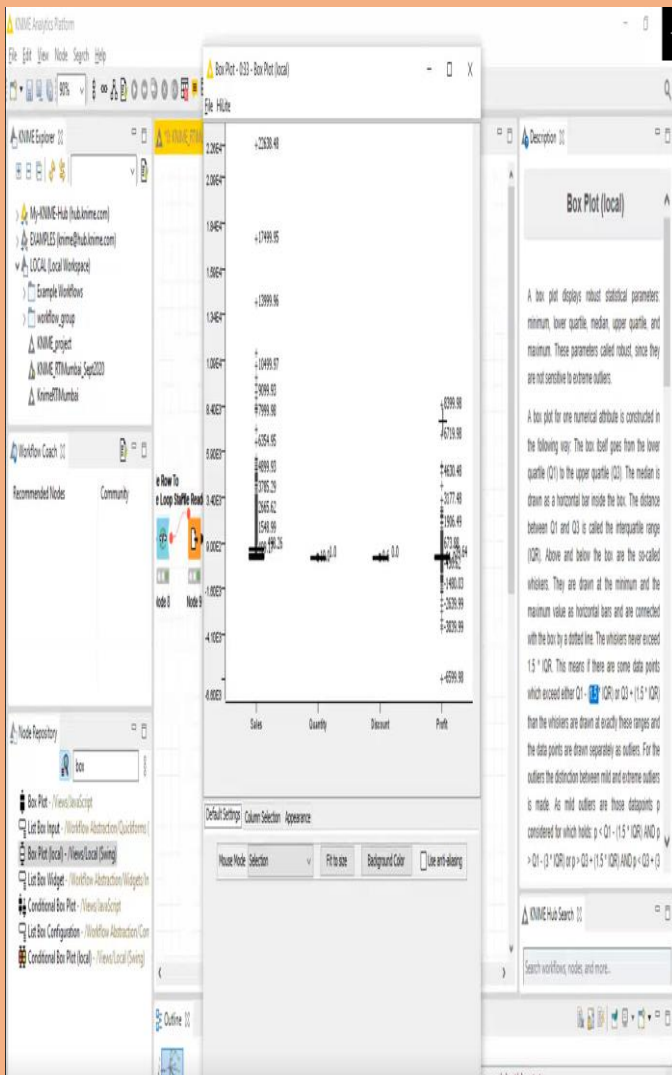


databases and writer nodes that help us in exporting data from KNIME to Excel and text files, there are nodes for filtering and data manipulation that help in data preparation for making the data amenable for audit analysis.

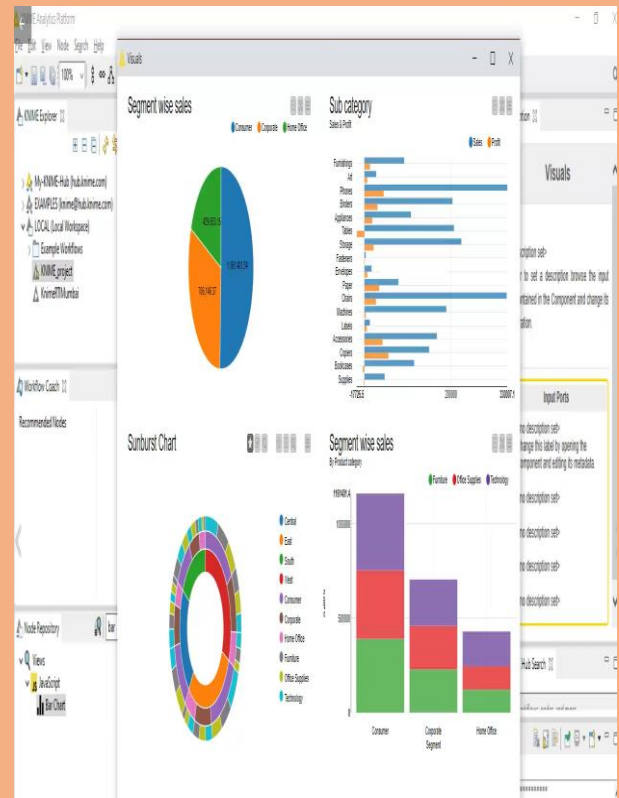
The KNIME Workbench



KNIME also helps in performing **outlier analysis** so that we can spot and sample outliers in



the data for substantive audit. The tool also helps us in presenting and sharing our audit insights in the form of **interactive dashboards**.



