

Chapter-1
Overview of
State Public Sector
Undertakings

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Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. In Punjab, the State PSUs occupy an important place in the State economy. The investment in the PSUs as on 31 March 2013 stood at ₹ 20,678.63crore. Major activities of the Punjab State PSUs are concentrated in power, transport, agriculture and finance sectors.

1.2 As on 31 March 2013, there were 52 PSUs. Of these, only one Company, Punjab Communications Limited, was listed (January 1995) on the stock exchange.

1.3 During the year 2012-13, no new PSU was established and one non-working PSU namely, Intermagnetics India limited was closed down (July 2012).

Audit mandate

1.4 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 a Government company. Further, a company in which 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 was a Government company (deemed Government company) as per Section 619-B of the Companies Act, 1956.

1.5 The accounts of the State Government companies are audited by the statutory auditors, appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956, in addition to supplementary audit conducted by CAG as *per* the provisions of Section 619 of the Companies Act, 1956.

1.6 Audit of Statutory corporations is governed by their respective legislations. CAG is the sole auditor for the Punjab Scheduled Castes Land Development & Finance Corporation and PEPSU Road Transport Corporation. In respect of the Punjab State Warehousing Corporation and Punjab Financial Corporation, the statutory audit is conducted by the Chartered Accountants and supplementary audit by CAG.

Investment in the State PSUs

1.7 As on 31 March 2013, the investment in the 52 PSUs was ₹ 20,678.63 crore as detailed below:

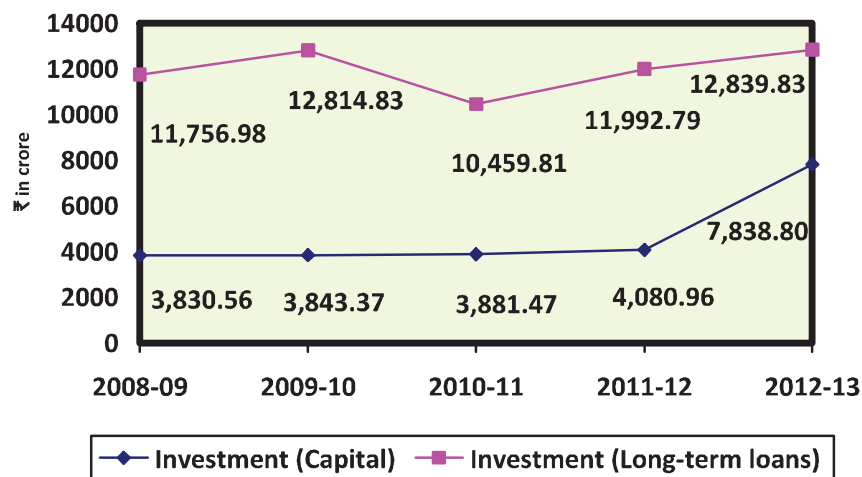
Table 1.1

(Amount: ₹ in crore)

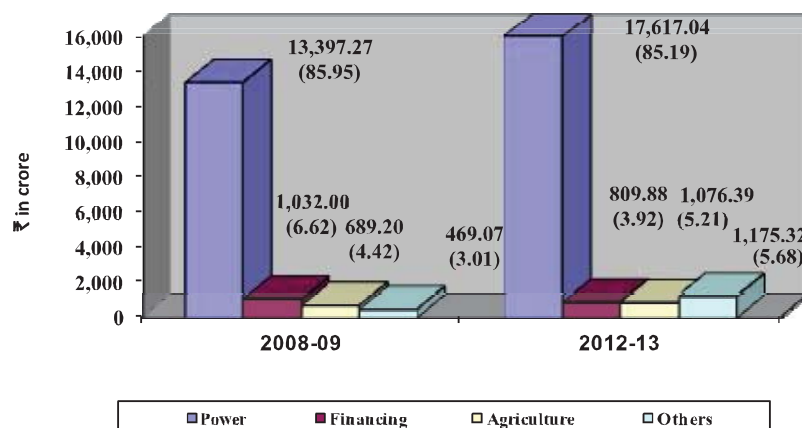
PSUs		Nos.	Capital	Long term loans	Total
Working PSUs	Government companies	27	7,384.95	12,463.04	19,847.99
	Statutory corporations	4	429.00	341.64	770.64
Total		31	7,813.95	12,804.68	20,618.63
Non-working PSUs	Government companies	21	24.85	35.15	60.00
	Statutory corporations	-	-	-	-
Total		21	24.85	35.15	60.00
Grand Total		52	7,838.80	12,839.83	20,678.63

