

CHAPTER I

OVERVIEW OF GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS

Chapter I

1. Overview of Government companies and Statutory corporations

Introduction

1.1 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 while keeping in view the welfare of the people. In Bihar, the State working PSUs registered a turnover of ₹ 7924.89 crore for 2013-14 as per their latest finalised accounts as of September 2014. The major activities of State PSUs are concentrated in Power Sector. The State PSUs earned profit of ₹ 11.86 crore in the aggregate as per their latest finalised Accounts. They had 0.17 lakh¹ employees as of 31 March 2014.

1.2 As on 31 March 2014, there were 73 PSUs as per the details given in Table No.1.1 and none of them was listed on the stock exchange(s).

Table No: 1.1

Type of PSUs	Working PSUs	Non-working PSUs ²	Total
Government companies ³	30	40	70
Statutory corporations	3	-	3
Total	33	40	73

1.3 The above 30 working Government companies include two companies, namely, Pirpainti Bijli Company Private Limited and Lakhisarai Bijli Company Private Limited incorporated on 11 April 2008 and 23 April 2008 respectively, under the Companies Act, 1956, which were entrusted during the year.

Audit Mandate

1.4 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617 of the Act, 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 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 as per Section 619-B of the Companies Act, 1956.

¹ As per the details provided by 41 PSUs.

² Non-working PSUs are those which have ceased to carry on their operations.

³ Includes 619-B companies.

1.5 The Accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, appointed by Comptroller and Auditor General of India (CAG) under the provisions of Section 619(2) of the Companies Act, 1956. These Accounts are also subject 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. Out of three Statutory corporations, CAG is the sole auditor for the Bihar State Road Transport Corporation (BSRTC). In respect of Bihar State Warehousing Corporation (BSWC) and Bihar State Financial Corporation (BSFC), the audit is conducted by Chartered Accountants and CAG.

Investment in State PSUs

1.7 As on 31 March 2014, the investment (Capital and Long-Term Loans) in State PSUs was ₹ 28220.98 crore as per details given in Table No.1.2.

Table No:1.2

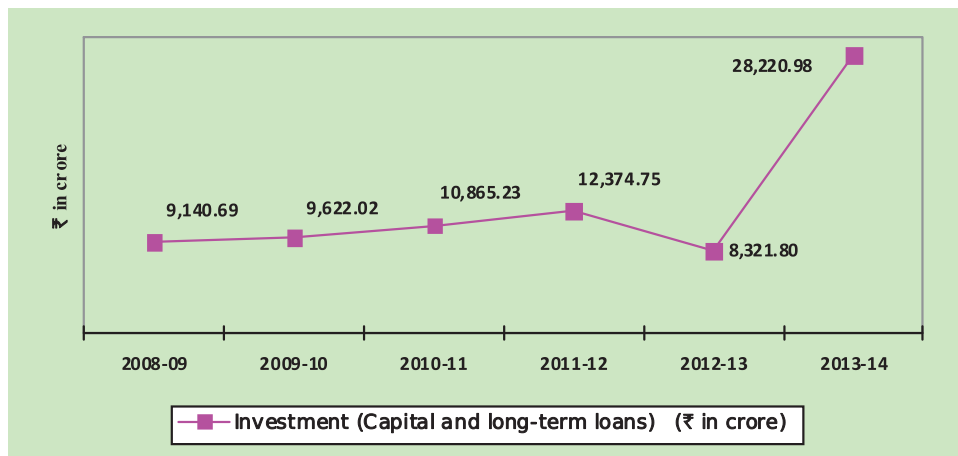
(₹ in crore)

Type of PSUs	Government companies			Statutory corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	17957.07	8573.10	26530.17	185.53	776.26	961.79	27491.96
Non-working PSUs	180.79	548.23	729.02	-	-	-	729.02
Total	18137.86	9121.33	27259.19	185.53	776.26	961.79	28220.98

A summarised position of Government investment in State PSUs is detailed in *Annexure- 1.1*.

