Chapter 6

Introduction on Public Sector Undertakings (Social, General, Revenue and Economic Sector)

Executive Summary

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 C&AG of India. These Accounts are also subject to supplementary audit conducted by the C&AG of India. Audit of Statutory Corporations is governed by their respective legislations. As on 31 March 2012, Delhi had 17 working Public Sector Undertakings (PSUs) - 15 Government Companies and two Statutory Corporations. The State PSUs employed 0.48 lakh employees and had registered a turnover of ₹ 7341 .49 crore for 2011-12 as per their latest finalised Accounts as on 30 September 2012. This turnover was equal to 2.34 *per cent* of State GDP. The PSUs incurred an aggregate loss of ₹ 645.50 crore for 2011-12 and had accumulated losses of ₹ 15519.42 crore.

As on 31 March 2012, the investment (capital and long term loans) in 17 PSUs was ₹ 28085.32 crore. It grew by 148.26 *per cent* from ₹ 11312.87 crore in 2006-07. The Government contributed ₹ 942.96 crore towards Equity, Loans and Grants/Subsidies to State PSUs during 2011-12.

During the year 2011-12, out of 17 working PSUs, four new companies incorporated during the year, had not finalized their financial statements till 30 September 2012. Out of remaining 13 PSUs, eight earned profit of ₹ 1772.40 crore, four incurred loss of ₹ 2417.90 crore and one PSU was at break-even. The major contributors to profit were Delhi Transco Limited (₹ 1005.33 crore), Indraprastha Power Generation Company Limited (₹ 397.14 crore), Pragati Power Corporation Limited (₹ 220.26 crore), Delhi State Industrial and Infrastructure Development Corporation Limited (₹ 123.52 crore) and Delhi Tourism and Transportation Development Corporation Limited (₹ 20.86 crore). Heavy losses were incurred by Delhi Transport Corporation (₹ 2335.13 crore) and Delhi Power Company Limited (₹ 82.64 crore).

The losses were mainly attributable to deficiencies in planning, monitoring implementation of projects and financial management. A review of three years' Audit Reports of the C&AG of India shows that the State PSUs incurred losses of ₹ 1967 .34 crore, which were controllable with better management. The PSUs can discharge their role efficiently if only they are self-reliant. There is a need for professionalism and accountability in the functioning of PSUs.

The quality of Accounts of PSUs needs improvement. Nine out of 12 Accounts finalised during October 2011 to September 2012, received qualified certificates. There were seven instances of non-compliance with Accounting Standards in Accounts of five companies.

Eight PSUs had arrears of 16 Accounts as of September 2012. The arrears need to be cleared as per the provisions of the Companies Act, 1956.

6.1 Introduction

The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature keeping in view the welfare of the people. In Delhi, the State PSUs occupy a modest but important place in the State economy. The State PSUs registered a turnover of ₹ 7341.49 crore for the year 2011-12 as per their latest finalised accounts as of 30 September 2012. This turnover was equal to 2.34 *per cent* of the State Gross Domestic Product (GDP) of ₹ 313934 crore in 2011-12. Major activities of the Delhi State PSUs are concentrated in Power and Transport sector. The State PSUs incurred a loss of ₹ 645.50 crore in aggregate as per the latest finalised accounts as of 30 September 2012 and employed 0.48 lakh employees as on 31 March 2012.

As on 31 March 2012, there were 17 PSUs (all working) which included 15 (11+4[1]) Government Companies and two Statutory Corporations. None of these companies was listed on any stock exchange.

6.2 Audit mandate

Audit of Government Companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government Company is one in which, not less than 51 *per cent* of the paid up capital is held by Government(s). A Government Company includes a subsidiary of the Government Company as well. Further, a company in which not less than 51 *per cent* of the paid up capital is held in any combination by Government(s), Government Companies and Corporations controlled by Government(s) is treated as if it were a Government Company (deemed Government Company) as per Section 619-B of the Companies Act, 1956.

The accounts of the State Government Companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by C&AG as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the C&AG as per the provisions of Section 619 of the Companies Act, 1956.

Audit of Statutory Corporations is governed by their respective legislations. Out of two Statutory Corporations, C&AG is the sole auditor for Delhi Transport Corporation (DTC). For Delhi Financial Corporation (DFC), the audit is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

[1] (i) DSIIDC Exim Limited, (ii) DSIIDC Liquor Limited, (iii) DSIIDC Energy Limited and (iv) DSIIDC Maintenance Services Limited were incorporated in May 2011.

