

CHAPTER I

CHAPTER I

1. Functioning of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) comprise the State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature keeping in view the welfare of people; they occupy an important place in the State economy. As on 31 March 2015, in West Bengal there were 91 PSUs. Of these, one PSU¹ was listed on the Calcutta Stock Exchange. During the year 2014-15, no PSU was added to the audit jurisdiction or closed down. The details of the State PSUs in West Bengal as on 31 March 2015 are as follows:

Table 1.1: Total number of PSUs as on 31 March 2015

Type of PSUs	Working PSUs	Non-working PSUs ²	Total
Government Companies ³	64	17	81
Statutory Corporations	9	1	10
Total	73	18	91

The working PSUs registered total turnover of ₹ 39,795.16 crore during the year 2014-15 as per their latest finalised accounts as of September 2015. This turnover was equal to 4.97 *per cent* of Gross State Domestic Product (GSDP)⁴ for 2014-15. The working PSUs incurred aggregate loss of ₹ 709.98 crore as per their latest finalised accounts as of September 2015. They had employed 52,380 employees as at the end of March 2015.

As on 31 March 2015, there were 18 non-working PSUs functioning for the last one to nine years, with total investment of ₹ 911.12 crore.

Accountability framework

1.2 The process of audit of Government Companies is governed by respective provisions of Section 139 and 143 of the Companies Act, 2013 (Act). According to Section 2 (45) of the Act, Government Company means any company in which not less than fifty one *per cent* of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and

¹ WEBFIL Limited.

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

³ Government PSUs includes other Companies referred to in Section 139(5) and 139(7) of the Companies Act 2013.

⁴ Gross State Domestic Product at current prices : ₹ 8,00,868 crore. (Source : Report of State Planning Board of NITI AAYOG).

includes a company which is a subsidiary company of such a Government company.

Further, as per Section 143(7) of the Act, the CAG may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if he considers necessary, by an order, cause test audit to be conducted on the accounts of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the CAG. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

Statutory Audit

1.3 The financial statements of the Government Companies (as defined in Section 2 (45) of the Companies Act, 2013) are audited by Statutory Auditors, appointed by CAG as per the provisions of Section 139 (5) or (7) of the Act who shall submit a copy of the Audit Report to the CAG including the financial statements of the Company under Section 143(5) of the Act. These financial statements are subject to supplementary audit to be conducted by CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

Audit of Statutory Corporations is governed by their respective legislations. Out of nine working Statutory Corporations, CAG is the sole auditor for seven Corporations⁵. In respect of West Bengal State Warehousing Corporation and West Bengal Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit by CAG. In case of one non-working corporation, *i.e.*, Great Eastern Hotel Authority, only compliance audit is undertaken by the CAG.

Role of Government and Legislature

1.4 The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.

⁵ Calcutta State Transport Corporation, South Bengal State Transport Corporation, North Bengal State Transport Corporation, West Bengal Scheduled Castes and Scheduled Tribes Development and Finance Corporation, West Bengal Minorities Development and Finance Corporation, West Bengal Backward Classes Development and Finance Corporation and West Bengal Industrial Infrastructure Development Corporation.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG, in respect of State Government Companies and Separate Audit Reports in case of Statutory Corporations are to be placed before the Legislature under Section 394 of the Act or as stipulated in the respective Acts. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Stake of Government of West Bengal

1.5 The State Government has a financial stake in these PSUs. This stake is of mainly three types:

- **Share Capital and Loans** : In addition to the Share Capital Contribution, State Government also provides financial assistance by way of loans to the PSUs from time to time.
- **Special Financial Support** : State Government provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees** : State Government also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

Investment in State PSUs

1.6 As on 31 March 2015, the investment (capital and long-term loans) in 91 PSUs was ₹ 44,508.24 crore as per details as follows:

