

PART 'B'
PUBLIC SECTOR UNDERTAKINGS
(SOCIAL, GENERAL AND ECONOMIC SECTORS)

Chapter-3
Functioning of State Public Sector
Undertakings

CHAPTER - 3

Functioning of State Public Sector Undertakings

3.1 Introduction

State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. State PSUs are established to carry out activities of commercial nature and occupy an important place in the State economy. As on 31 March 2016, there were 33¹ PSUs. Of these, one PSU i.e. Jammu and Kashmir Bank Limited, is listed (July 1998) on the stock exchange. Of the total paid up equity of the Bank, 53.17 *per cent* is held by the State Government and remaining 46.83 *per cent* is held by the foreign institutional investors, resident individuals and others². During the year 2015-16, no PSU was either incorporated or closed down. The details of the State PSUs as on 31 March 2016 are given in **Table-3.1** below.

Table-3.1: Total number of PSUs as on 31 March 2016

Type of PSUs	Working PSUs	Non-working PSUs ³	Total
Government Companies ⁴	27	3	30
Statutory Corporations ⁵	3	Nil	3
Total	30	3	33

The working PSUs registered a turnover of ₹8,416.54 crore as per their latest finalised accounts as of 30 September 2016. This turnover was equal to 9.16 *per cent* of the State Gross Domestic Product (GDP) of ₹91,850 crore for 2015-16. The working PSUs earned an aggregate profit of ₹678.28 crore as per their latest finalised accounts as of 30 September 2016. They had employed 23,876 employees as at the end of March 2016.

As on 31 March 2016, the three non-working PSUs had an investment of ₹3.40 crore.

¹ Includes seven PSUs incorporated during the period from March 2013 to March 2014 viz., Jammu & Kashmir Power Trading Company Limited, Jammu & Kashmir State Power Transmission Company Limited, Jammu Power Distribution Company Limited, Kashmir Power Distribution Company Limited, Jammu & Kashmir Medical Supplies Corporation Limited, Jammu & Kashmir State Road Development Corporation Limited and Jammu & Kashmir International Trade Centre. These PSUs though have been incorporated, however, only J&K Medical Supplies Corporation Limited has started its operations and the rest have yet to become operational

² Indian Mutual Funds, Insurance Companies, Non-Resident Indian and Corporate Bodies

³ Non-working PSUs are those which have ceased to carry on their operations

⁴ Government PSUs includes other Companies referred to in Section 139 (5) and 139 (7) of the Companies Act 2013

⁵ Jammu and Kashmir State Road Transport Corporation, Jammu and Kashmir State Forest Corporation and Jammu and Kashmir State Financial Corporation

3.2 Accountability framework

The audit of government companies is governed by Sections 139 and 143 of the Companies Act, 2013 (Act). According to Section 2 (45) of the Act, a 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 includes a company which is a subsidiary company of such a Government company. Further, as per sub-section 7 of Section 143 of the Act, in case of any company covered under sub-section (5) or sub-section (7) of Section 139, the C&AG may, if considered necessary, cause an audit to be conducted of the accounts of such Company and Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, shall apply to such audit. The 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.

3.3 Statutory Audit

The financial statements of Government companies (as defined in Section 2 (45) of the Companies Act, 2013) are audited by statutory auditors who are appointed by CAG as per Section 139 (5) or (7) of the Act. The statutory auditors shall submit a copy of the Audit Report to the C&AG which, among other things, include the directions issued by CAG, the action taken thereon and its impact on the accounts and financial statements of the Company under Section 143 (5) of the Act. These financial statements are subject to supplementary audit 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 the three statutory corporations, CAG is the sole auditor for the Jammu and Kashmir State Road Transport Corporation. The audit of Jammu and Kashmir State Forest Corporation is conducted by chartered accountants appointed by the State Government as per the Jammu and Kashmir State Forest Corporation Act, 1978 and supplementary audit is conducted by the CAG as per section 19(3) of C&AG's (DPC) Act, 1971. In respect of the State Financial Corporation, the audit is conducted by chartered accountants appointed by the shareholders in their Annual General Meeting from the approved panel of Reserve Bank of India and supplementary audit is conducted by the CAG as per the State Financial Corporation Act, 1951.