6.3 Investment in State PSUs

As on 31 March 2012, the total investment (capital and long-term loans) in 17 PSUs (all working) was ₹ 28085.32 crore given in **Table 6.1**:

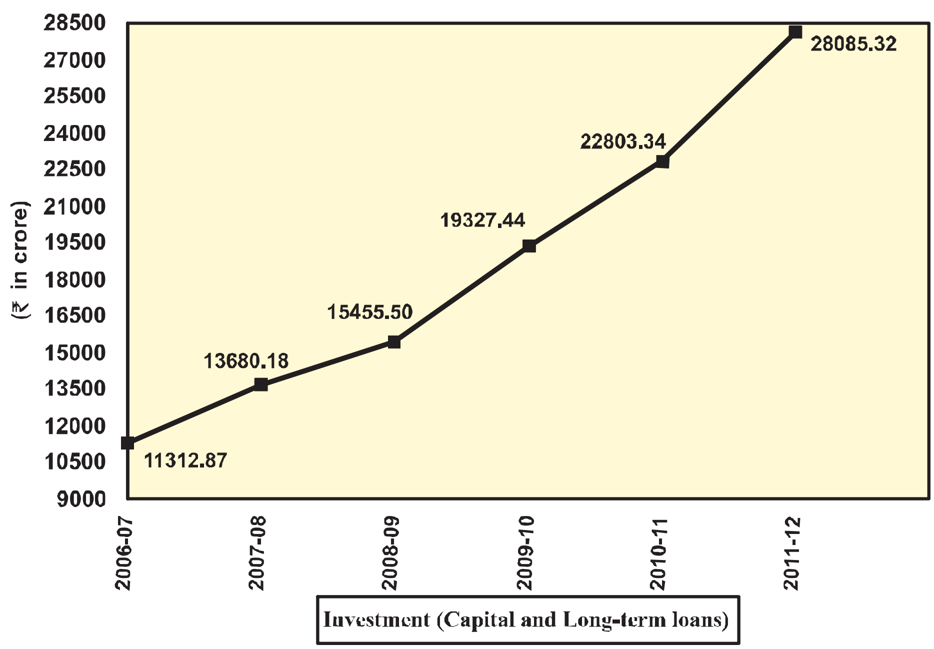
Table 6.1 : Investment in PSUs

(₹ in crore)

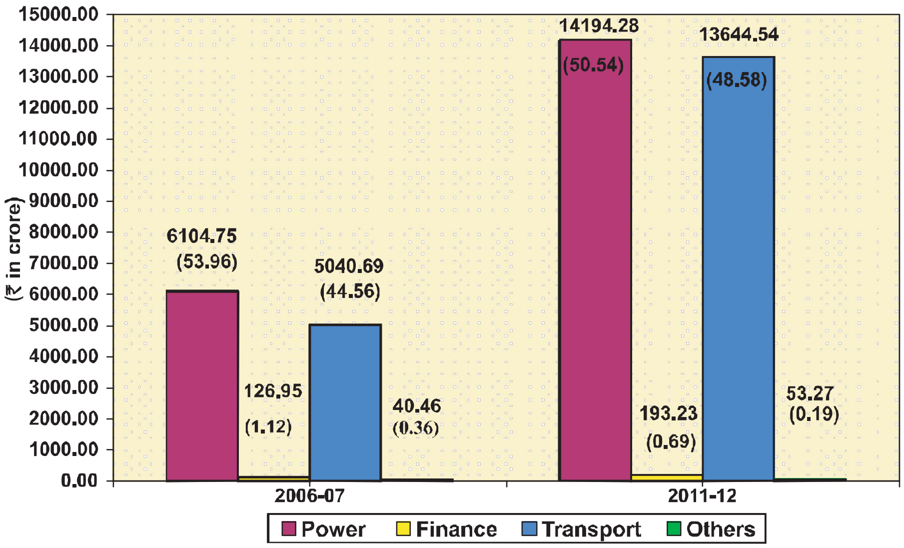
Government companies			Statutory corporations			Grand Total
Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
7203.66	7275.68	14479.34	1810.48	11795.50	13605.98	28085.32

A summarised position of Government investment in State PSUs is given in ***Annexure 6.1.***

As on 31 March 2012, of the total investment in State PSUs, 32.10 *per cent* was towards Capital and 67.90 *per cent* towards Long-term loans. The investment has grown by 148.26 *per cent,* from ₹ 11312.87 crore in 2006-07 to ₹ 28085.32 crore in 2011-12 as shown in the following graph:



The investment in various important sectors and percentage thereof at the end of 31 March 2007 and 31 March 2012 are indicated below in the bar chart.