Table 1.2: Total investment in PSUs

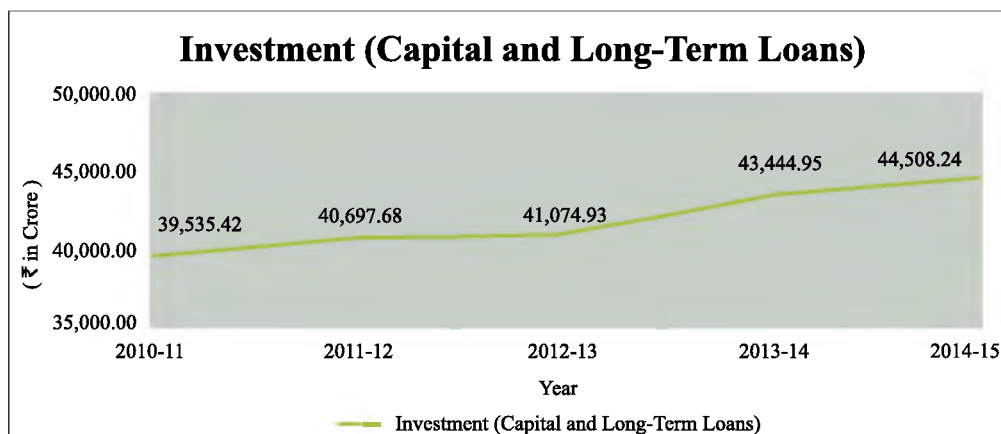
(₹ in crore)

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	13,743.86	26,785.54	40,529.40	693.01	2,374.71	3,067.72	43,597.12
Non-working PSUs	121.70	773.08	894.78	-	16.34	16.34	911.12
Total	13,865.56	27,558.62	41,424.18	693.01	2,391.05	3,084.06	44,508.24

As on 31 March 2015 of the total investment in State PSUs, 97.95 per cent was in working PSUs and the remaining 2.05 per cent in non-working PSUs. This total investment consisted of 32.71 per cent towards capital and 67.29 per cent in long-term loans. The investment has grown from ₹ 39,535.42 crore in

2010-11 to ₹ 44,508.24 crore in 2014-15 at an annual average compound rate of 2.40 per cent, as shown in **Chart 1.1** as follows:

Chart 1.1: Total investment in PSUs



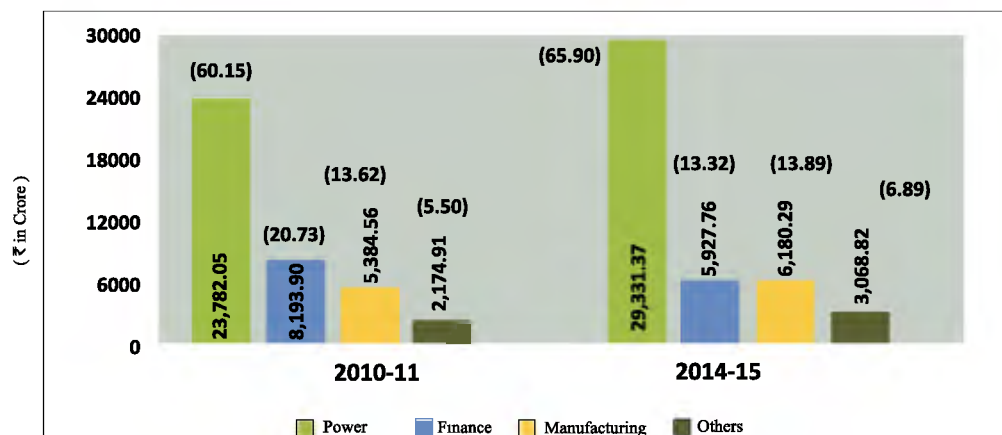
1.7 The sector wise summary of investments in the State PSUs as on 31 March 2015 is given in **Table 1.3**.

Table 1.3 : Sector-wise investment in PSUs

Name of Sector	Government Companies		Statutory Corporations		Total Investment (₹ in crore)
	Working	Non-Working	Working	Non-Working	
Power	29,331.37	-	-	-	29,331.37
Manufacturing	5,337.40	842.89	-	-	6,180.29
Finance	3,837.81	51.89	2,038.06	-	5,927.76
Service	822.71	-	925.71	16.34	1,764.76
Infrastructure	883.49	-	96.34	-	979.83
Agriculture & Allied	249.52	-	7.61	-	257.13
Miscellaneous	67.10	-	-	-	67.10
Total	40,529.40	894.78	3,067.72	16.34	44,508.24

The investment in different sectors and percentage thereof at the end of 31 March 2011 and 31 March 2015 are indicated in **Chart 1.2**.