The other significant feature of the tool is the re-usability of the workflows for future analysis with a different set of data with similar data structure, thus, saving precious audit time on repetitive tasks. All we need to do is to get the fresh data into the reader nodes or through the concerned database connector nodes and execute all the nodes in the workflow by a single click of the mouse.

It would, therefore, be worthwhile for all data enthusiasts in the department to have a closer look at this open source tool and explore the features it offers for audit analysis.

Costing and Insurance

The Companies (Cost Records and Audit) Rules, 2014 do not include insurance as one of the sectors where Cost Audit or Cost Accounting Records need to be maintained. But, costing involves indepth analysis of data and brings out meaningful insights for management. The purpose of incurring each component of cost and whether and how they add value to the overall product or service is analysed therein. Thus, areas of wastage or excessive expenditure are identified and operations are streamlined. This in turn leads to a translation of costs incurred on each component of the process into a measure of value addition, rather than as an expenditure to be borne and written off. This again, makes the activities sleek and the pricing exercise, a natural corollary of costing.

Looking at the two major segments of insurance- life and non-life, we can see the scope for costing-driven pricing. In life insurance, the insured event or peril is the chance that the insured dies early, leaving behind dependents in dire need of sustenance. Insurers often hedge the risk of too many insureds dying early, by also offering pension plans, which cover the risk of not being able to earn enough to sustain one's livelihood at an advanced age. So, insurance would resolve a person's concerns about dying so early that his dependents are left in the lurch or about living so long enough to end up exhausting his life savings and going into penury at an old age. Life policies usually operate over long-term horizon. The second segment of insurance is non-life or general insurance, which has many subsets like property insurance, liability insurance, health insurance and so on. These provide against losses due to damage to property *in situ* or in transit, to meet legal obligations on account of claims by third parties, hospitalisation and so on. They operate over a comparatively short-term horizon.

Like every other activity, insurance too has its sets of costs and revenues. Insurance could be split into management of two major components- underwriting and investment.

Underwriting means taking up risks. In the non-insurance sector, we come across the term 'underwriting' in a totally different context, that is guaranteeing to pick up the shares of a public issue, if it does not garner minimum subscription; i.e., mitigating the risk of a public

issue not becoming as popular as expected. But in insurance, underwriting means taking up different kinds of insurable risk. It means the activity of identifying, assessing and evaluating risks, applying laws of probabilities and translating its probable impact into a numerical monetary measure. It draws heavily from inputs of actuaries, as also historical trends of claims.

An insurer's sources of revenue are premia, which are charged on policies to cover this measured risk and to meet expenses, as also to earn a margin of profit. A policy is a contract, whereby the insurer agrees to pay upto a certain sum of money to the insured, in the event of him incurring a loss due to insured perils, in consideration of a premium. Underwriting is the activity by which the insurer takes up this obligation in return for a fixed sum of money. Thus, the insurer charges a fixed amount, which the insured is willing to bear, for transferring the risk of an uncertain loss - uncertain in terms of the timing, probability and monetary impact of the insured peril happening.

Investment, in the context of insurance, is not merely an avenue of depositing surplus funds. It is the also the application of premia received towards gainful assets to build up a corpus over the long term to cover the losses, if and when they occur. It accrues to policy-holders to the extent funds are sourced from them. Every policy issued may not result in a claim, into an expected amount of claim or at an expected time. Hence, the investment has to balance between liquidity, solvency and profitability, so as to meet the claims as and when they arise. Good management of investments in turn will reduce the amount of premia to be charged.

So, two major sources of revenue exist for an insurance company- the income from underwriting and the income from investments.

Investment income, to a great extent, depends on availability of and level of returns on investment avenues in the market. It is only a partially controllable factor; even as judicious investment decision can help in earning better returns thereon. There are regulatory restrictions as to what proportion of funds can be invested in different classes of investments determined based on their level of risk. There are also regulations regarding clear separation of investment made out of policyholders' funds and out of shareholders' funds. As of now,

formulae exist to determine the division of funds and investments between shareholders and policyholders. Cost Accountancy can equitably attribute the share of funds, investments and income thereon to shareholders and policyholders using costing expertise. This would help in tidying over imbalances, which may be caused in this division over a period of time.