1.8 As on 31 March 2014, of the total investment in State PSUs, 97.42 per cent was in working PSUs and the remaining 2.58 per cent in non-working PSUs. This total investment consisted of 64.93 per cent towards equity capital and 35.07 per cent in long-term loans. This investment has increased by 208.74 per cent from ₹ 9140.69 crore in 2008-09 to ₹ 28220.98 crore in 2013-14 as shown in the Chart No.1.1.

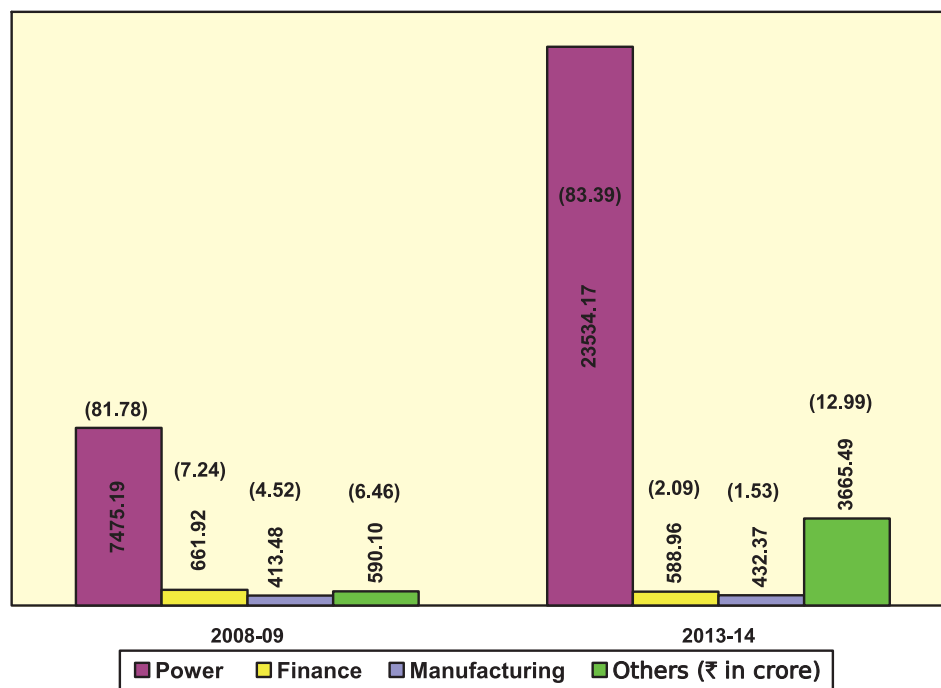
Chart No: 1.1



1.9 The investment in various important sectors and percentage thereof at the end of 31 March 2009 and 31 March 2014 are indicated in the chart No.1.2. The thrust of PSU investment was mainly on the Power Sector during the past six years. During the current year, it increased by 214.83 per cent from ₹ 7475.19 crore in 2008-09 to ₹ 23534.17⁴ crore in 2013-14 consequent upon the unbundling of erstwhile Bihar State Electricity Board into five companies⁵ and release of budgetary support by the State Government. The investment in other sectors had also increased by 181.41 per cent in 2013-14 as compared to 2008-09.

Chart No. 1.2

Investment in important sectors (₹ in crore)



(Figures in brackets show the percentage of total investment)

Budgetary outgo, Grants/subsidies, Guarantees and loans

1.10 The details regarding Budgetary outgo towards Equity, Loans, Grant/ Subsidies, in respect of State PSUs are given in *Annexure- 1.2*. The summarised details are given in Table No. 1.3 for three years ended 2013-14.

⁴ The figure includes ₹ 17676.15 crore as Equity capital allocated to Bihar State Power (Holding) Company Limited (₹ 8923.96 crore), Bihar State Power Generation Company Limited (₹ 2005.42 crore), Bihar State Power Transmission Company Limited (₹ 2307.08 crore), North Bihar Power Distribution Company Limited (₹ 2170.84 crore) and South Bihar Power Distribution Company Limited (₹ 2268.85 crore) as per the information furnished by these Companies.

⁵ Bihar State Power (Holding) Company Limited, Bihar State Power Generation Company Limited, Bihar State Power Transmission Company Limited, North Bihar Power Distribution Company Limited and South Bihar Power Distribution Company Limited.