(Figures in brackets indicate the percentage of total investment)

The thrust of PSUs' investment was in Transport and Power sectors. The investment in Transport sector increased from ₹ 5040.69[2] crore in 2006-07 to ₹ 13644.54 crore in 2011-12 with corresponding increase in percentage share in total investment from 44.56 *per cent* (2006-07) to 48.58 *per cent* (2011-12). In Power sector, though the investment increased from ₹ 6104.75 crore in 2006-07 to ₹ 14194.28 crore in 2011-12, its percentage share in total investment decreased from 53.96 *per cent* (2006-07) to 50.54 *per cent* (2011-12).

6.4 Budgetary outgo, grants/subsidies, guarantees and loans

The details regarding budgetary outgo towards equity, loans, grants/subsidies, guarantees issued and loans converted into equity in respect of State PSUs are given in ***Annexure 6.2***. The summarised details for three years ended 2011-12

[2] Figures include investment of ₹ 7.30 crore (equity) made in DIMTS. The Company ceased to be a Government company during 2007-08

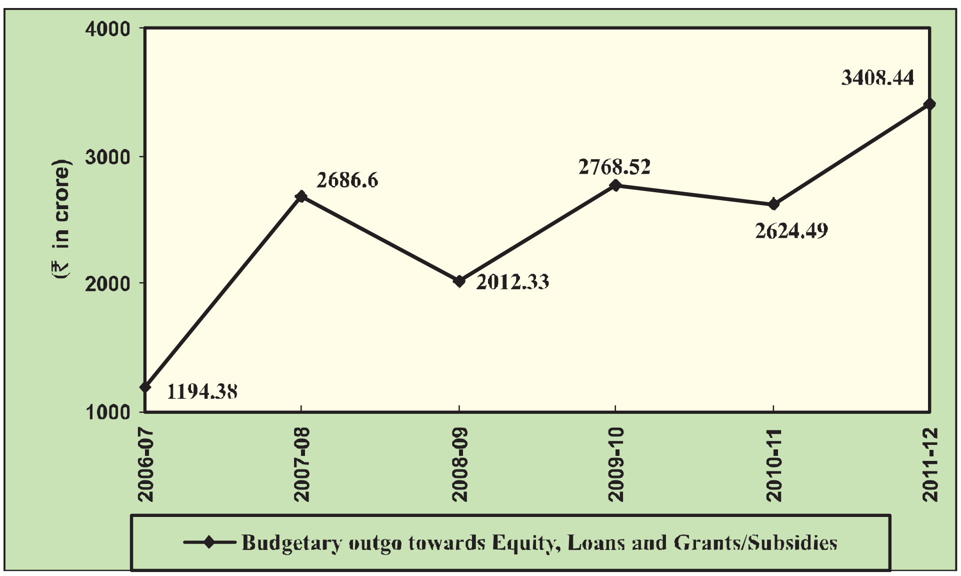
are given in **Table 6.2:**

Table 6.2 : Budgetary outgo to State PSUs

(₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	3	626.06	3	222.89	5	1300.40
2.	Loans given from budget	1	1981.28	1	2128.60	5	1191.01
3.	Grants/Subsidy received	6	161.18	7	273.00	5	917.03
4.	Total Outgo[3] (1+2+3)	7	2768.52	8	2624.49	9	3408.44
5.	Loans converted into equity	-	-	1	239.00	-	-
6.	Loans written off	-	-	-	-	-	-
7	Guarantees received during the year	1	633.22	-	-	-	-

The details regarding budgetary outgo towards equity, loans and grants/subsidies for past six years are given in the graph:



The budgetary outgo towards equity, loans, grants/subsidy showed a mixed trend during the six years period between 2006-07 and 2011-12. It stood at ₹ 3408.44 crore in 2011-12 as compared to ₹ 1194.38 crore in 2006-07. There was an increase of ₹ 783.95 crore in 2011-12 over that of the previous year. Delhi Transco Limited (₹ 616.36 crore loan), Pragati Power Corporation Limited (₹ 400 crore equity and ₹ 300 crore loan), Delhi Power Company

[3] Actual number of PSUs which received budgetary support.

Limited (₹ 500 crore equity and ₹ 362.35 crore grant) and Delhi Transport Corporation (₹ 201 crore equity and ₹ 530.90 crore grant) were the major recipients of the budgetary outgo during the year 2011-12.