The underwriting income from premia can be set and is largely within the control of the insurer, except for the impact of market competition. However, one more factor that can help the insurer in setting premia is cost-based competition. An insurer's costs are principally the claims that it pays to policyholders. This may not be an entirely controllable factor. It depends on the timing, frequency and severity of insured losses occurring. Hence, a scientific assessment of this is best left to an actuary, at least in life insurance. In non-life insurance, use of trends of historical claims is also a major factor in determining premia. These are akin to the variable or direct costs, which we determine in manufacturing and other industries.

But there are other costs like commission to brokers and agents and significant marketing costs as also costs of establishment. Secondly, while underwriting on a case-by-case basis in large insurance policies, there would be a variety of market and cost factors that would go into setting premia. A scientific recognition of costs relevant to setting prices, controllable and avoidable costs is very much within the realm of costing. Many of these overheads are fixed costs and can be controlled or spread over a larger volume of policies. As regards marketing costs, costing can offer suggestions as to which types of policies would earn a higher contribution (premium income less: variable costs) and hence, need to be promoted more.

Especially in case of general insurance companies, where a large number of classes of products and variety of policies exist within each class, costing can play a positive role. The IRDAI, who is the insurance regulator in India, requires insurers to 'file' the products offered to policy-holders according to Guidelines on Product Filing Procedures for General Insurance Products dated 18 February 2016. A File and Use Procedure is where the Insurers are not permitted to market the product without prior filing and noting by IRDAI (Authority). The pricing of products should have to factor in risk exposure, experience, reinsurance, reserves,

all expenses etc. and a reasonable amount of surplus. The premium rates shall not be excessive or inadequate or unfairly discriminatory. The pricing and design of the product, as far as possible, should aim at making the product to stand of its own, generating a reasonable margin and without any cross subsidisation from any other product. This should be in line with the underwriting policy of the insurer. The underwriting policy should also be approved by the Board of Directors and filed with the IRDAI. It shall contain details of the cushions that will be built into the rates to cover acquisition costs, promotional expenses, expenses of management, catastrophe reserve, profit margin and the credit that will be taken for investment income in the design of rates, terms and conditions of cover, and how they will be modified based on the actual operating ratios of the insurer. These are covered by file and use process, under which products offered to individual policy-holders (retail) and small commercial policy-holders (such as upto sum insured of Rs.5 crore) need to be filed with IRDAI before they are issued.

In case of other commercial policies, there is a more liberalised system of filing, called 'use and file'. Use and File is a procedure where the Insurer is permitted to market the product without prior noting of IRDAI. In this case, the Board of Directors and their Product Management Committee are given a greater role in fixing prices and the rates are filed with IRDAI. However, nothing prevents the IRDAI to check the filings in detail and if IRDAI finds the product is not in the interests of the policyholders or not in conformity with the regulatory compliance, may advise to suspend or withdraw or to re-file even under File and Use Procedures. In case of file and use, costing would help in scientifically checking if the rates are reasonable, factoring in all expenses of management and attributed appropriately to classes of policies and products within each class so that no cross-subsidisation arises. More so, in use and file products, where the degree of trust placed on the insurer is more, costing techniques can be used in test checking filing and ensuring that the insurer is not misusing the trust placed on him to set unduly low rates, only for aiming at top-line growth. Unscientific allocation and apportionment of common costs like Expenses of Management, to wrong product classes and categories may lead to cross-subsidisation and mispricing. Scrutiny by costing mechanism can guard against this.

More than the immediate commercial implications of reckless market-competition driven pricing, there could be many far-flung outcomes. Reckless pricing would in the short run eliminate prudent competition and in the long run, it would erode the ability of surviving companies to pay legitimate claims of policyholders, leading to sustainability issues for the company as well as widespread unrest among a vast number of policyholders. Costing can supervise and regulate the pricing process to avoid such situations.

Thus, we have seen how costing can be used to analyse insurance activities, their costs and revenues and subsets thereof. We have seen how each item in the break-up of costs add up to the total cost of insurance, how many are controllable, how they can be reckoned in pricing and how cost-effective insurers can competitively set rates and yet sustain the long-term challenges in the market.