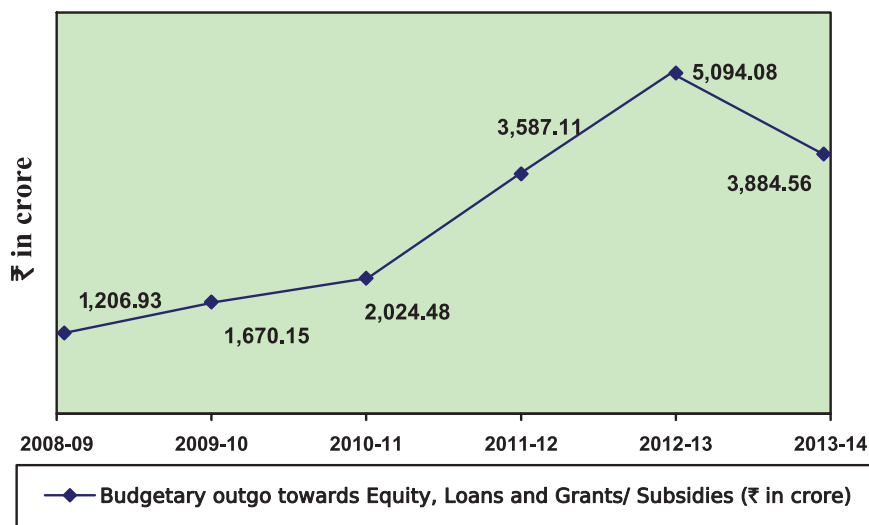
Table No: 1.3

(₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	2	2.00	4	1481.94	4	744.73
2.	Loans outgo from budget	4	1,464.87	4 ⁶	677.17 ⁷	4	1079.54
3.	Grants/Subsidy outgo	1	2,120.24	6 ⁸	2934.97 ⁹	6	2060.29
4.	Total outgo ¹⁰	6	3,587.11	11	5094.08	11	3884.56
5.	Interest/Penal interest written off	-	-	-	-	-	-
6.	Guarantees issued	-	-	-	-	5	2648.83
7.	Guarantee Commitment	1	3.47	2	73.06	5	2910.89

1.11 The details regarding budgetary outgo towards Equity, Loans and Grants/ Subsidies for past six years are given in Chart No. 1.3.

Chart No: 1.3



The budgetary support in the form of Equity, Loans and Grants/ Subsidies by the State Government during the years 2008-09 to 2013-14 had been showing an increasing trend. The budgetary support increased from ₹ 1206.93 crore in 2008-09 to ₹ 3884.56 crore in 2013-14. Out of ₹ 3884.56 crore, the Power

⁶ It includes erstwhile Bihar State Electricity Board.

⁷ It includes loan received by erstwhile Bihar State Electricity Board.

⁸ It includes erstwhile Bihar State Electricity Board.

⁹ It includes subsidy received by erstwhile Bihar State Electricity Board.

¹⁰ Total outgo represents the total budgetary support to actual number of companies in the form of equity, loans and grant/subsidy during the year.

Sector received ₹ 2867.02 crore (73.80 per cent of total budgetary support received from State Government) during the year 2013-14. At the end of the year, Guarantees on Loans aggregating ₹ 2910.89 crore were outstanding against five¹¹ PSUs. Guarantee commission of ₹ 8.87 lakh pertaining to the year up to 1982-83 against Bihar State Financial Corporation and ₹ 1.63 crore for the year 2013-14 against Bihar State Food and Civil Supplies Corporation Limited were outstanding.

Reconciliation with Finance Accounts

1.12 The figures in respect 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 differences. The position in this regard as on 31 March 2014 is stated in Table No. 1.4.

Table No:1.4

Outstanding in respect of	Amount as per Finance Accounts ¹²	Amount as per records of PSUs	Difference
Equity	491.51	10164.99	9673.48
Loans	4031.72	4691.99	660.27
Guarantees	789.23	2910.89	2121.66

(₹ in crore)

1.13 The Accountant General (Audit) had taken up (October 2011) the issue with the Chief Secretary and the Finance Secretary with the latest reminder in November 2014 to the Principal Secretary, Finance Department, Government of Bihar, to reconcile the differences after examination. However, this has not yet been done (September 2014). The Government and the PSUs should take concrete steps to reconcile the differences in a time bound manner.

