

OVERVIEW

1. Overview of State Public Sector Undertakings

Audit of Government Companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government Companies are audited by Statutory Auditors appointed by the CAG. These accounts are also subject to supplementary audit conducted by the CAG. Audit of Statutory Corporations is governed by their respective legislations. As on 31 March 2010, the State of Andhra Pradesh had 44 working PSUs (41 companies including three 619B companies and three Statutory Corporations) and 24 non-working PSUs (all companies including six 619B companies), which employed 2.61 lakh employees. The State working PSUs registered a turnover of ₹ 52,822.45 crore for 2009-10 as per the latest finalized accounts. This turnover was equal to 12.84 *per cent* of State GDP indicating an important role played by State PSUs in the economy. The working State PSUs incurred a loss of ₹ 15.50 crore in aggregate for the year 2009-10 and had accumulated losses of ₹ 3,103.07 crore.

Investment in PSUs

As on 31 March 2010 the investment (Capital and long term loans) in 68 PSUs was ₹ 44,894.92 crore. It grew by 45.37 *per cent* from ₹ 30,882.85 crore in 2004-05. Power sector accounted for 52.81 *per cent* of total investment in 2009-10. The Government contributed ₹ 8,639 crore towards equity, loans and grants/subsidies during 2009-10.

Performance of PSUs

During the year 2009-10, 25 PSUs earned profit of ₹ 855.26 crore and 12 PSUs incurred loss of ₹ 870.76 crore. The major contributors to profit were Andhra Pradesh Power Generation Corporation Limited (₹ 288.66 crore), The Singareni Collieries Company Limited (₹ 268.01 crore), Transmission Corporation of Andhra Pradesh Limited (₹ 70.19 crore) and Andhra Pradesh State Financial Corporation (₹ 67.68 crore). Heavy losses were incurred by Andhra Pradesh State Road Transport Corporation (₹ 514.55 crore) and Andhra Pradesh State Housing Corporation Limited (₹ 341.13 crore). The losses are attributable to various deficiencies in the functioning of PSUs. A review of three years' Audit Reports of CAG shows that the state PSUs' losses of ₹ 5,087.82 crore were controllable with better management. Thus, there is scope to improve the functioning and enhance the profits. The PSUs can discharge their role efficiently only if they are financially self-reliant. There is a need for professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of accounts of PSUs needs improvement. Out of 47 accounts finalized during October 2009 to September 2010, 32 accounts received qualified certificates. There were 41 instances of non compliance with Accounting Standards. Reports of Statutory Auditors on internal control of the companies indicated