लॉकडाउन के दौरान काम करने का अनुभव/ Experience of working during the lockdown

The lockdown helped unlock possibilities to work beyond the boundaries of time. It allowed me to work with more intensity and complete some of the most challenging tasks within stiff timelines, thereby enhancing my productivity. Could also maintain a better work-life balance. The saving in travel time could also be utilized for office work.

Sundar Ramakrishnan

1. No travelling meant that much time saved for productive work.
2. Challenge was working without referring to basic files.
3. Biggest advantage was time spent with family members.
4. Disadvantage was no time schedule for work, as mails and its reference didn't follow any time schedule.

Pramod Pathak

1. Management of time as per objective set for the day.
2. Outcome-oriented approach towards a job.
3. Effective communication skills developed-official e-mail, con-call, etc.

Debmalya Lodh

जैसे-जैसे महामारी का डर बढ़ता गया और मुंबई सबसे ज्यादा प्रभावित होता गया, घर से काम करने के बजाय, मुझे कोई विकल्प नहीं था। महामारी के निर्देशों को लागू करने से पहले मैं हिंदी पारंगत प्रशिक्षण में नामांकित था, इसलिए, मैंने अपनी हिंदी कार्यपुस्तिका को पूरा करने के लिए अधिकतम समय दिया। इसके अलावा मुझे अंग्रेजी पत्राचार को हिंदी में अनुवाद करने का काम सौंपा गया जो एक मनोरंजक अनुभव था और टीम्स के माध्यम से ऑनलाइन, विभिन्न बैठकों में भाग लेने का भी। मैंने टीम्स के माध्यम से प्रशिक्षण में भी भाग लिया था।-

राजेश विद्याधरन

लॉकडाउन के दौरान काम करना एक अभिनव अनुभव था। घर से बाहर निकलने के बारे में सोचना चिंता का विषय था। घर से काम करने के कारण से यात्रा करने की दिक्कत और समय के व्यय से राहत मिली। कुछ काम, जिस गति और मात्रा में हुआ, वह कार्यालय में नहीं, बल्कि ऐसे स्थिति में ही हो सकता था। लेकिन यह भी सच है कि कुछ काम कार्यालय में आकर ही संपन्न हो पाएंगे। जो भी हो, हर विषम स्थिति में कर्म की निरंतरता की संभावनाओं का अनुभव जरूर हुआ। -

महादेवन पी, संकाय (ज्ञान केंद्र और वाणिज्यिक)

During the lockdown the virtual communication and COVID fear resulted in sudden change in the working style. During this period the travelling hours were also converted into working hours. Albeit it proved to be an opportunity for enhancing the skill level and increasing the capacity to work. The work of technical assistance was challenging. The distinction between the terms "working hours" and "daily routine" became non-existent.

Chetan Jobanputra

No institution can possibly survive if it needs geniuses or supermen to manage it. It must be organised in such a way as to be able to get along under a leadership composed of average human beings. No institution can endure if it is under one-man rule.

Peter Drucker

खंड 7: हिंदी खंड- हिंदी कार्य का विवरण

समाचार लेखिका: श्रीमती रिंकी, डाटा प्रविष्टि आपोरेटर, क्षेत्रीय प्रशिक्षण संस्थान, मुंबई

हिंदी कार्यशालाओं का आयोजन

[कवर पृष्ठ पर जाने के लिए यहाँ क्लिक करें](#)

क्षेत्रीय प्रशिक्षण संस्थान, मुंबई द्वारा दिनांक 7 अगस्त 2020 तथा 19 सितंबर 2020 को एम एस टीम्स के मंच पर हिंदी कार्यशालाओं का आयोजन

किया गया। इन कार्यशालाओं में क्रमशः श्री वी के शर्मा, सहायक निदेशक, राजभाषा विभाग, गृह मंत्रालय, केंद्रीय सदन, सी बी डी बेलापुर, नवी मुंबई और श्री प्रवीण कुमार झा, हिंदी अधिकारी, कार्यालय प्रधान महालेखाकार (लेखापरीक्षा)-1, महाराष्ट्र, मुंबई हिंदी संकाय के रूप में आमंत्रित किये गये, जिनसे हिंदी में अधिक से अधिक काम करने की जानकारी प्राप्त की गयी। उपरोक्त हिंदी कार्यशाला में संस्थान में कार्यरत सभी अधिकारियों एवं कर्मचारियों ने उत्साह के साथ भाग लिया।।