Details of Government investment in each of the State PSUs are given in *Annexure 1*.

1.8 As on 31 March 2013, 99.71 per cent of the total investment in the State PSUs was in working PSUs and the remaining 0.29 per cent in non-working PSUs. The investment consisted of 37.91 per cent as capital and 62.09 per cent as long-term loans. The capital investment has grown by 104.64 per cent from ₹ 3,830.56 crore in 2008-09 to ₹ 7,838.80 crore in 2012-13 whereas the loan investment has grown by 9.21 percent from ₹ 11,756.98 crore in 2008-09 to ₹ 12,839.83 crore in 2012-13 as shown in the graph below:



1.9 The investment in important sectors and percentage thereof at the end of 31 March 2009 and 31 March 2013 are indicated below in the bar chart. The thrust of PSUs investment in the State was mainly in power sector. Its percentage share in overall investments remained almost constant. It was 85.95 per cent in 2008-09 and 85.19 per cent in 2012-13.



Budgetary outgo, grants/subsidies, guarantees and loans

1.10 The details regarding budgetary outgo from the State Government towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of the State PSUs are given in *Annexure 3*. The summarised position is given below for three years ended 2012-13:

Table 1.2

(Amount: ₹ in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital	2	33.04	1	1.67	2	15.91
2.	Loans given to the PSUs	-	-	-	-	2 ¹	38.75
3.	Grants/Subsidy to the PSUs	3	3,656.76	3	3,309.55	5	3,689.21
4.	Total Outgo (1+2+3)	4 ²	3,689.80	4 ²	3,311.22	7 ²	3,743.87
5.	Guarantees issued	7	21,339.58	8	26,123.95	9	35,379.50 ³
6.	Cumulative Guarantee Commitment	9	32,063.11	10	35,565.07	11	44,899.21

1.11 The amount of guarantee commitment as on 31 March 2012 was ₹35,565.07 crore (10 PSUs) which increased to ₹44,899.21 crore (11 PSUs) as on 31 March 2013.

The State Government charged guarantee fee at the rate of $\frac{1}{8}$ per cent in case of PSUs engaged as procuring agencies and 0.5 to 2 per cent from the other

¹ Punjab Agro Juices Limited without interest and PEPSU Road Transport Corporation @ 12 per cent per annum

² Actual number of PSUs which received budgetary support

³ Increase in guarantees issued was mainly due to increase in guarantees issued to Punjab State Power Corporation Limited (₹ 7,924.39 crore in 2012-13 as compared to ₹4,010.00 crore in 2011-12) and State Procurement Agencies (₹ 26,919.33 crore in 2012-13 as compared to ₹ 21,942.46 crore in 2011-12).

PSUs. During the year, the PSUs paid guarantee fee of ₹ 33.66 crore (excluding ₹ 3.72 crore pertaining to previous years) out of ₹ 264.21 crore payable, leaving a balance of ₹ 230.55 crore. Major defaulters were: Punjab State Power Corporation Limited (₹ 184.50 crore) and Punjab State Industrial Development Corporation Limited (₹ 26.63 crore).

