OVERVIEW

1. General view of Government companies and Statutory corporations

- As on 31 March 2001, there were 26 Government companies (22 working companies and four non-working companies) and two Statutory corporations under the control of State Government.

(Paragraph 1.1)

- The total investment in 24 working Public Sector Undertakings (22 Government companies and two Statutory corporations) as on 31 March 2001 was Rs 7888.03 crore (equity: Rs 1060.06 crore, long term loans: Rs 5729.91 crore and share application money: Rs 1098.06 crore) as against 25 working PSUs (23 Government companies and two Statutory corporations) with the total investment of Rs 4738.83 crore (equity: Rs 1047.52 crore, long term loans: Rs 3252.43 crore and share application money: Rs 438.88 crore) as on 31 March 2000.

(Paragraph 1.2.1)

- During the year 2000-01, the State Government guaranteed loans of Rs 3842.03 crore obtained by eight working Government companies (Rs 3481.78 crore) and two working Statutory corporations (Rs 360.25 crore). At the end of 2000-01, guarantees amounting to Rs 5583.02 crore against 12 working Government companies (Rs 5068.31 crore) and two working Statutory corporations (Rs 514.71 crore) were outstanding.

(Paragraph 1.2.2)

- Out of 22 working Government companies, and two working Statutory corporations, only five working Government companies and one working Statutory corporation had finalised their accounts for the year 2000-01 within the stipulated period. The accounts of other 17 working Government companies and one working Statutory corporation were in arrears for period ranging from one to five years.

(Paragraph 1.2.3)

- Four profit earning working Government companies, which finalised their accounts for 2000-01, earned profit of Rs 0.69 crore but did not declare dividend.

(Paragraph 1.2.4.1.1)

- Of the 10 loss incurring working companies, two companies had accumulated losses aggregating to Rs 79.64 crore which exceeded their aggregate paid-up capital of Rs 13.84 crore.

(Paragraph 1.2.4.1.2)

2. Reviews relating to Government companies

2A. Haryana Vidyut Prasaran Nigam Limited

Power Sector Reforms and Restructuring of erstwhile Haryana State Electricity Board

The Haryana State Electricity Board (HSEB) was reorganised in August 1998 by transferring functions of generation, transmission and distribution to separate companies with the main objective of restoring financial viability of power utilities so that the State Government is relieved of the burden of providing subsidies.

(Paragraphs 2A.1 and 2A.2)

- Fixed assets of transmission and distribution system of erstwhile HSEB were transferred to Haryana Vidyut Prasaran Nigam Limited (HVPNL) at Rs 2255.34 crore, as compared to its estimated value of Rs 3293.24 crore, which resulted in under valuation of fixed assets by Rs 1037.90 crore.

(Paragraph 2A.6.3.1)

- The HVPNL suffered loss of Rs 329.10 crore due to short recovery of depreciation charges and return on capital base on account of under valuation of fixed assets during 2000-01 (Rs 242.97 crore) and transfer of shared generating assets to transmission company instead of to generating company during 1999-2000 and 2000-01 (Rs 86.13 crore).

(Paragraphs 2A.6.3.1 and 2A.6.3.2)

- The Company lost revenue of Rs 614.95 crore due to delay/non-revision of tariff during 1998-99 to 2000-01 (Rs 397.17 crore); non-recovery of fuel surcharge adjustment during August 1998 to March 1999 (Rs 178.53 crore) and incorrect computation of return on capital base for 2000-01 (Rs 39.25 crore).

(Paragraphs 2A.8.1, 2A.8.1.1, 2A.8.2, 2A.8.3, 2A.8.4)

- The World Bank committed to provide a loan of US $ 410 million for reform and development programme during 1997-98 to 2000-01 and sanctioned loan of US $ 60 million during January 1998. The HVPNL could utilise US $ 52.37 million (Rs 227.88 crore) up to April 2001. The World Bank did not sanction balance loan of US $ 350 million as the HVPNL did not increase the tariff as per its stipulation and privatise distribution companies. As such, the HVPNL had not been able to implement reform and development programme.

(Paragraph 2A.9.1)

- Despite reforms, T&D losses during 1999-2000 worked out to 36.56 *per cent* as against the target of 31 *per cent.* The Haryana Electricity Regulatory Commission allowed the T&D losses of 29.75 *per cent* only leaving a gap of Rs 250.99 crore on account of excessive losses.

(Paragraph 2A.11.2)

2B Haryana Power Generation Corporation Limited

Performance of Units I to V and construction of Unit VI of Panipat Thermal Power Station

Panipat Thermal Power Station (PTPS) has six generating units with a total designed capacity of 860 MW.

(Paragraph 2B.1)

- The Plant Load Factor (PLF) of Units I to IV during the five years up to 2000-01 varied between 21.90 and 57.25 *per cent* (except for Unit IV in 2000-01) which was below the All India average of 64.40 *per cent* (1996-97) and 64.70 *per cent* (1997-98). The percentage of actual generation to possible generation of Units I to IV with reference to hours actually run during the five years up to 2000-01 ranged between 51.12 and 74.54 resulting in shortfall in generation of 4050.63 MUs of power valued at Rs 789.58 crore.

(Paragraph 2B.4.1 (iv) and v))

- There was frequent tripping in Units due to failure to effect planned annual overhauling leading to excessive forced shutdowns (21.44 *per cent* of total available hours for generation) entailing a loss of 2828 MUs of power valued at Rs 553.11 crore.