6.5 Reconciliation with Finance Accounts

The figures of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the difference. The position in this regard as at 31 March 2012 is given in **Table 6.3:**

Table 6.3 : Details of unreconciled equity and loans

(₹ in crore)

Particulars	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity[4]	8195.22	8594.09	(-) 398.87
Loans[5]	156.56	2323.23	(-)2166.67

It was observed that the difference occurred in equity and loan figures in respect of nine[6] PSUs. In case of two companies (Shahjahanabad Redevelopment Corporation and Geospatial Delhi Limited) differences were pending reconciliation for last four years. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

6.6 Performance of PSUs

The financial results of PSUs are indicated in ***Annexure 6.3*** and financial position and working results of statutory corporations are indicated in ***Annexure 6.4 and 6.5*** respectively. The ratio of PSUs turnover to State GDP shows the extent of PSUs activities in the State economy. The details of working PSUs turnover and State GDP for the period 2006-07 to 2011-12 are given in **Table 6.4:**

Table 6.4: Percentage of PSUs turnover to State GDP

(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Turnover [7]	8283.41	3019.71	3555.63	5211.80	5255.01	7341.49
State GDP [8]	135583.65	157947.18	189533.12	223759.38	264495.61	313933.51
Percentage of Turnover to State GDP	6.11	1.91	1.88	2.33	1.99	2.34

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4 Equity figure consists of share of the State Government only.

5 Figures of Loan were taken from the records of the companies and matched with information sourced from PAOs. Information from four PAOs in respect of six companies were received out of five PAOs. Rest of the figures were awaited.

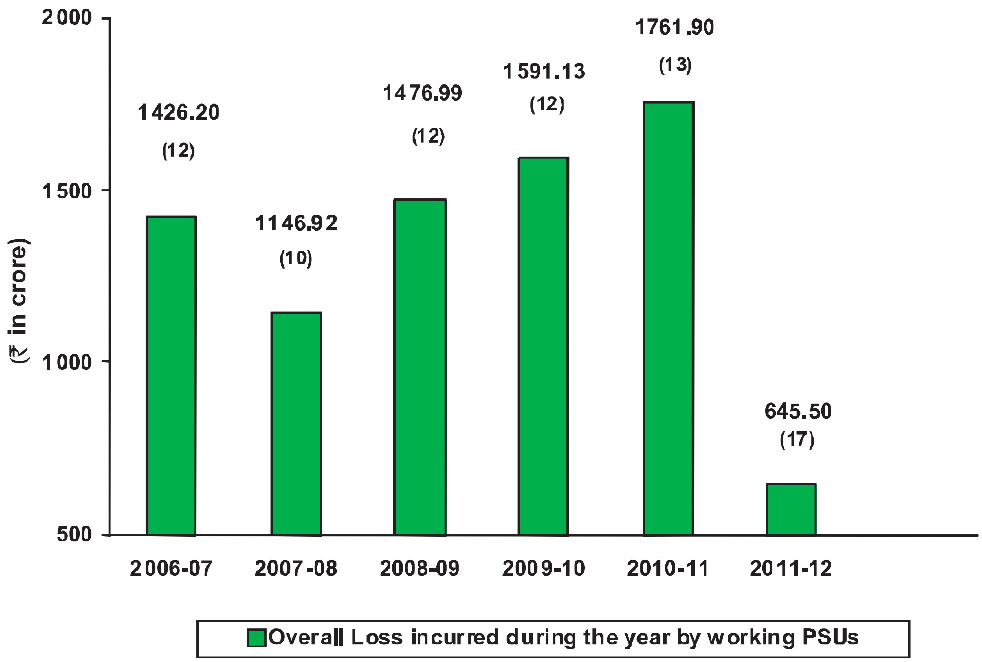
6 Equity figures of companies at Sl. No. 3, 5, 11, 15 and 17 and Loan figures of companies at Sl. No. 1, 4, 5, 6, 10 and 15 in ***Annexure* 6.1**.

7 Turnover as per the latest finalised accounts as of 30 September of the respective year.

8 The figures shown are based on revised estimates (2008-09), provisional estimates (2009-10), quick estimates (2010-11) and advance estimates (2011-12).

The turnover of PSUs declined by more than 63 *per cent* in 2007-08 over that of 2006-07 because of transfer of one of the major activities of one power sector - PSU (Delhi Transco Limited) relating to sale of power to power distribution companies in private sector with effect from 1 April 2007. This correspondingly caused significant decline in percentage of turnover of PSUs to State GDP in subsequent years. However, turnover of PSUs showed an increasing trend from the year 2008-09 onwards.