Reconciliation with Finance Accounts

1.12 The figures in respect of equity, loans and guarantees outstanding as per the 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 differences. The position in this regard as on 31 March 2013 is given below:

Table 1.3

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts (Provisional)	Amount as per records of PSUs	Difference
Equity	3,575.43	7,707.12	4,131.69
Loans	1,634.61	297.88	1,336.73
Guarantees	44,564.22	44,899.21	334.99

1.13 Some of the differences were pending reconciliation since 1985-86. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of the PSUs

1.14 The summarized financial results of Government companies and Statutory corporations for the latest year for which accounts were finalized are given in *Annexure – 2*. Out of 31 working PSUs⁴ for which the accounts were received upto 30 September 2013, 14 PSUs earned profit of ₹ 66.53 crore and 12 PSUs incurred loss of ₹ 2,121.81 crore. Three⁵ working PSUs prepared their accounts on 'no profit no loss' basis and two⁶ working PSUs are yet to start commercial activities. The major contributors to profit were four PSUs viz. Punjab State Forest Development Corporation Limited (₹ 16.99 crore), Punjab Genco Limited (₹ 13.75 crore), Punjab State Container and Warehousing Corporation Limited (₹ 13.24 crore), and Punjab Financial Corporation (₹ 7.33 crore). Heavy losses were incurred by four PSUs viz. Punjab State Power Corporation Limited (₹ 1,639.77 crore), Punjab State Warehousing Corporation (₹ 222.02 crore), Punjab State Grains Procurement Corporation Limited (₹ 129.72 crore), and Punjab State Transmission Corporation Limited (₹ 56.47 crore).

⁴ For the year 2007-08 (one PSU); 2008-09 (two PSUs); 2010-11 (nine PSUs); 2011-12 (12 PSUs) and 2012-13 (seven PSUs)

⁵ Punjab Police Hosing Corporation Limited, Punjab Police Security Corporation Limited and Punjab Municipal Infrastructure Development Company

⁶ Punjab Agro Power Corporation Limited and Gidderbaha Power Corporation Limited

A review of the latest three years Audit Reports of the Comptroller and Auditor General shows that the state PSUs incurred controllable losses/avoidable expenditure of ₹ 6290.62 crore and infructuous investments of ₹ 13.25 crore which were controllable with better management.

Table 1.4

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	Total
Controllable losses/ avoidable expenditure as per CAG's Audit Report	2,267.60	737.93	3285.09	6290.62
Infructuous Investment	6.98	6.27	Nil	13.25

1.15 The State Government had formulated (April 1999) a policy under which all PSUs are required to pay a minimum return of four *per cent* on the funds invested by the State Government. As per their latest finalised accounts, 14 PSUs earned an aggregate profit of ₹ 66.53 crore of which four PSUs declared a dividend of ₹ 3.59 crore at the rate ranging from four *per cent* to hundred *per cent*. The remaining 10 PSUs did not declare dividend despite earning profits of ₹ 18.72 crore.

Arrears in finalisation of accounts

1.16 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in the case of Statutory corporations, their accounts are to be finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by the working PSUs in finalisation of accounts by 30 September 2013:

Table 1.5

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Number of Working PSUs	33	31	31	31	31
2.	Number of accounts finalised during the year	38	33	28	29	31 ⁷
3.	Number of accounts in arrears	57	49 ⁸	39 ⁹	41	41
4.	Average arrears per PSU (3/1)	1.73	1.58	1.26	1.32	1.32
5.	Number of Working PSUs with arrears in accounts	25	23	24	24	24
6.	Extent of arrears (years)	1 to 5	1 to 6	1 to 4	1 to 5	1 to 4

⁷ It represents 27 accounts of working companies and four accounts of statutory corporations.