Chart 1.2: Sector-wise investment in PSUs



The thrust of PSU investment was mainly in power sector which increased from 60.15 per cent to 65.90 per cent during 2010-11 to 2014-15. In absolute terms, investments rose by ₹ 5,549.32 crore in power sector during the period 2010-15 while it declined by ₹ 2,266.14 crore in Finance sector during the same period.

Disinvestment, Restructuring and Privatisation of PSUs and any reforms in power sector

1.8 West Bengal Tea Development Corporation Limited (WBTDCL), incorporated in August 1976, operated five tea gardens in Darjeeling and Jalpaiguri districts. In November 2014, WBTDCL invited Request for Proposal (RfP) for transfer of all five tea gardens. After approval (January 2015) by the Standing Committee of the Cabinet on Industry, Infrastructure and Employment, WBTDCL transferred all five tea gardens in March 2015 to two successful bidders. Approval for winding up of WBTDCL is awaited (October 2015).

Special support and returns during the year

1.9 The State Government provides financial support to PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and interest waived in respect of State PSUs for three years ended 2014-15 are given in *Table 1.4*.

Table 1.4: Details regarding budgetary support to PSUs (₹ in crore)

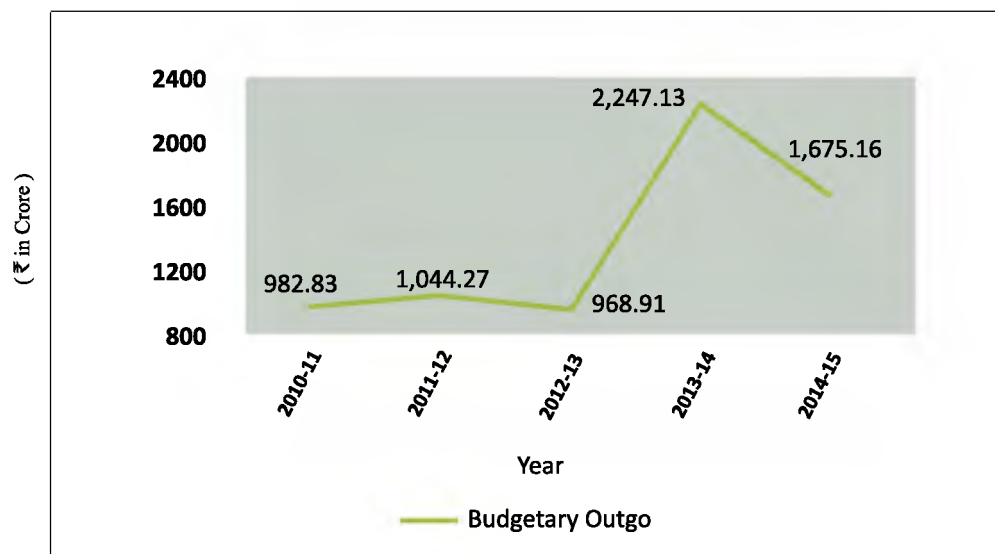
Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	12	210.22	12	761.75	15	236.90
2.	Loans given from budget	27	201.80	29	538.00	29	490.07
3.	Grants/Subsidy from budget ⁶	22	556.89	28	947.38	24	948.19
4.	Total Outgo (1+2+3)	45	968.91	50	2,247.13	48⁷	1,675.16
5.	Loans converted into Equity	1	0.50	1	380.00	1	500.00
6.	Guarantees issued	3	685.72	2	1,309.73	-	-
7.	Guarantee Commitment	17	6,999.01	15	6,542.76	19	8,060.49

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past five years are given in *Chart 1.3*.

⁶ Amount represents outgo from the State Budget only.

⁷ The figure represents number of PSUs which have received outgo from the State Budget under one or more heads, i.e., equity, loans and grants & subsidies

Chart 1.3: Budgetary outgo towards Equity, Loans and Grants/ Subsidies



1.9.1 Budgetary outgo towards equity, loans and grants/ subsidies increased from ₹ 982.83 crore in 2010-11 to ₹ 1,675.16 crore in 2014-15. Significant beneficiaries of equity, loans and subsidy/ grants from the State budget were Calcutta State Transport Corporation (₹ 225.54 crore), The Calcutta Tramways Company (1978) Limited (₹ 213.48 crore), West Bengal Scheduled Castes and Scheduled Tribes Development & Finance Corporation (₹ 197.79 crore), The West Bengal Power Development Corporation Limited (₹ 169.38 crore) and North Bengal State Transport Corporation (₹ 158.79 crore). Majority of loans given from the budget was to the power sector which received 52.93 *per cent* (₹ 259.41 crore) of the total loans (₹ 490.07 crore) during 2014-15.