Performance of PSUs

1.14 The financial results of all the PSUs are given in *Annexure-1.3*. The financial position and working results of Statutory corporations are detailed in *Annexure 1.4 and 1.5* respectively.

1.15 As per latest finalised Accounts, out of 33 working PSUs, 14 PSUs earned Profit of ₹ 240.12 crore and 15 PSUs incurred Loss of ₹ 203.16 crore. Out of the remaining four PSUs, two¹³ PSUs submitted its first Accounts

¹¹ Bihar State Backward Classes Finance and Development Corporation, Bihar State Minorities Financial Corporation Limited, Bihar State Road Development Corporation Limited, Bihar State Power Generation Company Limited and Bihar State Food and Civil Supplies Corporation Limited.

¹² The information is in respect of 46 PSUs (out of 73 PSUs) as appearing in Finance Accounts.

¹³ Bihar State Power Generation Company Limited and Bihar State Power Transmission Company Limited.

which had nil profit/loss and two PSUs¹⁴ had not finalised its first Accounts (September, 2014). The major contributors of Profit were Bihar Rajya Pul Nirman Nigam Limited (₹ 106.99 crore), Bihar State Road Development Corporation Limited (₹ 37.36 crore) and Bihar State Beverages Corporation Limited (₹ 39.28 crore). The PSUs which incurred heavy losses were North Bihar Power Distribution Company Limited (₹ 74.26 crore), South Bihar Power Distribution Company Limited (₹ 22.79 crore) and Bihar State Road Transport Corporation (₹ 57.69 crore) as per their latest finalised accounts.

1.16 A review of latest three years Audit Reports of CAG shows that the working PSUs in the State incurred controllable losses to the tune of ₹ 1224.28 crore and infructuous investment of ₹ 55.79 crore. Year-wise details from Audit Reports are stated in Table No. 1.5.

Table No: 1.5

Particulars	(₹ in crore)			
	2011-12	2012-13	2013-14	Total
Controllable losses as per CAG's Audit Report	852.42	103.78	268.08	1224.28
Infructuous Investment	21.48	1.81	32.50	55.79

1.17 The above losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses could be much more. The above table indicates the need for effective management and control and ensuring accountability in the functioning of PSUs.

1.18 The State Government had not formulated any Dividend Policy for PSUs to pay a minimum Dividend so as to ensure return on its investments. As per their latest finalised Accounts, 14 PSUs earned an aggregate Profit of ₹ 240.12 crore. However, out of 14 PSUs, only three Companies viz. Bihar Rajya Pul Nirman Nigam Limited, Bihar State Beverages Corporation Limited and Bihar State Building Construction Corporation Limited proposed a dividend of ₹ 1.05 crore, ₹ 6.00 crore and ₹ 0.50 crore respectively.

Arrears in finalisation of Accounts

1.19 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 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 progress made by working PSUs in finalisation of its accounts by September 2014 are given in Table No. 1.6.

¹⁴ Pirpainti Bijli Company Private Limited and Lakhisarai Bijli Company Private Limited.

Table No: 1.6

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Number of Working PSUs	25	25	26	31 ¹⁵	33
2.	Number of Accounts finalised during the year	17	34	23	26	31
3.	Number of Accounts in arrears	213	186	191	196	199 ¹⁶
4.	Average arrears per PSU (3/1)	8.52	7.44	7.35	6.32	6.03
5.	Number of Working PSUs with arrears in Accounts	25	23	25	29	29
6.	Extent of arrears (years)	1 to 21	1 to 21	1 to 22	1 to 23	1 to 23

1.20 Out of 33 working PSUs, only four¹⁷ PSUs had finalised their accounts for the year 2013-14 and remaining 29 PSUs had arrears of 199 Accounts as of 30 September 2014. The Accounts of 29 PSUs were in arrears for periods ranging from one year to 23 years. Although average of arrears per PSU had declined from 8.52 per PSU in 2009-10 to 6.03 per PSU in 2013-14 but situation is still pathetic. The reasons for arrears in accounts were delays in preparation/certification of Accounts, delays in holding of Annual General Meeting and shortage of manpower.

