

Preface

This Report contains results of the Performance Audit on finalisation of rate contracts and procurement of materials by Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (CRBEKVNL), audit on construction activities of Chhattisgarh Police Housing Corporation Limited (CPHCL) and three audit paragraphs based on Compliance Audit of four PSUs.

The accounts of 22 Government Companies are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 139 and 143 of the Companies Act, 2013. The accounts certified by the Statutory Auditors (Chartered Accountants), appointed by the CAG under the Companies Act, are subject to supplementary audit by the CAG, and the CAG gives his comments or supplements the reports of the Statutory Auditors.

The CAG conducts audit of Chhattisgarh State Warehousing Corporation (CSWC), a Statutory Corporation under Section 19 (2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, and the State Warehousing Corporations Act, 1962. Such audit is in addition to the audit of accounts of the Corporation conducted by Chartered Accountants appointed by the State Government.

Reports in relation to the accounts of a Government company or corporation are submitted to the Government by CAG for laying before State Legislature of Chhattisgarh under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

This Report highlights the following:

1. Out of the 23 Public Sector Undertakings (PSUs) in Chhattisgarh, 20 are working and three are non-working. Out of these 23 PSUs, 13 had arrears in accounts ranging from 2012-13 onwards. Apart from violating the Companies Act, delays/ non preparation of accounts are fraught with risk of misrepresentation of facts, fraud and misappropriation.
2. The 20 PSUs that had finalised their accounts in last three years had an average Return on Investment (RoI) of 3.52 *per cent* against average borrowing cost of 8.17 *per cent* resulting in notional loss to the public exchequer of ₹ 324.21 crore in the past three years alone. The loss on account of the remaining three PSUs whose accounts have not been finalised cannot be estimated.
3. During 2016-17, the State Government extended budgetary support of ₹ 156.46 crore to two working PSUs despite the fact that these PSUs had not finalised their accounts in the past four to five years. Therefore, the basis on which the State Government extended budgetary support to these PSUs is not clear.
4. The State Government has not formulated any dividend policy for State PSUs. Consequently, though as per their latest finalised

accounts, nine PSUs with Government equity of ₹ 6,146.97 crore earned an aggregate profit of ₹ 74.43 crore, only one PSU, Chhattisgarh Rajya Van Vikas Nigam Limited proposed dividend of ₹ 0.87 crore.

5. During the year, the Statutory Auditors had given qualified certificates for 20 accounts finalised by 16 working companies. Compliance to the Accounting Standards by the companies remained poor as there were 15 instances of non-compliance in nine accounts of eight companies.
6. The State Government has not completed the apportionment of assets and liabilities between the successor states of Chhattisgarh and Madhya Pradesh of six PSUs with equity and loans amounting to ₹ 36.98 crore even 17 years after the reorganisation of the erstwhile state of Madhya Pradesh.
7. Chhattisgarh State Power Distribution Company Limited could not achieve the operational performance targets under Ujwal Discom Assurance Yojna (UDAY).
8. Performance Audit on finalisation of rate contracts and procurement of materials by Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited covered 70 rate contracts and procurement of material worth ₹ 1,369.26 crore by the Company. The shortage of manpower in the Company which ranged from 42 per cent to 53 per cent adversely affected the performance of the Company. There was lack of effective internal control and monitoring mechanism in the Company which led to deficiencies in financial management, finalisation of rate contracts and procurement of materials.
9. Audit on construction activities of Chhattisgarh Police Housing Corporation Limited covered 86 works contracts valued at ₹ 178.85 crore. Shortage of manpower and lack of effective internal control and monitoring mechanism in the Company led to deficiencies in award and execution of works and significant delays in completion.
10. Audit observed loss of ₹ 8.53 crore due to payment of additional excise duty from own margin, avoidable payment of penal interest of ₹ 1.17 crore due to non-compliance of the Income Tax Act provisions and interest loss of ₹ 1.90 crore due to non-availing of auto sweep facility.

The Audit has been conducted in conformity with the Regulations on Audit and Accounts, 2007 and the Auditing Standards issued by the CAG of India.