1.9.2 PSUs are liable to pay guarantee commission at the rate of one *per cent per annum* to the State Government on the maximum amount of loan guaranteed irrespective of the amount availed or outstanding as on 1 April of each year till the liquidation of loans. At the end of 2014-15, guarantee commitment by the Government was ₹ 8,060.49 crore in respect of 19 PSUs. During the year West Bengal State Electricity Transmission Company Limited paid guarantee commission of ₹ 0.08 crore to the State Government while ₹ 117.35 crore were outstanding from 16 PSUs. The Government waived guarantee fee of ₹ 42.99 crore from The West Bengal Power Development Corporation Limited as it had fully repaid the loans.

Reconciliation with Finance Accounts

1.10 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 at 31 March 2015 is as follows:

Table 1.5 : Equity, loans, guarantees outstanding as per finance accounts vis-à-vis records of PSUs

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	11,313.24	13,373.83	2,060.59
Loans	11,724.88	6,912.74	4,812.14
Guarantees	7,888.77	8,060.49	171.72

Audit observed that the differences occurred in respect of various PSUs and some of the differences were pending reconciliation since many years. No action has been taken for reconciliation even though the matter was brought to the notice of the concerned administrative departments and the managements of the concerned PSUs earlier. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Arrears in finalisation of accounts

1.11 The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year *i.e.* by September end in accordance with the provisions of Section 96 (1) of the Act. Failure to do so, may attract penal provisions under Section 99 of the Act. Similarly, in case of statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

Table 1.6 provides the details of progress made by working PSUs in finalisation of accounts as of 30 September 2015.

Table 1.6: Position relating to finalisation of accounts of working PSUs

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1.	Number of Working PSUs	72	74	74	74	73
2.	Number of accounts finalised during the year	69	73	74	83	69
3.	Number of accounts in arrears	59	69	67	60	64
4.	Number of Working PSUs with arrears in accounts	41	46	43	36	40
5.	Extent of arrears (numbers in years)	1 to 7	1 to 3	1 to 4	1 to 5	1 to 5
6.	Number of PSUs having up to date accounts in respective years.	31	28	31	38	33

It can be observed that the number of accounts in arrears has increased from 59 (2010-11) to 64 (2014-15). It would be seen from *Annexure 1* that till

September 2015 the accounts of 40 working PSUs were in arrears. Two PSUs had arrears in accounts of five years⁸. One PSU⁹ had arrears in accounts for four years while four PSUs¹⁰ had arrears in accounts for three years. These PSUs need to take effective measures to bring their accounts up to date.

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 concerned administrative departments and officials of the Government were informed at regular intervals by the Principal Accountant General (PAG)/ Accountant General (AG), of the arrears in finalisation of accounts, but there was no improvement in position of arrears in accounts of working PSUs. The issue was pursued on a regular basis and also intimated to the Chief Secretary to the Government of West Bengal (February 2015 and July 2015). Subsequently the issue was highlighted at a meeting chaired (August 2015) by the Chief Secretary, without any improvement.

1.12 The State Government had invested ₹ 2,048.77 crore in 40 working PSUs {equity: ₹ 29.76 crore, loans: ₹ 288.51 crore and grants : ₹ 1,730.50 crore} during the years for which accounts have not been finalised as detailed in *Annexure 1*. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not. Thus Government's investment in such PSUs remained outside the control of State Legislature.

1.13 In addition to above, as on 30 September 2015, there were arrears from one year to nine years in finalisation of accounts by 14 out of 18 non-working PSUs as given at *Table 1.7*.

Table 1.7: Position relating to arrears of accounts in respect of non-working PSUs

Period for which accounts were in arrears	No. of years for which accounts were in arrears	No. of non-working companies
2006-07 to 2014-15	Nine	1
2007-08 to 2014-15	Eight	1
2008-09 to 2014-15	Seven	1
2009-10 to 2014-15	Six	2
2011-12 to 2014-15	Four	1
2012-13 to 2014-15	Three	4
2013-14 and 2014-15	Two	1
2014-15	One	3

⁸ Sl. No. 1 and 38 of *Annexure 1*.