1.21 In addition to above, there were also arrears in finalisation of Accounts by non-working PSUs. Out of 40 non-working PSUs, nine PSUs were in the process of liquidation as of 31 March 2014. Of the remaining 31 non-working PSUs, the extent of arrears of accounts was from 17 to 35 years.

1.22 The State Government had invested ₹ 5982.80 crore (Equity: ₹ 689.56 crore, Loans: ₹ 2829.77 crore, Grants: ₹ 540.04 crore and others (subsidy): ₹ 1923.43 crore) in 32 PSUs during the years for which Accounts had not been finalised as detailed in *Annexure- 1.6*. In the absence of finalised Accounts and their subsequent audit, it could not be ensured whether the Investments and Expenditure incurred had been properly accounted for and the purpose for which the amount was invested had been achieved. Thus, Government's Investment in such PSUs remained outside the scrutiny of the State Legislature. 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.

¹⁵ It includes five new Power Sector companies which commenced their business from November 2012.

¹⁶ The arrear in accounts at the end of 2012-13 (30 September) was taken as 196 instead of 197, due to exclusion of one accounts of erstwhile Bihar State Electricity Board which was not included in the number of working PSUs in 2012-13 consequent upon unbundling into five Companies.

¹⁷ Bihar State Financial Corporation, Bihar State Building Construction Corporation Limited, Bihar Grid Company Limited and North Bihar Power Distribution Company Limited.

1.23 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. The Accountant General brought (October 2014) the position of arrears of Accounts to the notice of the Chief Secretary and the Principal Secretary/Secretary of the concerned administrative department. No significant remedial measures were, however, taken. As a result of this, the net worth of these PSUs could not be assessed in audit.

1.24 In view of above state of arrears, it is recommended that the Government should expedite the clearance of arrears in finalisation of Accounts and monitor the timely finalisation of Accounts in conformity with the provisions of the Companies Act, 1956.

Winding up of non-working PSUs

1.25 There were 40 non-working PSUs (all Companies) as on 31 March 2014. Of these, nine PSUs were under liquidation process as on 31 March 2014. During 2013-14, one¹⁸ non-working PSU incurred an expenditure of ₹ 8.07 crore towards salary, wages, establishment expenditure, etc.

1.26 The stages of closure in respect of non-working PSUs as on 31 March 2014 are given in Table No. 1.7.

Table No: 1.7

Sl. No.	Particulars	Companies	Statutory corporations	Total
1.	Total No. of non-working PSUs	40	-	40
2.	Of (1) above, the number under			
(a)	Liquidation by Court (Liquidator appointed)	4 ¹⁹	-	4
(b)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started/in-progress.	5 ²⁰	-	5

1.27 During the year 2013-14, no PSU was finally wound up. The companies which have taken the route of winding up by Court order are under liquidation for a period of more than 14 years. The process of voluntary winding up under the Companies Act, 1956 is much faster and needs to be adopted/ pursued vigorously. It is recommended that the Government should take a decision regarding winding up of remaining 31 non-working PSUs

¹⁸ Bihar State Industrial Development Corporation Limited.

¹⁹ Kumardhubi Metal Casting and Engineering Limited, Bihar State Leather Industries Development Corporation Limited, Bihar State Finished Leathers Corporation Limited and Bihar State Small Scale Industries Corporation Limited.

²⁰ Bihar State Pharmaceuticals and Chemicals Development Corporation Limited, Bihar State Textiles Corporation Limited, Bihar State Water Development Corporation Limited, Bihar State Dairy Corporation Limited, and Bihar Hill Area Lift Irrigation Corporation Limited.

where no decision about their continuation or otherwise has been taken after they became non-working.

Accounts Comments and Internal Audit

1.28 Nineteen working companies²¹ forwarded their 28 Accounts to the Accountant General during the year 2013-14²². Of these, 16 Accounts of the companies were selected for supplementary audit. The Audit Reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicated that the quality of maintenance of Accounts needs to be improved substantially. The details of aggregate monetary implications of comments of Statutory Auditors and CAG are given in Table No. 1.8.

