

Preface

This report contains results of audit on fraudulent payment of ₹ 18.41 crore relating to production and transportation of 8.89 lakh woollen blankets by Jharkhand Silk, Textile & Handicraft Development Corporation Limited (Jharcraft), audit of Jharkhand Police Housing Corporation Limited and one audit paragraph based on the Compliance Audit of one PSU.

Accounts of Government companies are audited by the Comptroller and Auditor General of India (CAG) under Sections 139 and 143 of the Companies Act, 2013. The CAG performs supplementary audit of the accounts certified by the Statutory Auditors (Chartered Accountants), appointed by the CAG under the Companies Act, and gives his comments or supplements the reports of the Statutory Auditors.

The CAG submits his reports on the accounts of Government companies and corporations audited by him to the Government for laying before State Legislature of Jharkhand under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

This Report highlights the following:

1. Out of 24 Public Sector Undertakings (PSUs) in Jharkhand, 22 PSUs have arrears in accounts ranging from 2009-10 onwards. Apart from violating the Companies Act, delays/ non-preparation of accounts are fraught with risk of misrepresentation of facts, fraud and misappropriation.
2. The 10 PSUs that had finalised their accounts in the last three years had an average negative Return on Investment (RoI) of 18.34 *per cent* against average borrowings cost of 6.87 *per cent* resulting in loss to the public exchequer of ₹ 2,092.21 crore in the past three years alone. The loss on account of the remaining 14 PSUs whose accounts have not been finalised cannot be estimated.
3. The State Government has not formulated any dividend policy for State PSUs. Consequently, though, as per their latest finalised accounts, five PSUs with Government equity of ₹ 128.11 crore earned aggregate profit of ₹ 22.98 crore, none of these PSUs declared dividend.
4. During the year, the Statutory auditors had given qualified certificates for 21 accounts finalised by 12 companies. Compliance to the Accounting Standards by the companies remained poor as there were 36 instances of non compliance in 11 accounts of seven companies.
5. The basis on which the State Government extended Budgetary support of ₹ 208.22 crore to six working PSUs and ₹ 15.52 crore to one non-working PSU that have not finalised their accounts for the period 2014-15 to 2016-17 is not clear.

6. The apportionment of assets and liabilities of seven PSUs has not been completed even after 17 years of the reorganisation of the erstwhile State of Bihar into Bihar and Jharkhand.
7. Jharkhand Bijli Vitran Nigam Limited (JBVNL) could not achieve the financial targets and operational performance targets under Ujwal Discom Assurance Yojna (UDAY).
8. Cross verification of records of Jharcraft relating to production and transportation of 8.89 lakh blankets revealed fraudulent payment of ₹ 18.41 crore.
9. Audit of Jharkhand Police Housing Corporation Limited revealed irregularities such as award of construction contracts to ineligible bidders and avoidable payment of income tax of ₹ 5.03 crore due to wrong accounting of interest on Government scheme funds as own income.
10. Audit observed avoidable generation loss of power worth ₹ 22.79 crore due to failure of Jharkhand Urja Utpadan Nigam Limited to carry out periodic testing of bushings and unnecessary delay in procurement and installation of replacement.

The Audit has been conducted in conformity with the Regulations on Audit and Accounts, 2007 and the Auditing Standards issued by the CAG of India.