3.4 Role of Government and Legislature

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.

The State Legislature monitors the accounting and utilisation of Government investment in the PSUs. For this purpose, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG, in respect of State Government companies and Separate Audit Reports of the CAG in case of statutory corporations, are to be placed before the State 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.

3.5 Stake of State Government in the Public Sector Undertakings

The State Government has substantial financial stake in these PSUs which is mainly of three types:

- **Share Capital and Loans-** In addition to 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 guarantees the repayment of loans with interest availed by the PSUs from financial institutions.

3.6 Investment in State PSUs

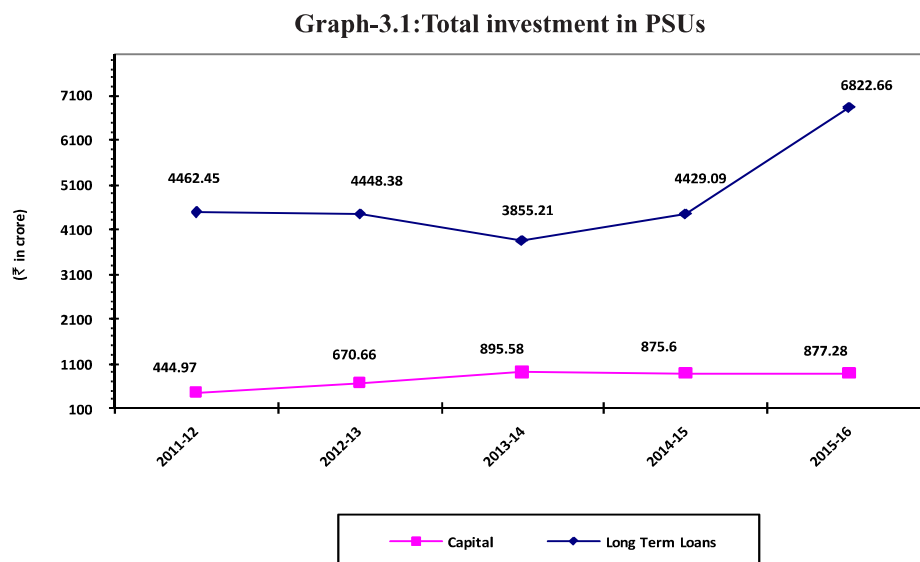
As on 31 March 2016, the investment (capital and long-term loans) in 33 PSUs was ₹7,699.94 crore⁶ as given in **Table-3.2** below.

Table-3.2: Total investment in PSUs

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	559.39	6173.43	6732.82	315.32	648.40	963.72	7696.54
Non-working PSUs	2.57	0.83	3.40	Nil	Nil	Nil	3.40
Total	561.96	6174.26	6736.22	315.32	648.40	963.72	7699.94

⁶ Includes the investment in seven newly incorporated PSUs: Jammu and Kashmir State Road Development Corporation: ₹5 crore, Jammu and Kashmir International Trade Centre: ₹48 crore, Jammu and Kashmir Power Transmission Company Limited: ₹0.05 crore, Jammu and Kashmir Power Trading Company Limited: ₹0.05 crore, Jammu Power Distribution Company Limited: ₹0.05 crore, Kashmir Power Distribution Company Limited: ₹0.05 crore and Jammu and Kashmir Medical Supplies Corporation Limited: ₹0.05 crore

As on 31 March 2016, 99.96 per cent of the total investment in State PSUs was in working PSUs and the remaining 0.04 per cent in non-working PSUs. This total investment consisted of 11.39 per cent towards capital and 88.61 per cent in long-term loans. The investment has grown by 56.90 per cent from ₹4,907.42 crore in 2011-12 to ₹7,699.94 crore in 2015-16 as shown in the **Graph-3.1** below.