Table No: 1.8

(₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in Profit	6	64.86	5	8.76	2	51.20
2.	Increase in Loss	4	17.19	7	7.28	7	49.20
3.	Non-disclosure of material facts	1	3.71	1	2.70	9	4914.22
4.	Error of Classification	-	-	-	-	4	357.95

1.29 During the year, the Statutory Auditors had given qualified certificates for 32 Accounts²³ finalised by 20 companies²⁴. The compliance to the Accounting Standards by the companies remained poor as there were 15 instances of non-compliance with the Accounting Standard in the 12 accounts of 10²⁵ Companies during the year.

1.30 Some of the important comments of CAG in respect of Accounts of companies finalised during the year 2013-14 are stated below:-

Bihar State Educational Infrastructure Development Corporation Limited (2011-12)

Other income included interest income of ₹ 26.39 crore on temporary deposits of fund provided by the State Government for execution of specific projects which was considered by the Company as their revenue and credited to Profit & Loss Account in contravention of Accounting Standard-9 on Revenue recognition. The interest earned should have been credited to the Fund under Current Liabilities. Had interest earned during the year 2011-12 been credited

²¹ Sl. No. A4,A6,A7, A8,A9, A10, A12, A13,A14, A16,A17, A18,A19, A20, A21, A22, A23, A26 and A28 of *Annexure-1.3*.

²² During the period from October 2013 to September 2014.

²³ Working government companies (28) and Non-working government companies (4).

²⁴ Working government companies (19) and Non-working government companies (1).

²⁵ Sl. No. in *Annexure-1.3* are A4, A6, A9,A10,A12,A13,A14,A17,A18 and A26.

to the Fund provided by the State Government, the net profit of ₹ 24.15 crore would have turned into net loss of ₹ 2.24 crore.

Bihar Rajya Pul Nirman Nigam Limited (2011-12)

Other income included ₹ 22.80 crore as interest on Fixed deposit earned on temporary deposit of unutilised fund received from Government for execution of different projects/ schemes as Company's revenue and credited to Profit & Loss account in contravention of Accounting Standard-9 on Revenue recognition.

Accountal of the interest earned on Government Fund as Company's revenue resulted in overstatement of Other Income as well as profit and understatement of liabilities to the extent of ₹ 22.80 crore each.

Bihar State Power (Holding) Company Limited (2012-13)

Loans and Advances included ₹ 12.87 crore being the amount of advance income tax deducted at source during the years 2008-09 and 2009-10 which were transferred to the Company as opening balances subsequent to restructuring of Bihar State Electricity Board. As the Board had not filed income tax returns for the above periods and the same had already become time barred, the chances of recovery of the same were doubtful. Non provision for the doubtful debts had resulted in overstatement of Loans and Advances and understatement of provision for doubtful debts as well as Loss by ₹ 12.87 crore each.

1.31 Similarly, two working Statutory corporations forwarded three Accounts²⁶ to Accountant General during the year 2013-14²⁷ which were selected for audit. The Audit Reports of Statutory Auditors and the audit of CAG indicate that the quality of maintenance of Accounts needs to be improved substantially. The details of aggregate monetary implications of comments of Statutory auditors and CAG are given in Table No. 1.9.

Table No: 1.9

(₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in profit	1	0.33	1	0.19	1	3.75
2.	Increase in loss	1	1,888.94		Nil	1	0.64
3.	Non-disclosure of material facts	Nil	Nil	1	2.70	1	4.05

²⁶ Bihar State Financial Corporation (2012-13) (2013-14) and Bihar State Road Transport Corporation (2004-05).

²⁷ During the period from October 2013 to September 2014.

1.32 Significant comment in respect of Accounts of one Statutory corporation viz. Bihar State Warehousing Corporation finalised during the year 2013-14 is stated below:

Bihar State Warehousing Corporation (2009-10)

The Corporation against the demand of ₹ 2.73 crore by the LIC against group gratuity scheme till March 2010, made a provision of only ₹ 7.50 lakh. Thus, profit for 2009-10 was overstated and provision for Gratuity understated by ₹ 2.65 crore each.