⁹ Sl. No. 39 of *Annexure 1*.

¹⁰ Sl. No. 6, 22, 26 and 27 of *Annexure 1*.

Placement of Separate Audit Reports

1.14 The status of placement of Separate Audit Reports (SARs) issued by the CAG (up to 30 September 2015) on the accounts of Statutory Corporations in the Legislature was as follows :

Table 1.8: Status of placement of SARs in Legislature

Sl. No.	Name of Statutory Corporation	Year up to which SARs placed in Legislature	Years for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Calcutta State Transport Corporation	2008-09	2009-10	18.04.2013	Not furnished by the Government
			2010-11	Audit in Progress	N.A
2.	North Bengal State Transport Corporation	2008-09	2009-10	Audit in Progress	N.A
3.	South Bengal State Transport Corporation	2011-12	2012-13	26.08.2014	Not furnished by the Government
			2013-14	Audit in Progress	N.A
4.	West Bengal Backward Classes Development and Finance Corporation	2011-12	2012-13	05.08.2014	Not furnished by the Government
			2013-14	Audit in Progress	N.A
5.	West Bengal Industrial Infrastructure Development Corporation	2011-12	2012-13	27.03.2014	Not furnished by the Government
			2013-14	10.04.2015	Not furnished by the Government
6.	West Bengal Minorities Development and Finance Corporation	2012-13	2013-14	13.05.2015	Not furnished by the Government
7.	West Bengal Scheduled Castes and Scheduled Tribes Development and Finance Corporation	2012-13	2013-14	16.06.2015	Not furnished by the Government
8.	West Bengal State Warehousing Corporation	2012-13	2013-14	Audit in Progress	N.A
9.	West Bengal Electricity Regulatory Commission	2013-14	2014-15	Audit in Progress	N.A
10.	West Bengal Financial Corporation	2013-14	2014-15	Audit in Progress	N.A

N.A. : Not applicable

Impact of non-finalisation of accounts

1.15 As pointed out above (*paragraphs 1.11 to 1.13*), the delay in finalisation of accounts may also result in risk of fraud and wastage of public money apart from violation of the provisions of the relevant statutes. In view of the above state of arrears of accounts, the actual contribution of PSUs to the State GDP for the year 2014-15 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

Performance of PSUs as per their latest finalised accounts

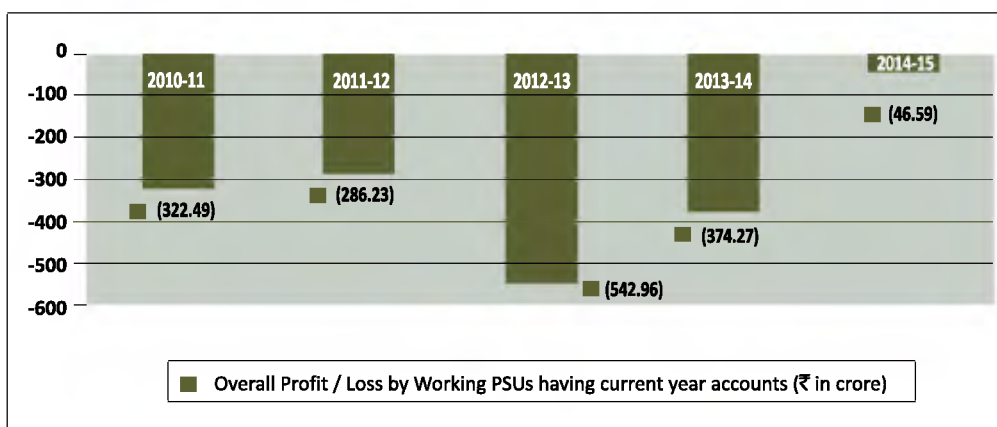
1.16 The financial position and working results of Government companies and Statutory Corporations are detailed in *Annexure 2*. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. The details of turnover of working PSUs with up-to-date accounts and State GDP for a period of five years ending 2014-15 were as follows :

Table 1.9: Details of working PSUs turnover *vis-à-vis* State GDP (₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Turnover ¹¹ (No. of working PSUs having up-to-date accounts)	25,072 (32)	29,458 (27)	36,755 (31)	37,213 (38)	28,079 (33)
State GDP	4,73,890	5,49,876	5,76,865	7,07,848	8,00,868
Percentage of Turnover to State GDP	5.29	5.36	6.37	5.26	3.51