3.7 The sector-wise summary of investments in the State PSUs as on 31 March 2016 is given in **Table-3.3** below.

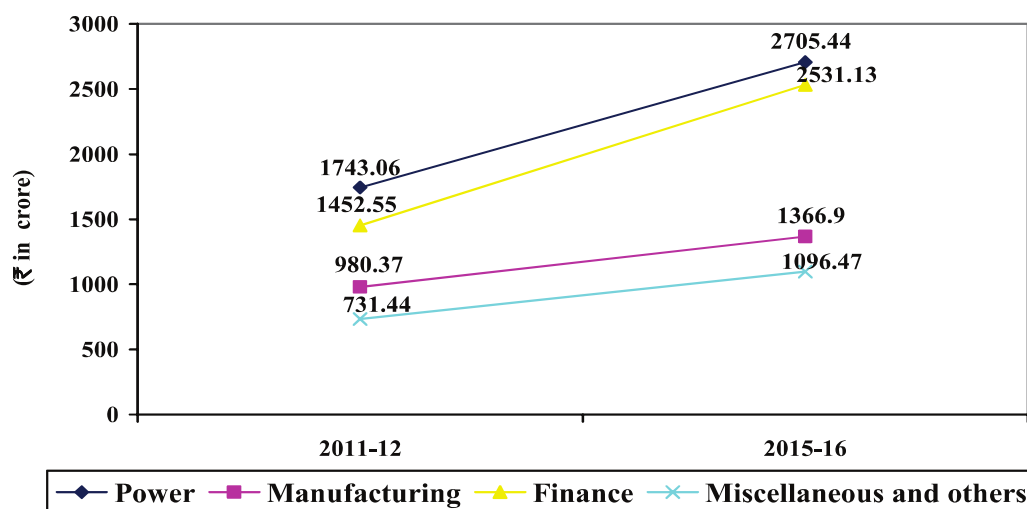
Table-3.3: Sector-wise investment in PSUs

(₹ in crore)

Name of Sector	Government companies		Statutory corporations	Total Investment
	Working	Non-Working	Working	
Power	2705.44	Nil	Nil	2705.44
Finance	2432.13	Nil	99.00	2531.13
Manufacturing	1363.90	3.00	Nil	1366.90
Service	51.33	Nil	793.55	844.88
Agriculture & Allied	80.79	Nil	71.17	151.96
Infrastructure	95.12	Nil	Nil	95.12
Miscellaneous	4.11	0.40	Nil	4.51
Total	6732.82	3.40	963.72	7699.94

The investment in four significant sectors and percentage thereof at the end of 31 March 2012 and 31 March 2016 are indicated in the **Graph-3.2**. Though the highest investment during 2015-16 was in the power sector (35.14 per cent), the thrust of PSU investment was also in finance sector which has seen percentage share rising from 29.60 per cent in 2011-12 to 32.87 per cent in 2015-16.

Graph-3.2: Sector-wise investment in PSUs



3.8 Special support and returns during the year

The State Government provides financial support to PSUs in various forms through its annual budget. The summarized details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and interest waived in respect of State PSUs are given in **Table-3.4** below for three years ended 31 March 2016.

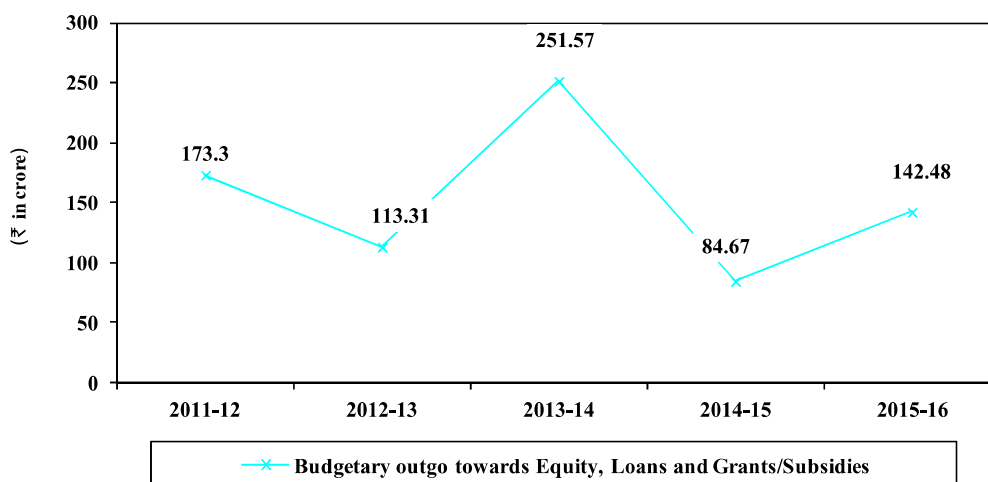
Table-3.4: Details regarding budgetary support to PSUs

