



**Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
(Economic Sector)
for the year ended 31 March 2013**



Government of Himachal Pradesh
Report No. 2 of the year 2013

**Report of the
Comptroller and Auditor General of India**

on

**Public Sector Undertakings
(Economic Sector)**

for the year ended 31 March 2013

**Government of Himachal Pradesh
*Report No. 2 of the year 2013***

TABLE OF CONTENTS

Description	Reference to	
	Paragraph	Page No.
Preface		vii
Overview		ix-xii
CHAPTER-I: INTRODUCTION		
About the State Public Sector Undertakings	1.1-1.3	1
Audit Mandate	1.4-1.6	1-2
Investment in State PSUs	1.7-1.9	2-3
Budgetary outgo, grants/subsidies, guarantees and loans	1.10-1.12	4-5
Reconciliation with Finance Accounts of the Government	1.13-1.14	5-6
Performance of Public Sector Undertakings	1.15-1.17	6-7
Arrears in finalisation of accounts	1.18-1.22	7-8
Winding up of non-working PSUs	1.23-1.24	8-9
Accounts Comments	1.25-1.29	9-11
Internal Control/Internal Audit	1.30	11
Recoveries at the instance of audit	1.31	12
Response of the departments to Audit Report material	1.32	12
Follow up on Audit Reports	1.33	12-14
Status of placement of Separate Audit Reports	1.34	14
Disinvestment, Privatisation and Restructuring of PSUs	1.35	14
CHAPTER-II: PERFORMANCE AUDIT		
2.1 Beas Valley Power Corporation Limited		
Executive Summary		15
Introduction	2.1.1	16
Organisational set up	2.1.2	16
Audit objectives	2.1.3	16-17
Scope of Audit	2.1.4	17
Audit Methodology	2.1.5	17
Audit Criteria	2.1.6	17
Audit Findings	2.1.7-2.1.12	17-33
Financial Position	2.1.8	18
Time and Cost Overrun	2.1.8.1	18-19
Generation loss and subsidy incentives	2.1.8.2	19

Other factors contributing increase in project cost	2.1.8.3	19-22
Award of Civil works	2.1.8.4	22-23
Execution of Civil Works	2.1.8.5	23-28
Execution of Electro Mechanical Works	2.1.8.6	28-31
Blockade of fund on Transmission Lines	2.1.9	31
Quality Control	2.1.10	32
Extra expenditure on Local Area Development Activities	2.1.11	32-33
Environmental Issues	2.1.12	33
Conclusion		33-34
Recommendations		34
2.2 Power Purchase Agreements		
Executive Summary		35-36
Introduction	2.2.1-2.2.1.1	36-37
Organisational set up	2.2.2	37
Audit Objectives	2.2.3	37
Scope of Audit	2.2.4	37
Audit Methodology	2.2.5	37-38
Audit Criteria	2.2.6	38
Audit Findings	2.2.7-2.2.8.4	38-51
Status of PPAs executed by the Company	2.2.7.1	38-39
Deficiencies in finalisation of PPAs	2.2.7.2-2.2.7.2.4	39-41
Implementation of PPAs	2.2.7.3-2.2.7.3.5	41-47
Failure to initiate action against higher tariff	2.2.7.4-2.2.7.4.2	48-49
Monitoring	2.2.8-2.2.8.4	49-51
Conclusion		51
Recommendations		51-52
CHAPTER–III: AUDIT OF TRANSACTIONS		
GOVERNMENT COMPANIES		
Himachal Pradesh State Electricity Board Limited		
Implementation of power tariff	3.1	53-58
Loss of revenue due to non recovery of surcharge	3.2	59-60