उपरोक्त हिंदी कार्यशालाओं में संस्थान में कार्यरत अधिकारियों एवं कर्मचारियों ने उत्साह के साथ भाग लिया।

दिनांक **14.09.2020** से दिनांक **21.09.2020** तक हिंदी सप्ताह एवं **21.09.2020** को हिंदी दिवस का मुख्य समारोह का आयोजन एमएस टीम्स के मंच पर आयोजित किया गया। जिसमें भिन्न – भिन्न प्रकार की हिंदी प्रतियोगिताएं रखी गयीं।

क्रम संख्या	हिंदी प्रतियोगिताओं का विवरण	दिनांक	पुरस्कार विजेता
1.	हिंदी से अंग्रेजी एवं अंग्रेजी से हिंदी भाषा में अनुवाद	14.09.2020	प्रथम: श्री महादेवन पी
			द्वितीय: श्री विनोद खंडकर
			तृतीय: श्री सुंदर रामकृष्णन
2.	हिंदी हस्त लेखन एवं हिंदी सही शब्द पहचानो प्रतियोगिता	15.09.2020	प्रथम: श्रीमती गौरी तांडेल
			द्वितीय: श्रीमती जयश्री चेट्टीयार
			तृतीय: श्री राजेश विद्याधरन
3.	हिंदी निबंध प्रतियोगिता	16.09.2020	प्रथम: श्री राजेश विद्याधरन
			द्वितीय: श्रीमती शालिनी विजयन
			तृतीय: श्री आशिष जैन
4.	हिंदी डिक्शन(श्रुतलेख)	17.09.2020	प्रथम: श्री आदित्य सकपाल
			द्वितीय: श्री देवमाल्य लोध
			तृतीय: श्री मिथुन गजभिये
5.	प्रश्नोत्तरी प्रतियोगिता	17.09.2020	प्रथम: श्री चेतन जोबनपुत्रा
			द्वितीय: श्री गौरव पार्ते
			तृतीय: श्री मिथुन गजभिये
6.	हिंदी अंताक्षरी प्रतियोगिता	18.09.2020	सभी प्रतिभागी

Section 8: Readers' Feedback

A segment where readers' email feedback on previous editions of the newsletters are published.

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Issue 18 For October 2019- March 2020

Inside this issue

Click on the hyperlinks to go to the page:

Section	Title
1.	From the desk of Director General
2.	Summary of recent events and courses conducted in RTI
3.	Photo Gallery
4.	Gist of significant observations in CAG's reports relating to Knowledge Centre topics
5.	Interesting published material on Knowledge Centre Topics
6.	हिंदी खंड
7.	Article on light pollution
8.	Crossword
9.	Leisure

Contact Us: -
RTI, Mumbai, 5th Floor, RTI Building, Plot No. C-2, GN Block,
Behind Asian Heart Institute, Bandra Kurla Complex, Bandra (East), Mumbai - 400051;
Ph-022-26521902;
Fax-022-26522627; e-mail: rtimumbai@cag.gov.in; Website: www.rtimumbai.cag.gov.in

Thought for the day:
"venienti occurrere morbo" - Confront disease at its onset.
Persius-Roman Poet

**Reader: Shri S Suresh Kumar, Sr.
Audit Officer (Commercial)**

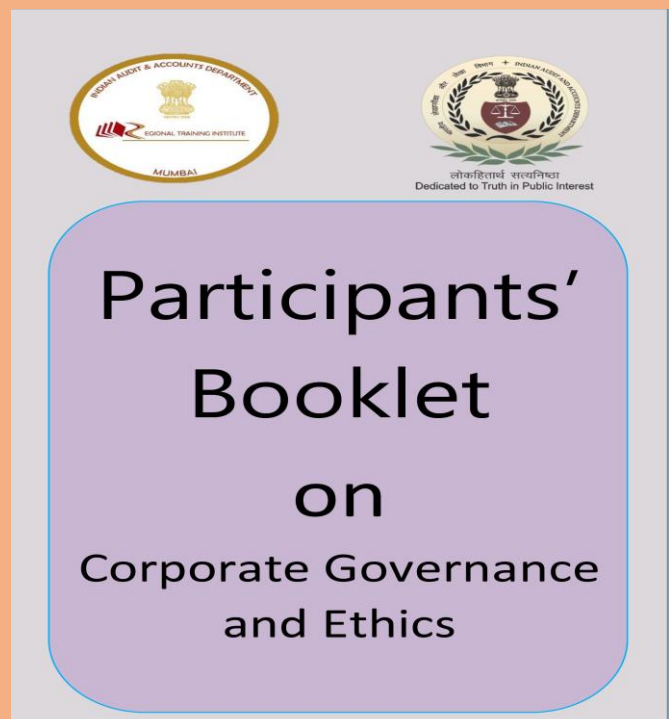
Read the wonderfully organised news letter...Thanks a lot for sending it.