(₹ in crore)

Sl. No.	Particulars	2013-14		2014-15		2015-16	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	5	25.03	2	1.21	2	6.85
2.	Loans given from budget	7	69.84	8	54.76	10	69.19
3.	Grants/Subsidy from budget	8	156.70	7	28.70	8	66.44
4.	Total Outgo (1+2+3)	13	251.57	15	84.67	13	142.48
5.	Waiver of loans and interest	Nil	Nil	Nil	Nil	Nil	Nil
6.	Guarantees issued	3	36.37	0	0	1	2.00
7.	Guarantee Commitment	4	2164.64	5	2574.78	4	2546.97
8.	Guarantee Fee	1	43.58	Nil	Nil	1	0.04

The details regarding budgetary outgo towards equity, loans and grants/subsidies for past five years are given in a **Graph-3.3**.

Graph-3.3: Budgetary outgo towards Equity, Loans and Grants/Subsidies



During the period 2011-12 to 2015-16, the budgetary outgo of the State Government towards equity contribution, loan, grant and subsidy was an all-time high in 2013-14 at ₹251.57 crore. The budgetary outgo was ₹84.67 crore in 2014-15 which increased to ₹142.48 crore during 2015-16.

In order to enable PSUs to obtain financial assistance from banks and financial institutions, State Government provides guarantees and charges guarantee fee/ commission at percentage of two *per cent*. The guarantee commitment against amount guaranteed by the State Government in favour of PSUs had increased from ₹2,164.64 crore in 2013-14 to ₹2,574.78 crore during 2014-15 which marginally decreased to ₹2,546.97 crore in 2015-16.

3.9 Reconciliation with Finance Accounts

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 2016 is given in **Table-3.5** below.

Table-3.5: Equity, loans, guarantees outstanding as per Finance Accounts vis-a-vis records of PSUs

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	496.81	475.59	21.22
Loans	764.14	1965.62	(-) 1201.48
Guarantees	2550.20	2546.97	3.23

There was a mismatch between figures furnished by the PSUs and those depicted in the Finance Accounts. Reasons for the difference were not furnished by the PSUs (October 2016) though called for.

3.10 Arrears in finalisation of accounts

The financial statements for every financial year are required to be finalised by the companies within six months from the end of the relevant financial year i.e. by September end in accordance with Section 96 (1) of the Companies Act, 2013. Failure to do so may attract penal provisions under Section 99 of Act. In case of statutory corporations, their accounts are finalised, audited and presented to the State Legislature as per the provisions of their respective Acts.

The details of progress made by working PSUs in finalisation of accounts as of 30 September 2016 are given in **Table-3.6** below.

Table-3.6: Position relating to finalisation of accounts of working PSUs

Sl. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Number of Working PSUs	22	23	23	23	23 ⁷
2.	Number of accounts finalised during the year	36	38	14	12	29
3.	Number of accounts in arrears	208	195	187	189	183 ⁸
4.	Number of Working PSUs with arrears in accounts	19	20	20	18	19
5.	Extent of arrears (numbers in years)	3 to 21	2 to 18	1 to 19	1 to 19	1 to 19

The administrative departments have the responsibility of overseeing the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. The number of accounts in arrears has decreased from 208 (2011-12) to 183 (2015-16). This office has been persistently requesting the State Government for reduction of arrears and in the latest correspondence, the Accountant General requested (May 2016) the Chief Secretary, J&K Government, to frame a time bound schedule to finalise the accounts which were in arrears.