Losses incurred by State PSUs during 2006-07 to 2011-12 are given in the chart below:



(Figures in brackets show the number of working PSUs in respective year)

The working PSUs incurred overall losses of ₹ 1426.20 crore during the year 2006-07, which increased to ₹ 1761.90 crore in 2010-11. These losses significantly decreased to ₹ 645.50 crore during 2011-12. During the year 2011-12, out of 17 working PSUs, four PSUs newly incorporated during the year had not finalized their financial statements till 30 September 2012. Of the remaining 13 PSUs, eight PSUs earned profit of ₹ 1772.40 crore, four PSUs incurred loss of ₹ 2417.90 crore and one PSU was at break-even. The major contributors to profit were DTL (₹ 1005.33 crore), IPGCL (₹ 397.14 crore), PPCL (₹ 220.26 crore), DSIIDC (₹ 123.52 crore) and DTTDC (₹ 20.86 crore). The heavy losses were incurred by DTC (₹ 2335.13 crore) and DPCL (₹ 82.64 crore).

The losses of PSUs are mainly attributable to deficiencies in planning, monitoring, implementation of projects and financial management. A review of latest Audit Reports of the C&AG shows that the State PSUs incurred losses to the tune of ₹ 1967.34 crore which were controllable with better management. Year wise details from Audit Reports are given in **Table 6.5**:

Table 6.5 : Details of controllable losses as per the latest Audit Reports of the C&AG

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	Total
Net Profit (+) / loss (-)	(-)1591.13	(-)1761.90	(-)645.50	(-)3998.53
Controllable losses as per C&AG's Audit Report	702.19	5.80	1259.35	1967.34

The above losses pointed out by Audit Reports of the C&AG are based on test check of records of PSUs. The actual controllable losses would be much more. The above table shows that with better management, the losses could have been minimized. The PSUs can discharge their role efficiently only, if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

Some other key parameters pertaining to State PSUs are given in **Table 6.6:**

Table 6.6: Some other key parameters of State PSUs

(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Return on Capital Employed (*Per cent*)	-	6.78	-	0.48	-	10.45
Debt	10452.39	7857.61	8910.50	12155.74	15089.70	19071.18
Turnover[9]	8283.41	3019.71	3555.63	5211.80	5255.01	7341.49
Debt/ Turnover Ratio	1.26:1	2.60:1	2.51:1	2.33:1	2.87:1	2.60:1
Interest Payments	964.81	1302.00	1474.21	1614.00	1578.67	2140.48
Accumulated Profits/ (Losses)	(8712.51)	(10851.79)	(12395.49)	(14266.66)	(14242.56)	(15519.42)

(Above figures pertain to all PSUs)

The above parameters exhibit deterioration in the financial position of the PSUs. Between 2006-07 and 2011-12, the percentage of Return on Capital Employed (ROCE) showed mixed trend. During 2006-07, 2008-09 and 2010-11 ROCE was negative. It stood at 10.45 *per cent* in 2011-12. The debt to turnover ratio has deteriorated since 2006-07 and registered at 2.60:1 in 2011-12. The accumulated losses also increased steadily between 2006-07 and 2011-12.

As per their latest finalised accounts, eight[10] PSUs earned a profit of ₹ 1772.40 crore, but only two companies *viz.* the DTL and the DTTDC declared dividend of ₹ 11.85 crore and ₹ 0.63 crore respectively.

6.7 Arrears in finalisation of accounts

As per Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956, the accounts of the companies for each financial year are required to be finalised within six months from the close of the relevant financial year.

[9] Turnover of working PSUs as per the latest finalised accounts as of 30 September of the respective year.
[10] Serial No. 1, 2, 5, 6, 7, 8, 9 and 12 in ***Annexure 6.3***.

Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The details of finalisation of accounts of working PSUs as on 30 September 2012 are given in **Table 6.7:**

Table 6.7: Details of finalisation of accounts of working PSUs as on 30 September 2012

Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
1.	Number of Working PSUs	10	12	12	13	17
2.	Number of accounts finalised during the year	14	11	14	11	12
3.	Number of accounts in arrears	10	11	9	11	16
4.	Average arrears per PSU (3/1)	1.00	0.92	0.75	0.85	0.94
5.	Number of working PSUs with arrears in accounts	2	3	3	4	8[11]
6.	Extent of arrears	1 to 8 years	1 to 9 years	1 to 7 years	1 to 8 years	1 to 9 years

The average number of accounts in arrears per working PSU decreased from 1.00 in 2007-08 to 0.94 in 2011-12. One PSU namely the Delhi SC/ST/OBC/Minorities and Handicapped Financial and Development Corporation Limited had major backlog of nine years of accounts. Other PSUs had only one year's accounts in arrear as on 30 September 2012.