1.17 Overall losses incurred by State working PSUs with up-to-date accounts in respective years during 2010-11 to 2014-15 are as follows :

Chart 1.4: Profit/ (Loss) of working PSUs having up-to-date accounts



During the year 2014-15, there were 33 working PSUs with up-to-date accounts, of which 23 PSUs earned profit of ₹ 541.83 crore and 10 PSUs incurred loss of ₹ 588.42 crore. The major contributors to profit were West Bengal State Electricity Transmission Company Limited (₹ 269.26 crore), West Bengal Housing Infrastructure Development Corporation Limited (₹ 96.98 crore) and West Bengal Infrastructure Development Finance Corporation Limited (₹ 77.13 crore). Heavy losses were incurred by The Durgapur Projects Limited (₹ 324.60 crore) and The Calcutta Tramways Company (1978) Limited (₹ 203.61 crore).

¹¹ Turnover as per the current finalised accounts as of 30 September of respective year.

1.18 Some other key parameters of working PSUs having up-to-date accounts in respective years during 2010-11 to 2014-15 are as follows :

Table 1.10: Key Parameters of State PSUs (₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Return on Capital Employed (Per cent)	2,003.95 (7.60)	2,472.26 (10.44)	2,412.78 (6.44)	2,769.55 (6.51)	2,984.14 (7.40)
Debt	23,837.52	25,408.89	25,296.12	26,232.94	23,604.19
Turnover ¹²	25,071.80	29,457.81	36,755.18	37,212.69	28,079.44
Debt/ Turnover Ratio	0.95:1	0.86:1	0.69:1	0.70:1	0.84:1
Interest Payments	2,347.32	2,758.49	2,957.97	3,143.82	3,029.73
Accumulated Profits/ (-)losses	(-)817.70	(-) 1,123.38	(-) 1,751.90	(-)2,644.97	(-)190.07

1.19 In respect of those PSUs having arrears in accounts, 19 working PSUs earned profit of ₹ 188.65 crore while 21 working PSUs incurred losses of ₹ 852.04 crore as per their latest finalised accounts as on 30 September 2015. Nine PSUs declared dividend of ₹ 4.06 crore.

Winding up of non-working PSUs

1.20 There were 18 non-working PSUs (17 Companies and one Statutory Corporation) as on 31 March 2015. Of these, the details of PSUs, which have commenced liquidation process are not known, although sought for in August 2014 and December 2015. It was, however, observed, that according to the Registrar of Companies, West Bengal, names of three non-working PSUs viz. The Carter Pooler Engineering Company Limited, West Bengal Plywood and Allied Products Limited and Krishna Silicate and Glass (1987) Limited had been struck off while one PSU viz. West Bengal Ceramic Development Corporation Limited was under the process of striking off. The number of non-working companies at the end of each year during past five years are as follows :

Table 1.11: Non working PSUs

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
No. of non-working companies	17	14	16	16	17
No. of non-working corporations	1	1	1	1	1
Total	18	15	17	17	18

¹² Turnover of working PSUs as per their accounts for the current financial year as of 30 September of that year.

1.21 Since the non-working PSUs are not contributing to the State economy, these PSUs may be considered either to be closed down or revived. During 2014-15, 12 non-working PSUs incurred an expenditure of ₹ 34.69 crore towards employees' cost¹³. This expenditure was financed by the State Government through non-plan loans to these PSUs. The stages of closure in respect of non-working PSUs are given at **Table 1.12**.

Table 1.12: Closure of Non working PSUs

Sl. No.	Particulars	Companies	Statutory Corporations	Total
1.	Total No. of non-working PSUs	17	1	18
2.	Of (1) above, the No. under			
(a)	liquidation by Court (liquidator appointed)	Not available	Not available	Not available
(b)	Voluntary winding up (liquidator appointed)	Not available	Not available	Not available
(c)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started	Not available	Not available	Not available

As mentioned in **paragraph 1.20**, the information had not been furnished.

Comments on Accounts

1.22 Sixty-four working companies forwarded their audited 61 accounts to PAG/ AG during the year 2014-15. The audit reports of statutory auditors appointed by CAG and the supplementary 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 statutory auditors and CAG are as follows :

Table 1.13: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Increase in profit	7	31.53	11	103.43	6	176.64
2.	Decrease in profit	21	266.62	18	422.70	16	327.92
3.	Errors of classification	4	240.02	5	44.23	5	134.83
4.	Non-disclosure of material facts	5	281.15	5	157.33	7	194.39

Note: Increase in Profit includes Decrease in Loss and vice-versa.

