

OVERVIEW

1. Overview of Government companies and Statutory corporations

As on 31 March 2005, the State had 29 Public Sector Undertakings (PSUs) comprising 27 Government companies and two Statutory corporations as against the same number of PSUs as on 31 March 2004. Out of 27 Government companies, 19 were working and eight were non-working Government companies. Both the Statutory corporations were working corporations.

(Paragraph 1.1)

The total investment in working PSUs increased from Rs. 9,373.98 crore as on 31 March 2004 to Rs. 9,706.70 crore as on 31 March 2005. The total investment in non-working PSUs increased from Rs. 67.45 crore to Rs. 140.68 crore during the same period.

(Paragraphs 1.2 and 1.16)

The budgetary support from the State Government in the form of capital, loans and grants/subsidies disbursed to the working PSUs increased from Rs. 1,222.29 crore in 2003-04 to Rs. 1,375.78 crore in 2004-05. The State Government guaranteed loans aggregating Rs. 985.54 crore to seven PSUs (all working) during 2004-05. The total amount of outstanding loans guaranteed by the State Government to all PSUs was Rs. 4,167.82 crore as on 31 March 2005.

(Paragraph 1.5)

Only three working Government companies and two non-working Government companies finalised their accounts for the year 2004-05 by 30 September 2005. The accounts of 16 working Government companies and two Statutory corporations were in arrears for periods ranging from one to seven years as on 30 September 2005. Similarly, accounts of four non-working companies were in arrears for three to five years as on 30 September 2005. Two non-working companies were under liquidation.

(Paragraphs 1.6 and 1.19)

According to the latest finalised accounts, 12 working PSUs (11 Government companies and one Statutory corporation) earned aggregate profit of Rs. 103.60 crore. Against this, seven working PSUs (six Government companies and one Statutory corporation) incurred aggregate loss of Rs. 11.86 crore. Of the loss incurring working Government companies, one company had accumulated loss of Rs. 9.47 crore, which was more than 39 times of its paid-up capital of Rs. 24.04 lakh.

(Paragraphs 1.7 and 1.9)

Even after ten to 40 years of their existence, the individual turnover of six Government companies (four working and two non-working) had been less than rupees five crore in each of the preceding five years as per their latest

finalised accounts. Further, two non-working Government companies had been incurring losses for five consecutive years as per their latest finalised accounts, leading to negative net worth. As such, the Government may either improve the performance of these eight Government companies or consider their closure.

(Paragraph 1.36)

2. Reviews relating to Government companies

Reviews relating to Disbursement, utilisation and recovery of financial assistance by **Haryana Scheduled Castes Finance and Development Corporation Limited** and Erection, augmentation and maintenance of high tension/low tension lines & sub-stations by **Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited** were conducted and some of the main findings are as follows:

Disbursement, utilisation and recovery of financial assistance by Haryana Scheduled Castes Finance and Development Corporation Limited

Haryana Scheduled Castes Finance and Development Corporation Limited is a wholly owned Government company incorporated with the objective to ensure socio-economic and educational upliftment of the Scheduled Castes Community in the State. The Company could cover 46 *per cent* of the targeted population due to flawed selection of eligible beneficiaries, non-existence of a system of impact assessment, and inadequate/under-financing of projects, disbursement of subsidy to ineligible beneficiaries, inability to form Self Help Groups, lack of monitoring system and improper follow up with the banks resulting in low coverage of targeted group. There were several instances of diversion of subsidy money for disbursement as margin money bearing interest.

The Recovery performance of loan was not satisfactory. There was constant increase in the overdues recoverable, which in turn affected wider coverage of beneficiaries.

(Chapter 2.1)

Erection, augmentation and maintenance of high tension and low tension lines and sub-stations by Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited

Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited control the sub-transmission and distribution system of 33 KV and below for distribution of power in northern and southern parts of the State, respectively. The companies failed to achieve their targets for erection and augmentation of sub-stations and transmission lines.

There were delays in implementation of system improvement schemes/works which resulted in non-accrual of envisaged benefits to be achieved through reduction in distribution losses.

The maintenance and up-keep of distribution transformers was marred by deficiencies, which rendered the transformers susceptible to higher risk of damage.

(Chapter 2.2)

3. Transaction audit observations

Audit observations included in the Report highlight deficiencies in the management of PSUs, which resulted in serious financial implications. The irregularities pointed out are broadly of the following nature:

Loss of Rs 5.59 crore in 10 cases due to misappropriation, higher payment of interest, under charging of penalty, non-levy of surcharge, short recovery of water charges and excess payment towards Employees Provident Fund Scheme.

(Paragraphs 3.2, 3.4 to 3.7, 3.11, 3.12, 3.14, 3.16 and 3.17)

Non recovery of dues amounting to Rs. 11.54 crore in three cases due to violation of laid down terms and conditions/laid down procedures.

(Paragraphs 3.1, 3.13 and 3.15)

Overpayment/extra expenditure of Rs. 9.57 crore in three cases due to undue favour to contractor, acceptance of delayed supplies at higher rates and purchase of power from private producer in excess of contracted capacity.

(Paragraphs 3.3, 3.9 and 3.10)

Gist of some of the important audit observations is given below:

Sanction and disbursement of loan by **Haryana State Industrial Development Corporation Limited** without safeguarding its interest put the recovery of dues of Rs. 9.13 crore at stake.

(Paragraph 3.1)

Dakshin Haryana Bijli Vitran Nigam Limited accepted delayed supply of 1,73,502 single-phase electronic meters which resulted in extra expenditure of Rs. 2.98 crore as compared to lower prevailing market rate for similar type of meters.

(Paragraph 3.3)

Haryana Power Generation Corporation Limited paid higher insurance premium and price variation thereon, which resulted in over payment of Rs. 6.03 crore.

(Paragraph 3.9)

Sanction of loan by **Haryana Financial Corporation** against deficient security and release of loan without obtaining no objection certificate from Pollution Control Board, led to non recovery of Rs. 1.08 crore.

(Paragraph 3.13)

Haryana Warehousing Corporation delivered paddy to millers without adequate security which led to misappropriation of rice and loss of Rs. 55.93 lakh.

(Paragraph 3.17)