I am eagerly waiting for the **booklet on corporate governance** to release.

If possible please think of starting a continuous learning process through the esteemed journal on various topics.

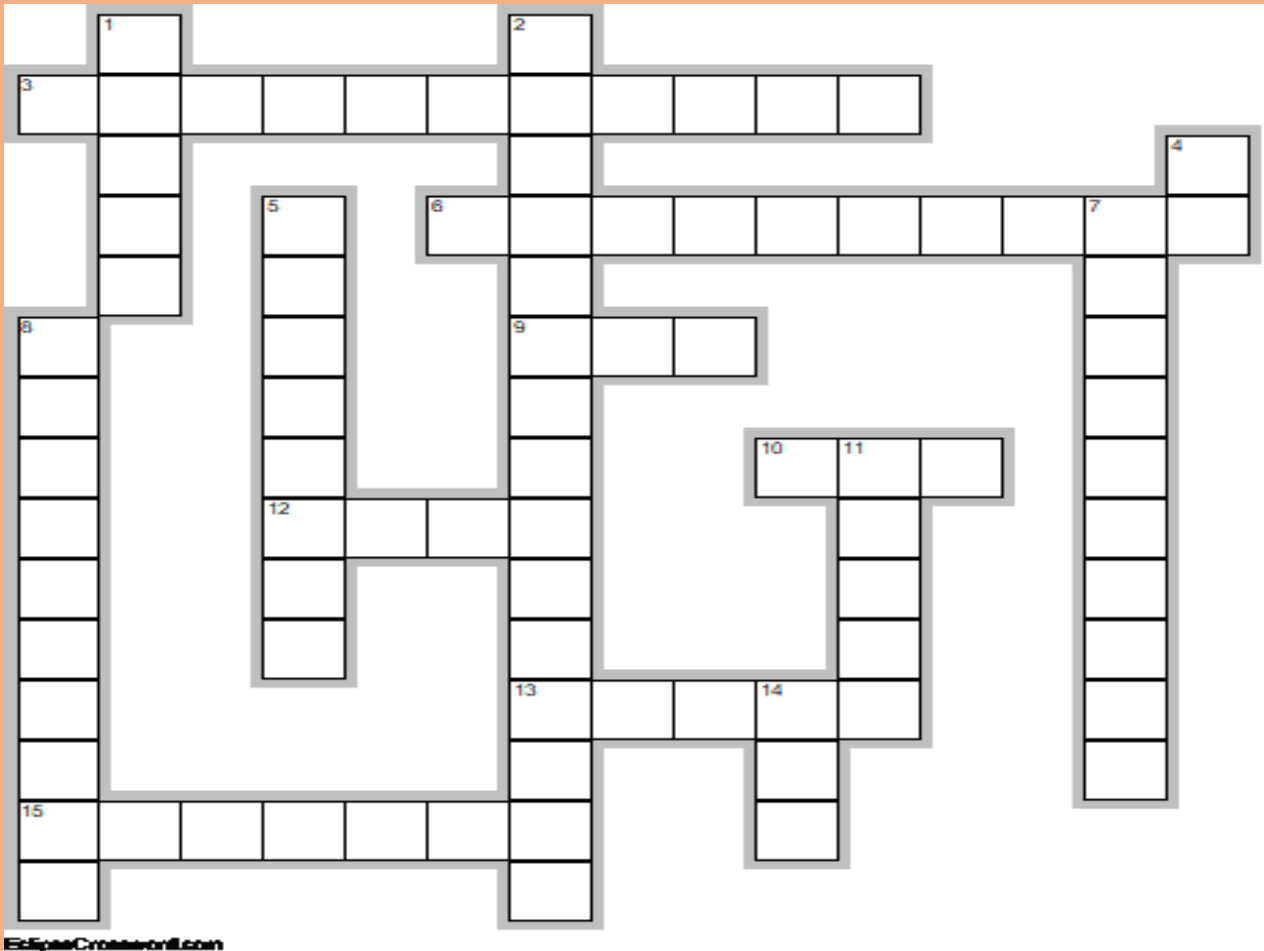
RTI, Mumbai: Thank You for the suggestion.