During the year, the Statutory Auditors did not give unqualified certificates on any accounts.

¹³ Six non-working PSUs did not submit requisite information

1.23 Similarly, nine working Statutory Corporations forwarded their eight accounts to PAG/AG during the year 2014-15. Of these, six accounts of six Statutory Corporations pertained to sole audit by CAG. Of the remaining, two accounts were selected for supplementary audit. The Audit Reports of Statutory Auditors and the sole/ supplementary 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 statutory auditors and CAG are as follows :

Table 1.14: Impact of audit comments on Statutory Corporations

(₹ in crore)

Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Increase in profit	6	47.43	6	96.55	4	34.35
2.	Decrease in profit	4	56.23	3	136.79	3	15.25
3.	Errors of classification	-	-	2	16.23	-	-
4.	Non-disclosure of material facts	1	13.81	1	10.57	-	-

Note: Increase in Profit includes Decrease in Loss and vice-versa.

Response of the Government to Audit

Performance Audits and Paragraphs

1.24 For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2015, one Performance Audit and 10 Audit Paragraphs involving seven departments were issued to the Additional Chief Secretaries/ Principal Secretaries of the respective Departments with request to furnish replies within six weeks. Replies in respect of seven compliance audit paragraphs were awaited from the State Government (December 2015).

Follow up action on Audit Reports

Replies outstanding

1.25 The Report of the Comptroller and Auditor General (CAG) of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of West Bengal issued instructions (October 2009) to all Administrative Departments to submit replies/ explanatory notes to paragraphs/ performance audits included in the Audit Reports of the CAG of India within a period of two months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the COPU.

Table 1.15: Explanatory notes not received (as on 30 September 2015)

Year of the Audit Report (Commercial/ PSUs)	Date of placement of Audit Report in the State Legislature	Total Performance audits (PAs) and paragraphs in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2003-04	01.08.2005	3	27	-	2
2004-05	24.07.2006	4	21	-	2
2005-06	29.03.2007	4	26	-	2
2006-07	27.03.2008	4	21	-	2
2007-08	16.07.2009	3	20	-	1
2008-09	30.07.2010	2	21	-	2
2009-10	01.09.2011	2	21	-	6
2010-11	24.09.2012	2	15	-	4
2011-12	10.07.2014	2	14	1	8
2012-13	10.07.2014	2	10	2	8
2013-14	<i>Yet to be laid before the Legislature</i>	2	9	NA	NA
Total		30	205	3	37

From **Table 1.15**, it could be seen that out of 235 paragraphs/ performance audits, explanatory notes to 40 paragraphs/ performance audits in respect of 14 departments, which were commented upon, were awaited (September 2015).

Discussion of Audit Reports by COPU

1.26 The status as on 30 September 2015 of Performance Audits (PAs) and paragraphs that appeared in Audit Reports (PSUs) and discussed by the Committee on Public Undertakings (COPU) was as follows :

Table 1.16 : PAs/ Paragraphs appeared in Audit Reports vis-à-vis discussed as on 30 September 2015

Period of Audit Report	Number of PAs/ Paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2005-06	4	26	-	14
2006-07	4	21	-	6
2007-08	3	20	1	6
2008-09	2	21	2	9
2009-10	2	21	-	6
2010-11	2	15	-	6
2011-12	2	14	-	6
2012-13	2	10	-	2
2013-14 (<i>Yet to be laid before the Legislature</i>)	2	9	NA	NA
Total	23	157	3	55

Compliance to Reports of Committee on Public Undertakings (COPU)

1.27 According to Rules of Procedure of COPU, Action Taken Notes (ATNs) on the recommendations contained in the COPU Reports are to be submitted by the Government within three months of their receipt. The following statement indicated the position of COPU reports where Action Taken Notes are yet to be received from the departments as on 30 September 2015.