⁸ Excluding six accounts of two companies which became non-working during the year

⁹ Excluding 13 accounts of three companies which became non-working during the year

1.17 The average number of accounts in arrears *per* working PSU decreased from 1.73 in 2008-09 to 1.32 in 2012-13. The PSUs having arrears of accounts need to take effective measures for early clearance of backlog and make the accounts up-to-date. The PSUs should also ensure that at least one year's accounts are finalised each year so as to restrict further accumulation of arrears.

1.18 In addition to the above, there were arrears in finalisation of the accounts of the non-working PSUs. Out of 21 non-working PSUs, eight¹⁰ had gone into liquidation process. The remaining 13 non-working PSUs had arrears of accounts ranging from one to 22 years.

1.19 The State Government had invested ₹ 7,028.36 crore (Equity: ₹ 1.67 crore, grants/subsidy: ₹ 7,026.69 crore) in six PSUs during the years for which accounts were not finalised as detailed in *Annexure 4*. In the absence of finalisation of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not. Thus, Government's investment in such PSUs remained outside the scrutiny of the State Legislature. Further, delay in finalisation of the accounts may result in risk of fraud and leakage of public money, apart from violation of the provisions of the Companies Act, 1956.

1.20 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed bi-annually by the Accountant General (Audit) Punjab, of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this, the net worth of these PSUs could not be assessed in audit.

1.21 In view of the above mentioned state of arrears, it is recommended that:

- **The Government may set up a cell to oversee the clearance of arrears and set targets for individual companies.**
- **The Government / PSUs may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.**

Winding up of non-working PSUs

1.22 Of the 21 non-working PSUs (all companies) as on 31 March 2013, eight were under liquidation/winding up process. The numbers of non-working

¹⁰ Companies at Sl. No. C-2, 6, 7, 8, 9, 11, 12 and 21 of Annexure 2

companies during the last past five years were 17 (2008-09), 19 (2009-10), 22 (2010-11), 22 (2011-12) and 21 (2012-13).

During the year 2012-13, one company viz. Intermagnetics India Limited was closed under Fast Track Exit Mode of Ministry of Corporate Affairs. The non-working PSUs are required to be closed down as their existence is not going to serve any purpose.

1.23 The stages of closure in respect of the non-working PSUs are as follows:

Table 1.6

Sl. No.	Particulars	Number
1.	Total No. of non-working PSUs	21
2.	Of (1) above, the number under	
(a)	Liquidation by Court (liquidator appointed)	3
(b)	Voluntary winding up (liquidator appointed)	5
(c)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started.	7 ¹¹

1.24 The companies which have taken the route of winding up by Court order are under liquidation for a period ranging from 4 to 30 years. The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/ pursued vigorously.

The Government may take a decision regarding winding up of the remaining six non-working PSUs which have become defunct. The Government (Directorate of Disinvestment)¹² may expedite the process of closing down of the non-working companies.

Accounts comments

1.25 Twenty Three working companies forwarded their 27 accounts to Audit during the year 2012-13. Of these, 25 accounts of 22 companies were selected for supplementary audit. Similarly, three working Statutory corporations forwarded their four accounts to Audit during the year 2012-13¹³. Of these, two accounts of two statutory corporations pertained to sole audit by CAG. The audit reports of statutory auditors appointed by CAG and the supplementary/ sole audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of the statutory auditors and CAG are given below:

¹¹ Companies at Sl. No. C- 1, 4, 10, 13, 14, 15 & 16 of Annexure-2
¹² A cell established for disinvestment of State Government equity in State PSUs/ Subsidiaries and for restructuring/privatisation, etc. of these PSUs.
¹³ October 2012 to 30 September 2013

Table 1.7

(Amount: ₹ in crore)

Sl. No.	Particulars	Companies				Corporations			
		2011-12		2012-13		2011-12		2012-13	
		No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount
1.	Decrease in Profit	6	682.99	3	1,498.83	-	-	1	0.47
2.	Increase in Loss	2	0.78	5	1,204.08	2	45.79	4	173.81
3.	Decrease in Loss	1	0.74	-	-	-	-	-	-
4.	Non disclosure of material facts	3	172.73	6	16,950.10	2	3.20	5	16.72
5.	Errors of classification	2	4.83	7	1,693.07	-	-	3	235.11
	Total		862.07		21,346.08		48.99		426.11