Continuous Learning series is more suited for issue as an independent publication, so as to keep the eager reader looking out for the same periodically and to complete the series within a time span of a few months, to sustain greatest level of attention.



Section 9: Newsletter Crossword (September 2020)

[Click here for going back to cover page](#)



ESpanCrossword.com

Across

3. This class of directors play a vital role in Corporate Governance
6. The Billimoria Report recommended format of accounts for (2 words)
9. The format of accounts of Higher Educational Institutions was issued by Ministry of
10. Members of the statutory body established for the profession of cost accountancy in India
12. This class of companies was recently under transition to Ind AS
13. Open Access is a term associated with this sector
15. This Section of the CAG's (DPC) Act, 1971 deals with audit of grants or loans given to other authorities or bodies

[Click here for Solutions](#)

Down

1. This is an open source software for data analytics
2. Company owned or controlled, directly or indirectly by the Government is defined in Regulations on Audit and Accounts, 2020 as (3 words)
4. Statutory Corporations are expected to follow these accounting standards
5. Entrustment of audits of State Statutory Corporations is made in the name of
7. The monetary limit for determining if a body is substantially financed by the Government is Rs..... lakh (2 words)
8. Schedule II of the Companies Act deals with this aspect regarding various assets. (2 words)
11. The compulsory third party insurance is covered in this segment of non-life insurance business
14. A term in Ind AS associated with provisioning is

Section 10: Leisure

[Click here for going back to cover page](#)

Quiz

1. Which authority has issued the LODR, 2015?
2. Which committee looks at related party transactions in companies?
3. Which agency has been set up to regulate insolvency proceedings?
4. A company can accept such projects whose Internal Rate of Return is greater than its
5. Among the various standards of relevance to audit of companies, what does CSAS stand for?
6. Fair Value is a significant parameter in which set of indigenous accounting standards?
7. Who has issued the uniform format of accounts for Central Autonomous Bodies?
8. Standard terms of entrustment require entrustment of audits for a period of how many years?

[Solutions](#)

Organisations associated with regulation of various classes of entities/ activities in industrial sector, finance and governance

1. Reserve Bank of India (RBI)- Banks, NBFCs, Currency
2. Insurance Regulatory and Development Authority of India (IRDAI)-Insurance
3. Pension Fund Regulatory and Development Authority (PFRDA)-Pension Funds
4. Insolvency and Bankruptcy Board of India (IBBI)-Insolvency Proceedings
5. National Financial Reporting Authority(NFRA)- Accounting and Audit in Commercial Entities
6. Securities and Exchange Board of India (SEBI)-Listed entities, Stock Exchanges
7. Telecom Regulatory Authority of India (TRAI)-Telecom
8. Directorate General of Civil Aviation (DGCA)-Safety in Civil Aviation
9. Directorate General of Mines Safety (DGMS)- Mines safety
10. Central Electricity Regulatory Commission (CERC)-Power

Solutions to Crossword

[Click here for going back to crossword](#)

Across: 3. INDEPENDENT 6. PORTTRUSTS 9. HRD 10. CMA 12. NBFC 13. POWER 15. FIFTEEN **Down:** 1. KNIME 2. ANYOTHERCOMPANY 4. AS 5. GOVERNOR 7. TWENTYFIVE 8. USEFULLIFE 11.MOTOR 14. ECL(Expected Credit Losses)

Solutions to [Quiz](#)

1. SEBI 2. Audit Committee 3. IBBI (Insolvency and Bankruptcy Board of India) 4. Cost of Capital 5. ICSI Auditing Standards 6. Ind AS 7. Ministry of Finance 8. Five years

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