The State Government had invested ₹ 942.96 crore (equity: ₹ 369.68 crore, loans: ₹ 37.14 crore and grants/subsidy: ₹ 536.14 crore) in three PSUs during the years for which accounts have not been finalised as detailed in ***Annexure 6.6.*** In the absence of accounts and their subsequent audit, it could not be ensured whether the investments and the expenditure incurred have been properly accounted for and the purpose for which the amount was invested had been achieved or not. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money, apart from violation of the provisions of the Companies Act, 1956.

The Administrative Departments have the responsibility to oversee the activities of the entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. As a result of this, the net worth of these PSUs could not be assessed in audit. The matter of arrears in finalization of accounts is taken up every month with the Principal Secretary (Finance), Government of NCT of Delhi to expedite clearance of the arrears in accounts in a time bound manner. The matter was also taken up with the Chief Secretary, Government of NCT of Delhi in December 2012.

[11] Serial No. 1, 2, 11 and 13 of ***Annexure 6.3*** and four newly formed companies.

6.8 Comments on Accounts and internal audit

6.8.1 Government Companies

Nine working companies forwarded their ten audited accounts to Audit during the period from October 2011 to September 2012. Of these, nine accounts were selected for supplementary audit and one account was issued a non review certificate. The audit reports of Statutory Auditors appointed by the C&AG and the supplementary audit of the C&AG indicate that the quality of maintenance of accounts needs to be improved. The details of aggregate money value of audit comments of Statutory Auditors and the C&AG are given in **Table 6.8:**

Table 6.8: Aggregate money value of audit comments of Statutory Auditors and the C&AG

(₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in Profit	4	17.48	3	7.90	3	10.68
2.	Increase in Profit	4	86.71	-	-	1	47.55
3.	Increase in Loss	1	7.52	1	381.88	1	220.31
4.	Decrease in Loss	1	1.00	-	-	-	-
5.	Non-disclosure of material facts	5	242.27	-	-	-	-
6.	Errors of classification	3	4.30	2	20.87	2	22.71

During the year, the Statutory Auditors had given unqualified certificate for three accounts and qualified certificates for seven accounts. Additionally, the C&AG gave qualified certificate for two accounts, unqualified certificate for seven accounts after supplementary audit and issued non-review certificate for one account. There were seven instances of non-compliance with Accounting Standards during the year.

Some of the important comments in respect of accounts of the companies finalised during the year 2011-12 are stated below:

Delhi Power Company Limited (2011-12)

- Accounting Standard-13 envisages that reduction in value of long term investment, other than temporary, be charged to Profit & Loss Account. The Company's equity investment of ₹ 260 crore (2600 lakh shares of ₹10 each) in DTL, as on 31.03.2011, worked out to ₹ 1.5267 per share, resulting in reduction of value of equity investment to ₹ 39.69 crore. The reduction in value of investment was not charged to Profit & Loss Account which resulted in overstatement of Profit by ₹ 220.31 crore.

Indraprastha Power Generation Company Limited (2011-12)

- The cost of carpet coal of ₹ 3 .97 crore was charged to Repair and Maintenance (Prior Period Expenses) instead of Fuel Consumption.

Delhi Tourism and Transportation Development Corporation Limited (2011-12)

- Non-compliance of Accounting Standard-28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI) led to non-provision of impairment losses of ₹ 0.76 crore. This resulted in overstatement of profit and assets by ₹ 0.76 crore.