1.26 During the year, the statutory auditors had given unqualified certificates for six accounts, qualified certificates for 19 accounts, adverse certificates (which mean that accounts do not reflect a true and fair position) for two accounts. Qualifications by statutory auditors had the effect of increasing the loss of PWRMDCL¹⁴, PSIDC¹⁵ and PSPCL¹⁶ by ₹ 18.54 crore, ₹ 1.38 crore and ₹ 389.28 crore respectively. Similarly, their qualification also had the effect of turning the reported profit in PAFCL¹⁷ and PUNSUP¹⁸ into loss of ₹ 392.36 crore and ₹ 1,006.16 crore respectively. During the year, all the four accounts of Statutory corporations received qualified certificates.

1.27 Some of the important comments in respect of the accounts of companies and Statutory corporations finalised during the year 2012-13 are tabulated below:

Table 1.8

Name of the Company	Year of account	Gist of the comment
PSIDC	2011-12	Non provision for investment of ₹ 13.80 crore (₹ 9.53 crore in equity and ₹ 4.27 crore in Share Application money) in companies under compulsory winding up since 1996-2005.
Punjab Genco Ltd.	2011-12	Non provision and non disclosure of disputed trade receivables from erstwhile Punjab State Electricity Board/ Punjab State Power Corporation Limited on account of sale of power/ energy bills of ₹ 9.49 crore for the period from 2000-01 to 2011-12.
PUNSUP	2011-12	<ul style="list-style-type: none"> Closing stock included 2,12,570 quintals of damaged paddy valued at ₹ 31.34 crore which was sold at an aggregate value of ₹ 14.99 crore. Other income included ₹ 393.28 crore recoverable from Government of India (GOI)/ Food Corporation of India (FCI) against actual recoverable of ₹ 320.11 crore for the years 2008-12.

¹⁴ Punjab Water Resources Management and Development Corporation Limited

¹⁵ Punjab State Industrial Development Corporation Limited

¹⁶ Punjab State Power Corporation Limited

¹⁷ Punjab Agro Foodgrains Corporation Limited

¹⁸ Punjab State Civil Supplies Corporation Limited

PICTCL ¹⁹	2011-12	<ul style="list-style-type: none"> Understatement of loss by ₹ 1.80 crore due to non-adjustment of decrease in value of investment of ₹ 9.10 crore, reinvested at ₹ 7.30 crore. Inventories included interest of ₹ 2.06 crore paid to allottees on account of cancellation of plots and required to be charged to the Profit and Loss Account.
PWRMDCL	2011-12	Overstatement of accumulated losses and understatement of Current Assets, Loans and Advances by ₹ 2.15 crore due to incorrect calculation of subsidy recoverable from State Government as on 31 March 2006. The Company admitted the error in April 2010 but promise to rectify the error was not fulfilled.
PAFCL	2010-11	<ul style="list-style-type: none"> Sundry Debtors included ₹ 10.64 crore shown recoverable from FCI on account of statutory deductions of storage gain relating to period 1997-98 to 2010-11. Loans and Advances did not include ₹ 1.38 crore recoverable from Department of Agriculture Govt. of Punjab on account of subsidy on the sale of wheat seed.
PSPCL ²⁰	2010-11	<ul style="list-style-type: none"> Incorrect adjustment of loss of ₹ 1,639.77 crore incurred during 2010-11 against the Reserves and Surplus comprising mainly of Capital Reserves resulted in understatement of Miscellaneous Expenditure to the extent not written off/ adjusted (Debit balance as per Profit and Loss Account) as well as Reserves and Surplus. Capital work in Progress included the expenditure of ₹ 202.81 crore towards 66 KV substation which were completed but not transferred to fixed assets. Understatement of other liabilities and losses by ₹ 721.54 crore due to non provision of liability of arrears of pay and allowances on implementation of pay commission recommendation and arrear bills of power purchased/ received from National Hydro Power Corporation. Overstatement of capital expenditure and understatement of losses of ₹ 24.94 crore due to incorrect capitalisation of interest and finance charges of Shahpur Kandi Dam Project.
Name of Statutory corporation	Year of account	Gist of the comment
PSWC	2010-11	Overstatement of accumulated losses due to understatement of the claims on account of procurement from Director General Supplies & Disposals by ₹3.18 crore.
PRTC ²¹	2011-12	Understatement of other liabilities and loss by ₹ 1.37 crore due to non provision of liability of house tax & fire cess of PRTC bus stand and workshop building at Sangrur for the years 2008-09 to 2011-12.