1.33 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including Internal controls/ Internal audit systems in the companies that are audited by them in accordance with the directions issued by the CAG under Section 619(3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of important comments made by the Statutory Auditors on possible improvement in the Internal controls/Internal audit system in respect of 13 companies²⁸ for the year 2012-13 and 20 companies²⁹ for the year 2013-14 and are given in Table No. 1.10.

Table No: 1.10

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per Annexure-1.2
1.	Non-fixation of minimum/ maximum limits of store and spares	03	A-9, A-17, A-19
2.	Absence of Internal audit system commensurate with the nature and size of business of the Company	20	A-4, A-6, A-7, A-8 A-9, A-10, A-12, A-13, A-14, A-16, A-17, A-18, A-19, A-20, A-21, A-22, A-23, A-26, A-28, C-17
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	15	A-4, A-7, A-8 A-9, A-10, A-14, A-16, A-17, A-18, A-19, A-20, A-21, A-22, A-26, C-17

²⁸ Serial Number A-1, A-8, A-10, A-11, A-12, A-13, A-16, A-23, A-25, A-26, A-28, C-4 and C-17 as per *Annexure - 1.3*.

²⁹ Serial Number A-4, A-6, A-7, A-8 A-9, A-10, A-12, A-13, A-14, A-16, A-17, A-18, A-19, A-20, A-21, A-22, A-23, A-26, A-28 and C-17 as per *Annexure - 1.3*.

Recoveries at the instance of audit

1.34 During the course of propriety audit in 2013-14, recoveries of ₹ 81.98 crore were pointed out to the Management of various PSUs, of which recoveries of ₹ 14.21 crore were admitted by the PSUs. An amount of ₹ 3.11 crore was recovered during the year 2013-14.

Status of placement of Separate Audit Reports

1.35 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 is given in Table No. 1.11.

Table No: 1.11

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	Reasons for delay in placement in Legislature
1.	Bihar State Warehousing Corporation	2007-08	2008-09 2009-10	28 February 2011 8 January 2014	Reasons not made available by the Government
2.	Bihar State Financial Corporation	2010-11	2011-12 2012-13	23 March 2013 20 March 2014	
3.	Bihar State Road Transport Corporation	1973-74	1974-75 to 2002-03 (30) Details as under 1991-92 1992-93 1993-94 1994-95 1995-96 1996-97 1997-98 1998-99 1999-2000 2000-01 2001-02 2002-03 2003-04	9 June 1997 2 September 1998 2 September 1998 4 December 1998 18 April 2000 19 March 2004 19 October 2004 12 April 2005 07 October 2005 24 September 2007 26 October 2007 25 January 2010 20 May 2014	

Delay in placement of SARs weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. The issue of delay in placement of SARs before the State Legislature was brought to the notice of

Chief Minister, Bihar by the CAG in December 2010. There was no improvement in respect of placement of SARs of Bihar State Road Transport Corporation. The Accountant General also brought the issue to the attention of the Principal Secretary, Finance Department, Government of Bihar (May 2011) with the latest reminder in February 2014. The Government should ensure prompt placement of SARs in the State Legislature.

Disinvestment, Privatisation and Restructuring of PSUs

1.36 The State Government did not undertake the exercise of disinvestment of any of its PSUs during 2013-14. However, the State Government restructured Bihar State Electricity Board by unbundling into five new companies vide notification no. 17 dated 30 October 2012 under "The Bihar State Electricity Reforms Transfer Scheme, 2012". Further, subsequent to the formation of Jharkhand State, restructuring of all the PSUs was to be taken up. The decision on the division of assets and liabilities as well as of the Management of 12 PSUs was taken in September 2005. The implementation, however, has been done only in the case of five PSUs³⁰ (September 2014).

³⁰ Bihar Rajya Beej Nigam Limited, Bihar State Hydroelectric Power Corporation Limited, Bihar State Tourism Development Corporation Limited, Bihar State Warehousing Corporation and Bihar State Mineral Development Corporation Limited.