3.11 The State Government had invested ₹850.63 crore⁹ in 14 PSUs during the years for which accounts have not been finalised as detailed in **Appendix-3.1**. In the absence of finalisation of accounts and their audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted

⁷ Does not include seven newly incorporated Government Companies who had never submitted Accounts since their incorporation

⁸ Does not include arrears of J&K State Forest Corporation which had not submitted Accounts since 1996-97 ever since its audit was entrusted to C&AG

⁹ Equity: ₹44.39 crore; Loans: ₹419.64 crore and Grants ₹386.60 crore

for and whether the purpose for which the amount was invested had been achieved or not. Thus, Government's investment in such PSUs has remained outside the oversight of the State Legislature.

3.12 As on 30 September 2016, there were also arrears in finalisation of accounts by non-working PSUs as depicted in **Table-3.7** below. Out of three non-working PSUs, two namely, Himalayan Wool Combers Limited and Handloom Handicraft Raw Material Supplies Organisation Limited were in the process of liquidation and their accounts were in arrears for 16 to 24 years. The remaining one non-working PSU, Tawi Scooters Limited, had arrears of accounts for 26 years.

Table-3.7: Position relating to arrears of accounts in respect of non-working PSUs

No. of non-working companies	Period for which accounts were in arrears	No. of years for which accounts were in arrears
Tawi scooters Ltd.	Since 1990-91	26
Himalayan wool Combers Ltd. ¹⁰	Since 2000-01	16
Handloom Handicraft Raw Material Supplies Organisation Ltd. ¹⁰	Since 1992-93	24

Though the concerned administrative departments were informed (November 2014) of the arrears in finalisation of accounts, no remedial measures were taken. As a result, the net worth of these PSUs could not be assessed in audit.

3.13 Placement of Separate Audit Reports

The status of placement of Separate Audit Reports (SARs) issued by the CAG (up to 30 September 2016) on the accounts of statutory corporations in the Legislature is given in **Table-3.8** below.

Table-3.8: Status of placement of SARs in Legislature

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 of SAR to the Government/Present Status
1.	J&K State Financial Corporation	2012-13	2013-14 and 2014-15	18 May 2015 and 19 November 2015
2.	J&K State Road Transport Corporation Ltd	2011-12	NA ¹¹	NA
3.	J&K State Forest Corporation	-	-	Accounts not submitted by the Corporation since 1996-97

¹⁰ Under process of liquidation

¹¹ Accounts for the years 2012-13 to 2015-16 are in arrears in respect of Jammu and Kashmir State Road Transport Cooperation

3.14 Impact of non-finalisation of accounts

Delay in finalisation of accounts has the risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. In view of the arrears of accounts, the actual contribution of PSUs to the State GDP for the year 2015-16 could not be ascertained.

3.15 Performance of PSUs as per their latest finalized accounts

The financial position and working results of working Government companies and statutory corporations are detailed in *Appendix 3.2*. The ratio of PSUs turnover to State GDP shows the extent of PSUs activities in the State economy. **Table-3.9** below provides the details of working PSUs turnover and State GDP for a period of five years ending 2015-16.