It is evident from the above that these Companies have huge accumulated losses and their borrowings position is also over reasonable limits and are financing their accumulated losses by borrowings.

1.28 The statutory auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3) (a) of the Companies Act, 1956 and to

¹⁹ Punjab Information and Communication Technology Corporation Limited

²⁰ Punjab State Power Corporation Limited

²¹ PEPSU Road Transport Corporation

identify areas which needed 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 thirteen²² companies for the year 2012-13 are given in the following table.

Table 1.9

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies in respect of which recommendations were made	Reference to serial number of the companies as per Annexure 2
1.	Non-fixation of minimum/ maximum limits of store and spares.	5	A-2, A-8, A-13, A-14 and A-24
2.	Absence of internal audit system commensurate with the nature and size of business of the company.	7	A-8, A-14, A-21, A-23, A-24, A-25 and A-27
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.	3	A-8, A-14, and A-25
4.	Non existence of system of proper documentation of software programme / no approved IT plan.	7	A-2, A-5, A-9, A-10, A-14, A-25 and A-27
5.	Non computerization of operations	5	A-2, A-5, A-14, A-24 and A-25
6.	Non existence of Audit committee.	5	A-2, A-8, A-14, A-22 and A-27
7.	No clear cut credit policy	3	A-8, A-13, and A-14

Recoveries at the instance of Audit

1.29 During the course of audit in 2012-13, recoveries of ₹ 23.05 crore were pointed out to the Management of 7 PSUs out of which recoveries of ₹ 21.87 crore were admitted by PSUs. Against this, an amount of ₹ 1.86 crore was recovered during the year 2012-13.

Status of placement of Separate Audit Reports

1.30 The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory corporations in the Legislature by the Government.

²² Companies at Sl. No. A- 2, 5, 8, 9, 10, 13, 14, 21, 22, 23, 24, 25 and 27 in Annexure 2

Table 1.10

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government
1.	Punjab Financial Corporation	2008-09	2009-10	08 August 2011
			2010-11	22 March 2012
			2011-12	29 December 2012
2.	Punjab Scheduled Castes Land Development & Finance Corporation	2009-10	2010-11	07 June 2013
3.	PEPSU Road Transport Corporation	2010-11	2011-12	11 July 2013
4	Punjab State Warehousing Corporation	2008-09	2009-10	12 October 2012
			2010-11	10 June 2013

No reasons were advanced by the Government for delay in placement of SARs in the Legislative Assembly. Delay in placement of SARs weakens the legislative control over the Statutory corporations and dilutes the latter's financial accountability. The Government needs to ensure prompt placement of SARs in the legislature.

Disinvestment, privatisation and restructuring of PSUs

1.31 The State Government established (July 2002) the Directorate of Disinvestment under the Department of Finance, with the function relating to disinvestment of State Government equity held in Public Sector Undertakings and their subsidiaries/promoted companies and restructuring/ privatisation etc. of the PSUs. During the year 2012-13, the process of disinvestment in the three PSUs viz. PSIDC's shareholding in Punjab Alkalies and Chemicals Limited, Punjab Agro Juices Limited and Punjab Information & Communication Technology Corporation Limited's shareholding in Punjab Communications Limited were carried out. However, no PSU was completely disinvested by the Directorate during the year 2012-13.

