

## Audit Para

Present status of the Audit Paras(Commercial + Civil) for inclusion in Annual Report 2010-2011 (As on 07.03.2011)

Sl.No	Para No./ Report No.	Brief Subject	Present status
1	<b>Para No. 3.1.1/Report No. CA.9 of 2009-10</b>	Bharat Coking Coal Limited- Deshaling Plant commissioned at a cost of Rs.6.54 crore for feeding dirt free coal to the main washers was non operational. Batac Jig, HM Bath and Process Control System malfunction caused migration of washed coal to middling. This impaired the improvement of quality of middling to qualify the same for sell as Power Clean Coal (PCC). The Company sustained a loss of ₹51.82 crore during 2007-08 to 2008-09. Renovation jobs of these portions of plants of Bhojudih Coal Washery were not completed even after a lapse of four years.	ATR submitted to IFD for vetting on 09/02/2011.
2	<b>3.2.1/Report No. CA.9 of 2009-10</b>	Central Coalfields Limited- Failure of the Company to fix correctly the washed coal price of Piparwal Coal Preparation Plant of Central Coalfields Limited resulted in a loss of revenue to the tune of ₹ 67.83 crore on value of washed coal sold to power houses other than NTPC Limited during the period from 2004-05 to 2008-09.	ATN has been sent to the Office of the C&AG for vetting on 08.2.2011
3	<b>3.3.1/Report No. CA.9 of 2009-10</b>	Coal India Limited- Coal India Limited and its subsidiaries deposited the employers share of ₹ 17.26 crore towards provident fund contribution on leave encashment with Coal Mines Provident Fund Authority, though the same was not permissible as per extant law. Practice was not stopped despite specific Order of Supreme Court of India in this regard in another Civil Case.	Pending
4	<b>3.4.1/Report No. CA.9 of 2009-10</b>	Eastern Coalfields Limited- Coal produced at Chitra mines of Eastern Coalfields Limited was mainly sold to Thermal Power Stations of NT PC Limited. In order to ensure supply of coal in required sizes and quality, the stones/shales and extraneous material contained in the coal were picked out before crushing the same below 200 mm size. These activities were outsourced during 2004-05 to 2007-08. The Company adopted derived method(based on volumetric measurement) to check en-route shortage. This method involved human error as it gave approximate figures. Despite the fact that the local Company staff regularly reported pilferage of coal en-route between dump yard and railway siding to the local police, cost of negligible shortage of 542.19 tonne , i.e., ₹ 0.11 crore was recovered from contractors' bills. The Thermal Power Stations deducted ₹ 65.17 crore for grade slippage of coal(supply of stones/shales etc.) The contractors were not made responsible for the amount deducted by the customers for grade slippage as well for supply of oversized stone.	Sent to Audit for vetting on 01.02.2011.

5	<b>3.5.1/Report No. CA.9 of 2009-10</b>	Mahanadi Coalfields Limited- A purchase order for procurement of conveyor belts at a value of ₹.5.15 crore was finalized and issued to firm but the contract could not be finalized. The Company had to purchase the same material from alternate source at an additional cost of ₹3.50 crore but it could not enforce the risk purchase clause in the absence of a valid contract.	Draft ATN has already been sent to IFD for vetting.
6	<b>3.6.1/Report No. CA.9 of 2009-10</b>	Neyveli Lignite Corporation Limited- Neyveli Lignite Corporation was deprived of additional revenue of ₹8.14 crore due to non-adherence to price clause in sale of lignite. It also extended undue benefit to a private party to the extent of ₹ 141.46 crore due to non-recovery of taxes on income from supply of lignite.-NLC	ATN has been sent to the Office of the C&AG for vetting on 08.2.2011
7	<b>3.6.2/</b>	Neyveli Lignite Corporation Limited- Section 292(3) of the Indian Companies Act, 1956 stipulates that delegation of powers to any committee of the company to invest surplus funds should specify the total amount up to which the funds may be invested by such committee. Neyveli Lignite Corporation Limited while delegating powers to the Committee of General managers to recommend investment of surplus funds in commercial bank(s) up to one-year did not specify the total amount up to which the committee could invest, Tamil Nadu and Karnataka State Electricity Boards prematurely redeemed(March 2007) power bonds amounting to ₹1480.87 crore and the Committee, without apprising the Board of Directors of this unexpected receipt, invested(March 2007), this money in short term deposit with four banks. On maturity these funds were re-invested in short term deposits in February, 2008 and in February 2009 without carrying out any commercial appreciation of the opportunities available for long term investments. Thus, the Company lost an opportunity to earn additional revenue of ₹89.17 crore on the funds received from the State Electricity Boards by investing the surplus funds in short term deposit.	ATN has been sent to the Office of the C&AG for vetting on 08.2.2011
8	<b>3.7.1/Report No. CA.9 of 2009-10</b>	Northern Coalfields Limited- Northern Coalfields Limited issued contracts for removal of overburden and paid service tax of ₹16.95 crore on the cost of explosive though no service in the form of blasting was provided by the contractor	ATN has been sent to the Office of the C&AG for vetting on 08.2.2011