Himachal Pradesh State Civil Supplies Corporation Limited		
Extra expenditure due to purchase of Soya Refined oil at higher rates	3.3	60-61
Himachal Pradesh State Forest Development Corporation Limited		
Avoidable payment of interest on discharge of royalty in advance	3.4	61-62
Excess payment of royalty	3.5	62-63
Non-recovery/avoidable payment of Education Cess on tax deducted at source	3.6	63-64
Excess payment of royalty and value added tax	3.7	64
Himachal Pradesh Power Corporation Limited		
Loss of interest due to delay in recovery of mobilisation advance	3.8	65-66
Excess payment of Infrastructure Development Charges	3.9	66-67
Excess payment of Net Present Value for diversion of forest land	3.10	67-68
Himachal Pradesh Tourism Development Corporation Limited		
Non recovery of Workers' Welfare Cess	3.11	69
Himachal Pradesh Tourism Development Corporation Limited, Himachal Pradesh State Civil Supplies Corporation Limited and Himachal Pradesh General Industries Corporation Limited		
Excess EPF contribution	3.12	70-71

APPENDICES

Appendix No.	Particulars	Reference to	
		Paragraph	Page No.
1.1	Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised as of 30 September 2013	1.1, 1.15 & 1.30	73-77
1.2	Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2013 in respect of Government companies and Statutory corporations	1.7	78-81
1.3	Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2013	1.10 & 1.12	82-84
1.4	Statement showing investment made by the State Government in PSUs whose accounts are in arrears	1.21	85
1.5	Statement showing the detail of comments made by Statutory Auditors in respect of internal control/internal audit of working PSUs	1.30	86
1.6	Statement showing the department wise outstanding Inspection Reports and paragraphs	1.33	87
1.7	Statement showing the department wise draft paragraphs/performance audit reports replies to which are awaited	1.33	88

2.1.1	Details of time overrun on execution of various civil and electro mechanical works relating to Uhl Stage III	2.1.8.1	89
2.1.2	Details of main components of works involving substantial cost overrun	2.1.8.1	90
2.2.1	Statement showing the detail of interest loss due to non payment of first two installments of LADF by the IPPs	2.2.7.3.2 (i)	91
2.2.2	Statement showing the detail of short/non recovery of LADF charges	2.2.7.3.2 (ii)	92
2.2.3	Statement showing LADF charges leviable as <i>per</i> bench mark project cost fixed by HPERC	2.2.7.3.2 (iii)	93
2.2.4	Statement showing the details of non recovery of LD charges on projects up to 5 MW	2.2.7.3.3 (ii) (a)	94
2.2.5	Statement showing the details of extension allowed for COD over and above the limit prescribed in Hydro Power Policy	2.2.7.3.3.(ii) (c)	95
2.2.6	Details of projects indicating the amount of O&M charges and penal interest for delay in depositing	2.2.7.3.5 (i)	96
2.2.7	Statement showing the detail of project cost as <i>per</i> TEC and cost taken by the HPERC	2.2.7.4.1	97
2.2.8	Statement showing Actual Capacity Utilisation Factor of Hydro Electric Projects up to 5 MW	2.2.7.4.1	98
2.2.9	Statement showing details of energy exported (net saleable energy) by the IPP's (Up to 5.00 MW) to HPSEBL	2.2.7.4.1	99
3.1	Details of non-recovery of demand charges	3.1.1 (i)	100
3.2	Details of short recovery of CDVC	3.1.1 (iii)	101

3.3	Details of non levy of peak load exemption/violation charges	3.1.3	102-104
3.4	Details of Non Levy of Low Voltage Supply Surcharge	3.1.5	105-106
3.5	Statement showing the detail of amount of bill, due date of payment, actual date of credit, delay in days and amount of surcharge not recovered	3.2	107
3.6	Statement showing the detail of lots in respect of six Forest Working Divisions which were far away from National or State Highways	3.5	108-109
3.7	Details of excess payment of royalty and VAT paid due to treating these lots as next years lot for the purpose of payment of royalty	3.7	110
3.8	Statement showing the detail of excess EPF contribution towards its employees	3.12	111
Glossary of abbreviations			113-114