Delhi State Industrial Infrastructure Development Corporation (2010-11)

- The Company made provision in the year 2008-09 against the income of ₹ 47.55 crore booked in previous year in respect of CETP scheme for which the DSIIDC was appointed an executing agency on behalf of Delhi Government on the basis of fixed departmental charges. There was no documentary evidence available that the Corporation had a present obligation in this regard as a result of past events. In view of this, provision made was not in conformity with the Accounting Standard-29, applicable for making provisions, contingent liability and contingent assets.
- The Company allotted (1993-94) fully paid up equity shares worth ₹ 12.26 crore for consideration other than cash in respect of receipt of actual consideration of ₹ 11 crore for transfer of 2919 work centres. The Company has been showing the balance amount of ₹ 1.16 crore (after adjusting the receipt of ₹ 10 lakh during 1998-99) as recoverable without any corroboration/confirmation from the Government of NCT of Delhi.
- The booking of expenditure of ₹ 34.84 crore in respect of construction of 896 flats at Bawana under low cost Housing Scheme, included expenditure of ₹ 2.08 crore booked on provisional/estimated basis in absence of bills.
- In respect of Bawana Relocation Industrial Scheme, DTL (erstwhile DVB) demanded ₹ 10.86 crore as per last year utilisation certificate. As per the latest utilisation certificate dated 30.11.2010, DTL demanded ₹ 8.13 crore. The variance in these figures was not reconciled. As the reconciliation process is pending for past many years, the Company had not booked any provision of the excess expenditure as claimed by DTL. The effect of the same had not been taken into account.
- 626 flats at Pocket-B, Bawana Industrial Complex were shown on actual cost in the balance sheet but the net realisable value of such flats was less than the actual cost. This was in contravention to the Accounting Standard-2 (valuation of inventories). This resulted in overstatement of profit by ₹ 1.10 crore.
- The Company had not disclosed its accounting policy on 'post retirement medical facility scheme for the retired staff' as per the Accounting Standard-15.

6.8.2 Statutory Corporation

Similarly, two working Statutory corporations forwarded two accounts to Audit during the period October 2011 to September 2012. Of these, accounts of one Corporation i.e., DTC, audited under Section 19 of CAGs (DPC) Act, 1971 and accounts of the other Corporation i.e., DFC was taken up for supplementary audit. The Audit Reports of statutory auditors and the supplementary audit of the C&AG indicate that the quality of maintenance of accounts need to be improved. The details of aggregate money value of comments of Statutory Auditors and the C&AG are given in **Table 6.9:**

Table 6.9: Aggregate of money value of comments of Statutory Auditors and the C&AG

(₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12[12]	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in Profit	-	-	1	0.05	1	0.10
2.	Increase in Profit	1	0.26	-	-	-	-
3.	Increase in Loss	1	543.05	1	1677.89	1	11.34
4.	Decrease in Loss	1	1.17	-	-	-	-
5.	Non-disclosure of material facts	1	19.43	-	-	-	-
6.	Errors of classification	1	3.82	2	15.99	2	18.68

During the year, out of two Accounts of two Corporations, DFC received unqualified certificate from Statutory Auditors and qualified certificate from the C&AG. In respect of DTC, where the C&AG is the sole auditor, audit for the year 2011-12 was in progress (January 2013).

Some of the important comments in respect of Accounts of the Statutory corporations were:

Delhi Financial Corporation (2011-12)

Deviations were made in the Balance Sheet by the Corporation as compared to Form C of Regulation 93 of the Delhi Financial Corporation (General) Regulations, 2006:

- Term Deposit in respect of Pension Fund Accounts with Banks (₹ 11.80 crore) were shown under 'Other Assets' while as per regulations, these pension fund deposits should have been deducted from 'DFC Employee Pension Fund' under the head 'Other Liabilities' resulting in overstatement of 'Other Assets' and 'Other Liabilities' by ₹ 11.80 crore.

[12] Impact of comments on accounts is for the year 2010-11 in respect of DTC and for 2011-12 in respect of DFC

- The liability of ₹ 2 .63 crore on account of cheque issued but not presented for payment was deducted from Cash and Bank balances, while as per above regulation, the said liability should have been shown separately, resulting in understatement of Cash and Bank balances and Other Liabilities by ₹ 2.63 crore.
- Provision for 'Standard Assets' of ₹ 44 .68 lakh was adjusted against 'Loans and Advances', while as per regulation, the provision should have been shown under the head 'Provisions' in liability side of the Balance Sheet, resulting in understatement of Loan and Provisions by ₹ 44.68 lakh.

The compliance was not done by the Corporation even after Audit had pointed out the said shortcomings on the Accounts for the year ended 31 March 2011.