Table-3.9: Details of working PSUs turnover vis-a vis State GDP

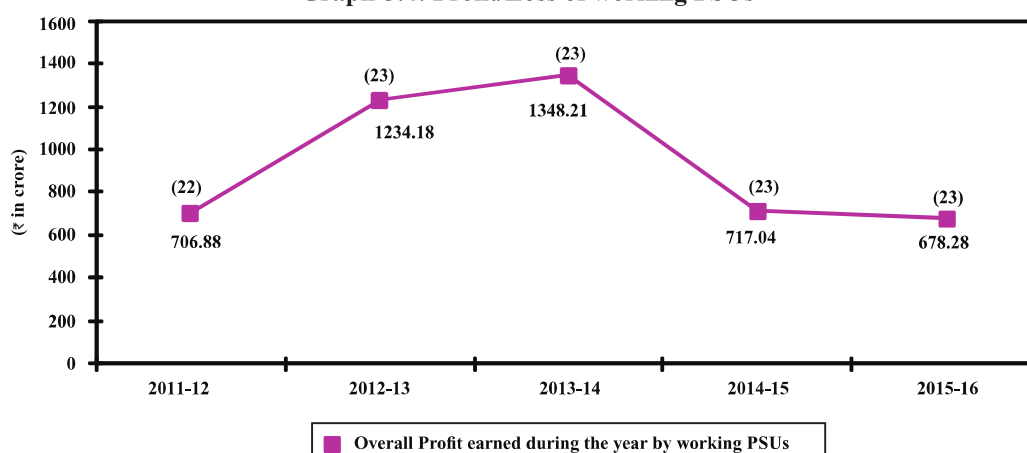
(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Turnover ¹²	5552.37	8071.43	8272.38	8652.40	8416.54
State GDP	68185	76916	87570	87921	91850
Percentage of Turnover to State GDP	8.14	10.49	9.45	9.84	9.16

During the last five years, the turnover of working PSUs increased from ₹5,552.37 crore to ₹8,416.54 crore ending 2015-16 and its percentage to the GDP of the State increased from 8.14 per cent in the year 2011-12 to 9.16 per cent at the end of the year 2015-16.

3.16 Overall profit (losses) earned (incurred) by State working PSUs during 2011-12 to 2015-16 are given in **Graph-3.4** below.

Graph-3.4: Profit/Loss of working PSUs



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

¹² Turnover as per the latest finalised accounts as of 30 September

During the year 2015-16, 10 out of the 30 working PSUs earned profit of ₹834.97 crore and 11 PSUs incurred a loss of ₹156.69 crore. One working PSU did not prepare its profit and loss account while seven newly formed PSUs had not submitted their Accounts since incorporation¹³. Further, one PSU viz. the J&K State Forest Corporation had not submitted its accounts since 1996-97 after its audit was entrusted to C&AG. The major contributors to profit in 2015-16 were J&K Bank Ltd. (₹416.03 crore); J&K Power Development Corporation (₹403.29 crore) and J&K Cable Car Corporation (₹6.23 crore). The heavy losses were incurred by J&K State Road Transport Corporation (₹57 crore); J&K Industries Ltd. (₹46.83 crore) and J&K Minerals Ltd. (₹28.92 crore).

3.17 Some other key parameters of PSUs are given in **Table-3.10** below.

Table-3.10: Key Parameters of State PSUs

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Return on Capital Employed (Per cent)	11.99	13.94	15.35	14.79	6.90
Debt	4462.45	4448.38	3855.21	4429.09	5328.65
Turnover ¹⁴	5552.37	8071.43	8272.38	8652.40	8416.54
Debt/Turnover Ratio	0.8037	0.5511	0.4660	0.5118	0.6331
Interest Payments	3081.46	4202.74	4431.88	4762.65	4462.23
Accumulated Profits (losses)	(-1651.07)	(-2909.13)	(-2697.69)	(-2907.29)	(-2433.70)

The debts of PSUs increased from ₹4,462.45 crore in 2011-12 to ₹5,328.65 crore in 2015-16 which impacted its profits.

3.18 As per their latest finalised accounts, 10 PSUs earned an aggregate profit of ₹834.97 crore and one PSU, J&K Bank Limited, declared a dividend of ₹84.84 crore. Dividend policy of the State Government is awaited in Audit.

3.19 Winding up of non-working PSUs

There were three non-working PSUs as on 31 March 2016. The numbers of non-working companies during past five years have remained at three. The non-working PSUs are not contributing to the State economy and not meeting the intended objectives.