General

1.32 Follow-up Action on Audit Reports

1.32.1 The Audit Reports of the Comptroller and Auditor General of India represent the culmination of the process of scrutiny, starting with initial inspection of accounts and records maintained in various offices and departments of the Government. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The State Finance Department issued instructions (August 1992) to all the administrative departments to submit detailed notes, duly vetted by Audit indicating the

corrective/remedial action taken or proposed to be taken on paragraphs and reviews included in the Audit Reports, within three months of their presentation to the Legislature, without waiting for any notice or call from the Committee on Public Undertakings (COPU).

The Audit Reports for the years 2002-03 to 2011-12 featuring 219 paragraphs/reviews relating to PSUs under the administrative control of 11 departments were placed in the State Legislature on the dates indicated in the following table. Replies in respect of 66 paras/reviews were awaited from seven departments of the State Government by 30 September 2013.

Table 1.11

Year of the Audit Report (PSUs)	Date of Presentation	Total no. of paragraphs/reviews in the Audit Report	Number of paragraphs/reviews for which detailed notes were not received.
2002-03	June 2004	23	1
2003-04	March 2005	22	3
2004-05	March 2006	23	3
2005-06	March 2007	28	2
2006-07	March 2008	25	5
2007-08	March 2009	24	9
2008-09	March 2010	22	8
2009-10	March 2011	18	4
2010-11	March 2012	15	15
2011-12	March 2013	19	16
Total		219	66

The departments largely responsible for non-submission of detailed notes were Power, Finance, Agriculture, Food and Supplies, Industries and Transport. The Government did not respond to important reviews that highlighted delay in taking action against defaulting millers for failure to get the paddy milled within the stipulated period, avoidable payment of transportation charges and failure to take up the matter regarding reimbursement of interest and custody and maintenance charges with State Government/ FCI and deficiencies in planning, construction and commissioning of projects, purchase of power and failure to levy penalty in accordance with terms and conditions of the agreements for kilometres lost due to non provision of drivers and conductors by the contractors.

Action Taken Notes on Reports of Committee on Public Undertakings (COPU)

1.32.2 As per Rule 25 of the Internal Working Rules of COPU, Punjab Legislative Assembly, replies to the recommendations in the form of Action Taken Notes (ATNs) are to be submitted by the administrative department of the PSU within six months from the date of placement of Report of COPU in the State Legislature. The following table indicates the delay in furnishing replies to paragraphs which have appeared in the report of COPU in the form of ATNs as on 30 September 2013.

Table 1.12

Report no. of COPU	Date of presentation to the Legislature	No. of paragraphs for which ATN is awaited
84 th	24 March 2008	2
89 th	6 March 2009	4
95 th	18 March 2011	5
98 th	25 March 2011	3
99 th	21 March 2013	6
102 nd	21 March 2013	8

Response to Inspection Reports, Draft Paras and Reviews

1.32.3 Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of the State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through respective heads of departments within a period of four weeks. Inspection Reports issued up to March 2013 showed that 2,638 paragraphs relating to 931 Inspection Reports pertaining to 41 PSUs were outstanding at the end of 30 September 2013.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. However, 13 draft paragraphs and two draft performance reviews forwarded to the various State Government departments during April 2013 to September 2013 had not been replied so far (September 2013).

It is recommended that the Government should ensure that: (a) procedure exists for action against the officials who fail to send replies to inspection reports/draft paragraphs/reviews as per the prescribed time schedule; (b) action to recover loss/outstanding advances/overpayment is taken within prescribed period and (c) the system of responding to audit observations is revamped.