Delhi Transport Corporation (2010-11)

- The Corporation adjusted 'Gratuity Payable' amounting to ₹ 0.78 crore from 'Gratuity Fund Account' instead of 'Gratuity Fund Adjustment Account' which resulted in overstatement of 'Gratuity Fund Adjustment Account' and understatement of 'Gratuity Fund' by like amount.
- The Corporation had shown surplus and obsolete stores of ₹ 1.36 crore. However, the Corporation had estimated the net realisable value of the stores as per Accounting Standard-2 at ₹ 0.36 crore (26.18 *per cent*). This had resulted in overstatement of 'Stores and Material in Stock and Transit' and understatement of losses for the year by ₹ 1.00 crore each.
- An amount of ₹ 1.56 crore was paid as advance to Delhi Development Authority as deposits for purchase of land. The Corporation should have shown it under 'Loans and Advances' instead of 'Sundry Debtors'. This resulted in overstatement of 'Sundry Debtors and Other Receivables' and understatement of 'Advances and Deposits' by ₹ 1.56 crore each.
- The Corporation had to recover licence fee from an advertiser for which the matter was sub-judice. The Corporation had recognised the interest on the recoverable licence fee amounting to ₹ 9.38 crore. As the matter was sub-judice, recognition of interest income was incorrect. This resulted in overstatement of 'Sundry Debtors' and understatement of 'Provision for Bad Debts' and consequent understatement of loss by ₹ 9.38 crore.
- The Corporation had paid ₹ 0.78 crore to M/s. Electronics Corporation of India Limited (ECIL) in respect of Integrated Security System (ISS) installed at IP Power Station of DTC Bus Parking for Commonwealth Games Project. The contractor completed the work and submitted final bill of ₹ 1.46 crore but the Corporation had not accounted for the same. This resulted in overstatement of 'Advances and Deposits' by ₹ 0.78 crore, understatement of 'Fixed Assets' by ₹ 1.46 crore, understatement of 'Current Liabilities' by ₹ 0.68 crore, understatement of 'Depreciation' as well as understatement of loss by ₹ 0.58 crore each.

- Fringe Benefit Tax of ₹ 0.45 crore for the year 2008-09, though provided, was not paid by the Corporation. The interest liability thereon was also not provided in the accounts. This resulted in understatement of 'Current Liabilities' and loss to the extent of ₹ 0.11 crore.
- The Corporation has not disclosed the accounting policy adopted for treatment of Government Grants in its financial statements in contravention of the AS-12.

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/internal audit systems in the companies audited in accordance with the directions issued by the C&AG to them under Section 619 (3) (a) of the Companies Act, 1956 and to identify areas which need improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/internal Control system in respect of one Company[13] for the year 2010-11 and four Companies[14] for the year 2011-12 are given in **Table 6.10:**

Table 6.10: Resume of major comments made by the Statutory Auditors

Sl. No.	Nature of comments made by Statutory Auditors	Number of Companies	Reference to serial number of the Companies as per Annexure 6.3
1.	Non-fixation of minimum/maximum limits of store and spares	5	A-2, 5, 6, 7 & 8
2.	Absence of internal audit system commensurate with the nature and size of business of the Company	5	A-2, 5, 6, 8 &9
3.	Non-maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of Fixed Assets and their locations	5	A- 2, 6,7,8 & 9

6.9 Recovery at the instance of audit

The private liquor suppliers supply liquor at various vends in Delhi and DSIIDC makes payment to the suppliers. Till the year 2003-04, the payment policy stipulated that payment will be made to suppliers after seven days, if they allow one *per cent* cash discount. The policy was discontinued from the year 2004-05. In November 2008, the DSIIDC adopted a revised ordering policy for suppliers. But at the same time, the DSIIDC did not review and restart one *per cent* cash discount policy. Audit pointed out that even if 50 *per cent* bills of the suppliers were paid within a week's time, the DSIIDC could have earned an additional income of ₹ 3.74 crore during the period 2009-12. At the instance of Audit, the DSIIDC reviewed and reintroduced the cash discount policy and earned ₹ 6.24 lakh till November 2012.

[13] Sr. No. 2 in ***Annexure* – 6.3.**

[14] Sr. No. 6, 7, 8 and 9 in ***Annexure* – 6.3.**

6.10 Status of placement of Separate Audit Reports

Separate Audit Reports (SAR) issued by the C&AG on the Accounts of Statutory Corporation are placed in the Legislature by the Government. The status of placement of SARs in the Legislature is given in the **Table 6.11**:

Table 6.11: Status of placement of SARs in the Legislature

Sl. No.	Name of Statutory corporation	Year up to which SAR placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1	Delhi Transport Corporation	2010-11	-	-	-

6.11 Disinvestment, Privatisation and Restructuring of PSUs

The State Government had not undertaken the exercise of disinvestment, privatization or restructuring of any of the State PSU during 2011-12.