(Paragraph 2B.4.2.2)

- Unit II was shutdown on 21 January 1999 for refurbishment works undertaken by ABB Alstom Power, Germany. The Unit could not be recommissioned up to 30 June 2001 due to stalemate caused in the execution of the contract resulting in loss of potential generation of 897.68 MUs valued at Rs 179 crore. Besides, the investment of Rs 115.78 crore remained locked up.

(Paragraph 2B.8.1)

- Due to termination of the contract for refurbishment works, the PTPS could not fully utilise the foreign loan of Deutsche Mark (DEM) 138 million and paid commitment charges of Rs 2.08 crore. Besides, Rs 3.10 crore were paid to Power Finance Corporation towards guarantee fee.

(Paragraph 2B.8.1(ii & iii))

- The erstwhile Board/Company revived (March 1998) the contracts which were put on hold in May 1995 to complete Unit VI by March 2000 at an estimated cost of Rs 854.36 crore. The unit was actually synchronised on 31 March 2001 with a revised estimated cost of Rs 874.74 crore entailing an increase of Rs 57.82 crore towards interest during construction due to delay in completion of the Unit by one year.

(Paragraph 2B.9)

2C. Haryana State Industrial Development Corporation Limited

Setting up of industrial estates

The Haryana State Industrial Development Corporation Limited, incorporated in 1967 was entrusted (1971) with the function of developing industrial estates. It was declared (August 1997) as a nodal agency for development of industrial infrastructure in the State.

(Paragraph 2C. 1)

- The Company had not fixed any physical targets for development of industrial estates. As regards financial targets, the total inflow was less than budgeted figures by Rs 515.99 crore during the five years up to 1999-2000 mainly due to shortfall in recovery from allottees, raising of loans and short receipt of grants due to non-execution of works as envisaged.

(Paragraph 2C.4)

- The Company did not prepare a time schedule for development of estates after acquisition of land. Out of total acquired land measuring 6249.59 acres, the Company had so far developed 1590.30 acres of land in 25 industrial estates, work on 4270.29 acres of land was in progress and work on 389 acres of land at Saha was not started (February 2001).

(Paragraph 2C.8)

- Investment of Rs 10.29 crore on setting up of two integrated infrastructure development centres at Sirsa and Manakpur despite apprehension of poor sale and without proper survey had proved unfruitful as the Company could allot only 35 out of 338 plots available for allotment.

(Paragraph 2C.8.1)

- Despite the decision of the Board (July 1997) to fix the rates for allotment of plots/sheds on actual cost basis, the Company continued to fix rates on estimated expenditure basis. Audit analysis of seven completed estates revealed that the Company had overcharged the allottees between Rs 47 and Rs 354 per square metre.

(Paragraph 2C.9(a))

- The Company extended undue favour by allotting a plot measuring 17.75 acres at Udyog Vihar Phase-V, Gurgaon at a concessional rate for setting up a holiday health resort, which was not only ultra vires of the objects of the Company, but also violated the industrial policy of the State.

(Paragraph 2C.10.1)

2D. Haryana State Small Industries and Export Corporation Limited

The Company was incorporated on 19 July 1967 with the objective of assisting small and medium scale industries in the State.

(Paragraph 2D.1)

- During the last five years up to 2000-01, of the 16 raw material depots, two earned profits and 10 incurred losses every year whereas the remaining four depots incurred losses in four out of five years.

(Paragraph 2D.7.1.2)

- Decrease in counter sales and increase in expenditure on manpower led to losses in operation of emporia, which aggregated to Rs 1.95 crore during five years up to 2000-01.

(Paragraph 2D.7.2.1)

- In spite of increase in the number of registered and assisted SSI units with the Company under Marketing Assistance Scheme, the value of assistance provided to them decreased from Rs 7.10 crore in 1995-96 to Rs 2.49 crore in 1999-2000.

(Paragraph 2D.7.4.1)

- Of the 15 District Marketing Offices (DMOs), only one DMO earned profit (Rs 0.24 crore) continuously since its inception in 1997-98 and 13 DMOs suffered loss of Rs 1.92 crore during five years up to 1999-2000. One DMO earned meagre profits.

(Paragraph 2D.7.4.2)

3. Miscellaneous topics of interest

Besides the reviews mentioned above, test-check of records of Government companies and Statutory corporations in general disclosed the following points:

Haryana State Industrial Development Corporation Limited

- The Company disbursed bridge loans of Rs 1.70 crore to clear the defaults of existing term loans, which had become irrecoverable due to declaration of the unit as sick by the Board for Industrial and Financial Reconstruction.

(Paragraph 3A.5.1)

Haryana Seeds Development Corporation Limited

- The Company fixed unrealistic price for selling WH 542 variety of wheat seed and later did not reduce it in time, which resulted in carry over of stock and extra burden of Rs 0.54 crore as carry over cost.

(Paragraph 3A.6.1)

Haryana Financial Corporation

- The Corporation disbursed loan of Rs 0.38 crore ignoring the terms and conditions of disbursement, which facilitated the loanee to misutilise the funds.

(Paragraph 3B.1.1)

Haryana Warehousing Corporation

- Engagement of an inexperienced firm for computerisation of Corporation's activities without ascertaining its credentials resulted in infructuous expenditure of Rs 0.61 crore.

(Paragraph 3B.2.1)