3.20 The stages of closure in respect of non-working PSUs are given in **Table- 3.11**.

¹³ Statutory Auditors have not been appointed for six of them whereas the Statutory Auditor of J&K Medical Supplies Corporation for 2014-17 has been appointed by CAG in August 2016

¹⁴ Turnover of working PSUs as per the latest finalised accounts as of 30 September

Table-3.11: Closure of Non-working PSUs

Sl. No.	Particulars	Companies	Statutory Corporations	Total
1.	Total No. of non-working PSUs	3	Nil	3
2.	Of (1) above, the No. under			
(a)	liquidation by Court (liquidator appointed)	2 ¹⁵	Nil	2
(b)	Voluntary winding up (liquidator appointed)	0	Nil	0
(c)	Closure, i.e. closing orders/instructions issued but liquidation process not yet started.	1 ¹⁶	Nil	1

During the year 2015-16, no company/corporation was finally wound up. Two companies which have taken the route of winding up by Court order are under liquidation for more than ten years. The Government may take a decision regarding commencement of liquidation process in respect of the remaining company where closing instructions have been issued.

3.21 Accounts Comments

Fourteen working companies forwarded 28 audited accounts to the Accountant General between October 2015 and September 2016. Accounts of the fourteen 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 money value of comments of statutory auditors and CAG are given in **Table-3.12** below.

Table-3.12: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2013-14		2014-15		2015-16	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	1	0.09	2	1.03	5	517.82
2.	Increase in loss	1	0.15	1	1.57	8	12.10
3.	Non-disclosure of material facts	4	59.35	2	0.36	9	16.83
4.	Errors of classification	3	3.52	4	11.50	12	1249.07

During the year, the statutory auditors had given unqualified certificates for four accounts and qualified certificates for 24 accounts. In no case was adverse certificates/disclaimers issued by the statutory auditors. CAG gave adverse comments/disclaimer for seven accounts during the supplementary audit. The compliance of companies with the Accounting Standards remained poor as there were 42 instances of non-compliance in 24 accounts during the year.

¹⁵ Himalayan Wool Combers Limited and Jammu and Kashmir State Handloom Handicraft Raw Material Supplies Organisation Limited

¹⁶ Tawi Scooters Limited

3.22 Similarly, one working statutory corporation viz. the J&K State Financial Corporation forwarded two accounts for 2014-15 and 2015-16 to the Accountant General between October 2015 and September 2016 which were selected for supplementary audit. Out of this, account for 2014-15 was finalized while account for 2015-16 was under finalization as of 30 September 2016. The Jammu and Kashmir State Forest Corporation had never submitted its accounts since 1996-97 after its audit was entrusted to CAG. Accounts for the years 2012-13 to 2015-16 are in arrears in respect of Jammu and Kashmir State Road Transport Corporation Limited. The Audit Reports of statutory auditors and the sole/supplementary audit of CAG indicated 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 given in **Table-3.13** below.

Table-3.13: Impact of audit comments on Statutory Corporations

(₹ in crore)

Sl. No.	Particulars	2013-14		2014-15		2015-16	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	1	0.50	-	-
2.	Increase in loss	-	-	1	58.05	-	-
3.	Non-disclosure of material facts	-	-	1	24.48	-	-
4.	Errors of classification	-	-	2	38.10	1	61.50

During audit of these accounts conducted by the statutory auditors and supplementary audit by Accountant General, the impact of ₹61.50 crore by way of errors in classification indicated deficiency in proper accounting practices being followed and needs to be brought down substantially.

3.23 Response of the Government to Audit

Performance Audit and Paragraphs

For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2016, one performance audit and six compliance audit paragraphs were issued to the Principal Secretaries of the respective Departments with request to furnish replies within six weeks. However, replies in respect of compliance audit paragraphs were awaited from the State Government as of October 2016.

3.24 Follow up action on Audit Reports

The Report of the Comptroller and Auditor General of India (CAG) 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 Jammu and Kashmir, had issued (June 1997) instructions to all administrative departments to submit replies/explanatory notes to paragraphs/reviews included in the Audit Reports of the CAG of India within a period of three months of their presentation to the Legislature in the prescribed format without waiting for any questionnaires from the COPU. The status of receipt of explanatory notes is given in **Table-3.14** below.

