



**PLANNING AND ECONOMIC AFFAIRS (BPE)
DEPARTMENT**

**No. 19592/BPE-2/96/Plg., Thiruvananthapuram,
dated 26th November 1996**

CIRCULAR

Sub.- Finalization of Annual Accounts of Public Sector Undertakings- Speedy Clearance of

Ref.- 1. Govt. Circular No. 21295/BPE-2/90/Plg., dated, 6th May 1991.

2. Govt. Circular No. 17070/BPE-2/91/Plg., dated, 20th February 1992

3. Govt. Circular No. 10303/BPE-2/92/Plg., dated, 19th August 1992

4. Govt. Circular No. 20808/BPE-2/93/Plg., dated, 27th November 1993

As per “Review of Public Enterprises in Kerala 1994-95” only 37 Enterprises have completed audit of their accounts. The arrears in audit of the remaining 66 Enterprises from one to eight years Government of India, the Accountant General and Rules Committee of the State Legislative has expressed dissatisfaction on the delay in completing the audit of the accounts of the state enterprises.

2. As per the provisions of section 16, read with section 210 of the Companies Act, the audited accounts of companies have to be adopted by their annual general meeting within six months of the end of every financial year. Delay beyond the specified period is an offence liable for fine and imprisonment. As per section 619(A) of the Companies Act Annual reports with copies of the audited accounts of Government Companies have to be laid before the Legislative within three months of adoption of the accounts by the Annual General Meeting of the Companies. These Provisions of the Companies in the Circulars read 1, 2 and 4.

3. In the Circular second cited it has been made clear that the event of Government of India invoking the penal provisions of the Companies Act for the undue delay in completing the annual accounts, the state Government will not intervene and that the delinquent officers will be liable to pay the fine and suffer the punishment themselves.

4. It is found that if the annual account of a company once slips into arrears, the accounts of the subsequent years also gets unduly delayed. Hence details suggestions have been given in the circular first cited for the speedy clearance of the existing arrears. The State Government could also persuade the Comptroller and Auditor General and the Company law Board to appoint statutory auditors at a stretch for three years in the case of companies whose accounts are heavily in arrears.

5. Despite all these measures, the progress achieved in clearing the arrears and avoiding accumulation of fresh arrears is not at all satisfactory. As the accounts are not finalized accountability of the top management of the companies cannot be ascertained. The State Legislative is deprived its right to have the annual report of each Government company. This is a serious state of affairs.

6. The chief Executives of the Government companies whose accounts are in arrears are, therefore directed to take all efforts to get, the annual accounts of their Company in respect of all the years for which statutory auditors have been appointed, audited at the earliest. The progress achieved in this regard will be monitored before the 15th of every month to the Director, Bureau of Public Enterprises with out and penal action initiated against the officer responsibilities.

C.P.NAIR
Chief Secretary