

**COMPTROLLER AND AUDITOR GENERAL OF INDIA**

**New Delhi  
30 March, 2026**

**Commercial Compliance Audit Report on CPSEs Presented in Parliament**

The Report no. 39 of 2025 of Comptroller and Auditor General of India (C&AG) on Compliance Audit Observations (Commercial) was presented in the Parliament here today.

2. The Report contains nine individual audit observations and seven compliance audit paragraphs relating to 12 Central Public Sector Enterprises (CPSEs) under seven Ministries/Departments. Total financial implication of individual audit observations and compliance audit paragraphs is ₹14,777.92 crore.

3. Highlights of significant paragraphs included in the Report are given below:

Review of mining operations undertaken by Mahanadi Coalfields Limited (MCL) during 2017-18 to 2021-22 revealed that MCL did not align the target for coal production and over burden removal commensurate with the capacity assessed by Central Mine Planning & Design Institute Limited. It did not frame any manual/SOP defining the factors to be considered for fixation of targets. There were instances having matching of IP addresses among bidders in the E-tenders, matching of IP addresses of MCL with that of bidders, and lack of validation controls in the tendering system. Also, there were instances of non-adherence to the provisions of Fuel supply agreement.

**(Para 1.2)**

NLC Tamil Nadu Power Limited (NTPL) is a joint venture between NLC India Limited and TANGEDCO in Tuticorin, Tamil Nadu. Audit assessed the implementation of the project and performance of the Company for the period from 2015 to 2021. Audit observed that the absence of a DPR and inadequate land (267 acres) led to poor planning, lack of synchronization in construction activities, and inordinate delays in completing the project. The commissioning of Unit I and Unit II were delayed by 38 months and 35 months respectively primarily due to lack of monitoring by NTPL and its project management consultant. This also resulted in a total cost overrun of ₹2,383.94 crore including increase in Interest during Construction period of ₹435.63 crore.

**(Para 1.3)**

Bharat Petroleum Corporation Limited (BPCL) had planned a Petrochemical Project at its Kochi Refinery, approved in September 2018 at an estimated cost of ₹11,294 crore. Due to delay in submission of final project design, there was a cost escalation to ₹13,145 crore, rendering the project financially unviable. Consequently, BPCL decided to discontinue the project and setup a different mini project in its place. By then, ₹455.29 crore had already been incurred on preliminary works of which only ₹155.14 crore is expected to be repurposed for the new project, resulting in an infructuous expenditure of ₹300.15 crore.

**(Para 2.1)**

Audit reviewed the environment management and pollution control in Damodar Valley Corporation (DVC) during the period from 2016-17 to 2021-22. Audit observed non-adherence of timelines given by Ministry of Environment, Forest and Climate Change for meeting emission norms of the pollutants and ineffective pond ash management at three of the thermal power plants. Untreated effluents and absence/delay in establishment of STPs/ETPs at thermal power plants of the Corporation further aggravated the environmental issues. Progress in solar and renewable energy projects remained slow due to which DVC could not meet its renewable purchase obligation targets in any year during 2016-25 from renewable energy generation and had to resort to buying Renewable Energy Certificates amounting to ₹1,305.48 crore.

**(Para 3.1)**

Audit reviewed the Project planning and execution of North Eastern Electric Power Corporation Limited (Company). Audit observed deficiencies in site assessment, detailed project report preparation, Project planning and Project execution. The project could be operationalized after forty years from preparation of its detailed project report (1982) which also contributed for increase of the Project cost from ₹2,496.90 crore to ₹8,404.47 crore.

**(Para 3.2)**

Review of Raw Material Assistance (RMA) Scheme of National Small Industries Corporation (NSIC) Limited revealed very little coverage of MSMEs under the Scheme. It was also observed that the benefit of reduced borrowing cost (interest) for NSIC was not effectively passed on to MSMEs. The current structure of the Scheme did not adequately serve the needs of MSMEs and there was a need for NSIC to review and revamp the Scheme in light of MSMEs' requirements.

**(Para 5.1)**

Review of performance of Chandrapur Ferro Alloy Plant (CFP) of SAIL revealed that production of Silico Manganese was lower than the production target fixed in Annual Business Plan. Further, CFP received only 56 *per cent* to 97 *per cent* of required quantity of coke from the steel plants during 2017-24. Shortage of coke led to less production of 0.39 lakh tonne of Silico Manganese and forgoing potential contribution of ₹13.54 crore. There was excess consumption of 1.03 lakh tonne of coke valuing ₹230.24 crore above the norm as envisaged in the Feasibility Report of Submerged Arc Furnace during 2017-24. The accumulation of Gas Cleaning Plant sludge and non-installation of Gas flaring system in Submerged Arc Furnaces I & II, caused environmental hazards.

**(Para 6.1)**

During review of Toll Operations of National Highways Authority of India (NHAI) in Gujarat and Maharashtra, Audit observed that NHAI could not effectively implement the directives of MoRTH and Policy Circulars of NHAI for timely commencement of toll collection resulting in loss of revenue to NHAI by ₹9.60 crore. The relevant provisions of NH Fee Rules, 2008 requiring reduction of toll to 40 *per cent* while NHAI taking over toll collections after expiry of concession period were not complied with, resulting in undue financial burden of ₹180.44 crore to road users. Delay in making settlement payments to a Concessionaire resulted in loss of toll revenue ₹9.68 crore to NHAI. NHAI needs to standardise the Toll Management System (TMS) used by various System Integrators so that data-migration challenges etc., are avoided.

**(Para 7.1)**



## **Excess burden on road users and undue favour to toll operators**

National Highways Authority of India (NHAI) levies fees on road user for use of any section of national highway including permanent bridge, bypass or tunnel in accordance with Rule 3 of the National Highways Fee (Determination of Rates and Collection) Rules, 2008. Rule 5 further allows NHAI to annually revise the rate with effect from first of April each year to reflect the annual increase in Wholesale Price Index. Office of the Economic Advisor (OEA), Ministry of Commerce and Industry publishes the Wholesale Price Index. NHAI has been using WPI-All commodities of 2004-05 series for user fee revision and price variation formula till March 2017. NHAI (PIU/Hazaribagh) however used higher linking factor of 1.641 for calculating user fee to be charged by the toll operators from road users instead of revised linking factor of 1.561 published by the OEA. This resulted in excess burden on road users and undue favour to toll operators by ₹19.66 crore during 2021-25. Ministry has assured that they are considering the linking factor of 1.561 as published in the website of the OEA to be adopted in NHAI also for user fee revision as well as for all contracts of NHAI.

**(Para 7.2)**

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