Table 1.17: Compliance to COPU Reports

Name of the Department/ Public Sector Undertaking	Year of Audit	Para No.	COPU Report	Total No. of recommendations in COPU Report	No. of recommendations where ATNs not received	Date of presentation of Report to the Legislative Assembly	Due date of submission of ATNs
Tourism/ West Bengal Tourism Development Corporation Limited	2005-06	4.17	93rd	3	3	17 July 2008	17 October 2008
Tourism/ West Bengal Tourism Development Corporation Limited	2003-04	4.13	97th	2	2	2 December 2008	2 March 2009
Transport/ West Bengal Surface Transport Corporation Limited	2006-07	4.8	117th	1	1	22 July 2010	22 October 2010
Food Processing Industries & Horticulture/ West Bengal State Food Processing Industries and Horticulture Development Corporation Limited	2008-09	4.15	126th	5	5	20 December 2011	20 March 2012
Commerce & Industries/ West Bengal Industrial Development Corporation Limited	2008-09	4.12	130th	1	1	29 March 2012	29 June 2012

Audit Report (PSUs) for the year ended 31 March 2015

Name of the Department/ Public Sector Undertaking	Year of Audit	Para No.	COPU Report	Total No. of recommendations in COPU Report	No. of recommendations where ATNs not received	Date of presentation of Report to the Legislative Assembly	Due date of submission of ATNs
Finance / West Bengal Infrastructure Development Finance Corporation Limited	2008-09	4.17	132nd	3	3	29 March 2012	29 June 2012
Public Works/ The Britannia Engineering Limited	<i>Suo Moto</i>		136th	10	10	11 December 2012	11 March 2013
Public Enterprises & Industrial Reconstruction/ The Gluconate Health Limited							
Sundarban Affairs/ Sundarban Infrastructure Development Corporation Limited	2009-10	3.11	142nd	4	4	19 March 2013	19 June 2013
Sundarban Affairs/ Sundarban Infrastructure Development Corporation Limited	2009-10	3.12	143rd	1	1	19 March 2013	19 June 2013
Transport/ The Shalimar Works (1980) Limited	2010-11	3.7	147th	3	3	27 August 2013	27 November 2013
Finance / West Bengal Infrastructure Development Finance Corporation Limited	2009-10	3.9	148th	3	3	27 August 2013	27 November 2013
Information Technology/ Webel Mediatronics Limited	2010-11	3.13	149th	3	3	19 February 2014	19 May 2014
Power and Non-Conventional Energy Sources/ West Bengal Power Development Corporation Limited	2010-11	3.4	150th	2	2	19 February 2014	19 May 2014
Power and Non-Conventional Energy Sources/ The Durgapur Projects Limited	2011-12	3.1	151st	2	2	18 November 2014	18 February 2015
Power and Non-Conventional Energy Sources/ West Bengal Power Development Corporation Limited							
Power and Non-Conventional Energy Sources/ West Bengal State Electricity Distribution Company Limited							
Transport/ Calcutta State Transport Corporation	2011-12	3.14	152nd	3	3	18 November 2014	18 February 2015
Finance / West Bengal Infrastructure Development Finance Corporation Limited	2007-08	2.2	153rd	2	2	2 March 2015	2 June 2015

Name of the Department/ Public Sector Undertaking	Year of Audit	Para No.	COPU Report	Total No. of recommendations in COPU Report	No. of recommendations where ATNs not received	Date of presentation of Report to the Legislative Assembly	Due date of submission of ATNs
Commerce & Industries/ West Bengal Industrial Infrastructure Development Corporation	2012-13	4.8	159th	2	2	22 September 2015	22 December 2015
Public Works/ Mackintosh Burn Limited							
Transport/ West Bengal Surface Transport Corporation Limited							
Transport/ South Bengal State Transport Corporation	2012-13	4.7	160th	2	2	22 September 2015	22 December 2015
Transport/ West Bengal Transport Infrastructure Development Corporation Limited							
Total			18	52	52		

These reports of COPU contain 52 recommendations in respect of paragraphs pertaining to 10 departments, which had either appeared in the Reports of the CAG of India for the years 2003-04 to 2012-13 or were taken up for study *suo-moto*.

It is recommended that the Government ensure: (a) sending of replies to explanatory Notes/ draft paragraphs/ performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule; (b) recovery of loss/ outstanding advances/ overpayments within the prescribed period; and (c) revamping of the system of responding to audit observations.

Coverage of this Report

1.28 This Report contains one Performance Audit and 10 Compliance Audit observations involving financial effect of ₹ 58.02 crore.