Table-3.14: Explanatory notes not received as on 30 September 2016

Year of 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
2000-01	06 April 2002	1	3	-	-
2001-02	21 June 2003	1	4	-	-
2002-03	23 August 2004	1	3	-	-
2003-04	23 March 2005	-	3	-	-
2004-05	27 March 2006	1	4	1	-
2005-06	08 February 2007/ 31 August 2009	3	2	1	-
2006-07	30 January 2008	1	5	-	-
2007-08	05 March 2009	1	3	-	-
2008-09	30 March 2010	1	3	-	2
2009-10	31 March 2011	1	3	-	-
2010-11	04 April 2012	1	5	-	-
2011-12	05 April 2013	2	-	1	-
2012-13	04 March 2014	-	3	-	1
2013-14	27 March 2015	1	6	1	4
2014-15	27 June 2016	1	7	1	7
Total		16	54	5	14

Out of 70 paragraphs/performance audits, explanatory notes to 19 paragraphs/performance audits (27.14 *per cent*) relating to six departments, which were commented upon, were awaited (October 2016).

3.25 Discussion of Audit Reports by COPU

The status as on 30 September 2016 of performance audits and paragraphs that appeared in Audit Reports (PSUs) and discussed by the Committee on Public Undertakings (COPU) is depicted in **Table-3.15**.

Table-3.15: Reviews/Paras appeared in Audit Reports vis-a-vis discussed as on 30 September 2016

Period of Audit Report	Number of reviews/paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2000-01	1	3	1	3
2001-02	1	4	1	4
2002-03	1	3	1	3
2003-04	-	3	-	3
2004-05	1	4	1	3
2005-06	3	2	2	2
2006-07	1	5	1	4
2007-08	1	3	1	2
2008-09	1	3	1	1
2009-10	1	3	1	3
2010-11	1	5	1	5
2011-12	2	-	1	-
2012-13	-	3	-	2
2013-14	1	6	-	2
2014-15	1	7	-	-
Total	16	54	12¹⁷	37¹⁷

3.26 Compliance to Reports of Committee on Public Undertakings (COPU)

Action Taken Notes (ATN) to 29 paragraphs pertaining to seven Reports of the COPU presented to the State Legislature between April 2005 to March 2016 had not been received (October 2016) as per details given in **Table-3.16** below.

Table-3.16: Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total no. of recommendations in COPU Report	No. of recommendations where ATNs not received
2004-05 (40 th Report)	01	06	06
2005-06 (41 st Report)	01	06	03
2009-10 (42 nd Report)	01	17	08
2010-11 (43 rd Report)	01	02	02
2011-12 (44 th Report)	01	06	03
2012-13 (45 th Report)	01	06	02
2013-14 (46 th Report)	01	15	05
Total	07	58¹⁸	29

¹⁷ Includes partly discussed paragraphs

¹⁸ Pertains to 42 paragraphs/performance audits that featured in the Audit Reports for the years 2000-01 to 2011-12

These Reports of COPU contained recommendations in respect of paragraphs pertaining to 10 departments which appeared in the Reports of the CAG of India for the years 2000-01 to 2011-12.

It is recommended that the Government may ensure: (a) sending of replies to inspection reports/draft paragraphs/performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule and (b) revamping of the system of responding to audit observations.

3.27 Contents of Part-B (PSUs Chapter)

The PSUs Chapter contains one Performance Audit on ‘Jammu and Kashmir State Power Development Corporation Limited’ and six paragraphs including one thematic audit with financial implications of ₹2,346.68 crore.

3.28 Disinvestment, Restructuring and Privatisation of PSUs

The State Government has initiated the process of establishing hydel projects through independent power producers and 16 such projects had been allotted in the State as of 31 March 2016. Of these, four projects had been commissioned while 12 projects were under various stages of implementation.