

Overview

This Report contains 14 paragraphs and one performance audit on the 'Working of Haryana Vidyut Prasaran Nigam Limited' involving a financial effect of ₹ 863.15 crore relating to avoidable expenditure, loss of interest, non-safeguarding of the financial interests *etc.* Some of the major findings are mentioned below:

1. State Public Sector Undertakings

The State of Haryana had 27 working PSUs (25 companies and two statutory corporations) and five inactive companies. Out of these, Government of Haryana (GoH) has investments in 25 PSUs (23 working and two inactive). As on 31 March 2019, the total investment (paid-up capital, long term loans and grant/ subsidy) in 32 PSUs was ₹ 1,29,536.19 crore. The State Government contributed ₹ 21,117.55 crore towards equity, loans and grants/subsidies in 15 PSUs during the year 2018-19.

(Paragraphs 1.1, 1.5, 1.6, 4.1, 4.4 and 4.6)

Performance of Public Sector Undertakings

Out of 23 working PSUs which had investment from GoH, 19 PSUs submitted their accounts up to September 2019. Of these, 16 accounts reflected profits. Out of the profit making PSUs only one PSU declared dividend of ₹ 2.15 crore.

During the year 2018-19, the State Government converted 100 *per cent* grant of ₹ 7,785 crore under Ujwal Discom Assurance Yojana (UDAY) into equity instead of only 25 *per cent* allowed under the Scheme.

(Paragraphs 1.15, 1.21.4, 4.8.1 and 4.19)

2. Power Sector

A Performance audit on the 'Working of Haryana Vidyut Prasaran Nigam Limited' was conducted. The important audit findings are as under:

The transmission losses of the Company decreased from 2.62 *per cent* during 2014-15 to 2.05 *per cent* during 2018-19. The Company achieved the targets fixed by the Haryana Electricity Regulatory Commission (HERC) during the years 2017-19.

(Paragraph 2.6)

30 out of the 32 projects commissioned by the Company during the years 2014-19, were delayed in completion ranging between 3 and 98 months. Consequently, the realisation of Return on Equity and Depreciation amounting to ₹ 228.02 crore on transmission assets valuing ₹ 950.18 crore, completed with delays, was deferred.

(Paragraph 2.7.2.1)

The Company did not achieve the norms of Transmission System Availability (TSA) fixed by the HERC during 2015-18. Due to this, full transmission cost could not be recovered, besides revenues were reduced to the extent of ₹ 15.51 crore.

(Paragraph 2.8.3)

The Company could not fully avail the World Bank loans available at cheaper rates, due to poor pace of project implementation, and resorted to costlier funding arrangement with Rural Electrification Corporation which cost the Company ₹ 24.63 crore. In addition, the Company had to bear ₹ 31.32 lakh on account of front end fee on un-availed portion of World Bank loan.

(Paragraph 2.10.2)

In disregard to Bank Guarantee (BG) terms, the Company released all advance payments to one out of the two guarantee issuing banks, as a result, it could not recover ₹ 9.57 crore from one of the BG issuing Bank.

(Paragraph 2.10.5)

There was late filing of Aggregated Revenue Requirements (ARRs) by the Company leading to delay in finalisation of transmission charges by HERC for 2014-15 to 2017-18. As a result, the Company could not recover transmission charges of ₹ 2.11 crore from short term open access consumers.

(Paragraph 2.11.1)

Electricity consumers of the State were subjected to undue burden of ₹ 168.64 crore during 2014-19 due to inefficiencies of the Company relating to non-synchronous commissioning of sub-stations and transmission lines, under utilisation of transmission capacity and non-passing of benefits of Advance Against Depreciation and interest waiver.

(Paragraph 2.12.1)

Profitability of the Company was adversely affected by ₹ 70.08 crore during 2014-19 due to inefficiencies like non-achievement of Transmission System Availability, availing mid-term loan against Government guarantee without carrying out cost benefit analysis, delayed filing of ARR, non-claiming of holding cost timely and non-adherence to working capital norms.

(Paragraph 2.12.2)

Chapter III contains Compliance audit observations which highlight deficiencies in the management of State Government companies of Power sector, which had significant financial implications. Important findings are as under:

Haryana Power Generation Corporation Limited

- The Company paid ₹ 27.29 crore as compensation for short lifting of

coal during 2016-17, as it did not initiate timely action for reduction of Annual Contracted Quantity of coal with Coal India Limited in line with the revised operational requirement of its Panipat Thermal Power Station.

(Paragraph 3.1)

- The Company made imprudent procurement of Generator Transformer worth ₹ 9.35 crore for its Panipat Thermal Power Station.

(Paragraph 3.2)

Dakshin Haryana Bijli Vitran Nigam Limited

- The Company changed the basis for calculation of Aggregate Technical and Commercial losses as agreed in the contract and extended undue benefit of ₹ 1.97 crore to the contractor.

(Paragraph 3.3)

- The Company accepted 35.268 km cables valuing ₹ 53.15 lakh not conforming to specifications in the Purchase Order.

(Paragraph 3.4)

- The Company had to suffer a loss of ₹ 72.50 lakh due to not maintaining security deposit in line with Haryana Electricity Regulatory Commission Regulations.

(Paragraph 3.5)

Uttar Haryana Bijli Vitran Nigam Limited

- The Company incurred avoidable expenditure of ₹ 11.14 crore on construction of unmanned sub-stations and their subsequent conversion into conventional ones.

(Paragraph 3.6)

- The Company had to bear reactive energy charges of ₹ 59.83 crore due to inadequacy of functional Automatic Power Factor Capacitors.

(Paragraph 3.7)

3. Other than Power Sector

Chapter V contains Compliance audit observations highlighting deficiencies in the management of State Government Companies and Statutory Corporation of other than power sector.

Important findings are as under:

Haryana State Industrial and Infrastructure Development Corporation Limited

- The Company ignored the technically qualified bidder having maximum scores for appointment as Public Relation agency and awarded the work to another bidder in re-tendering which resulted in extra expenditure of ₹ 1.09 crore.

(Paragraph 5.1)

- The Company availed HUDCO loan carrying higher rate of interest despite availability of cheaper cash credit/ term loans for financing of Mass Rapid Transport System which resulted in avoidable expenditure of ₹ 11.24 crore.

(Paragraph 5.2)

- The Company failed to provide encumbrances free site to the allottee within prescribed time frame which resulted in deferment of payment schedule leading to loss of interest of ₹ 45.96 crore.

(Paragraph 5.3)

Haryana State Roads and Bridges Development Corporation Limited

- The Company did not deposit advance Income Tax and delayed filing of Income Tax return resulting in avoidable payment of interest of ₹ 9.09 crore.

(Paragraph 5.4)

- The Company did not invest the surplus funds at the maximum available rates of interest and lost the opportunity to earn interest of ₹ 40.41 lakh.

(Paragraph 5.5)

Haryana Agro Industries Corporation Limited and Haryana State Warehousing Corporation

- Haryana Agro Industries Corporation Limited and Haryana State Warehousing Corporation delayed claiming interest charges on custom milled rice from Food Corporation of India during Kharif Marketing Season 2017-18 and had to bear avoidable interest charges of ₹ 1.06 crore.

(Paragraph 5.6)

Haryana Agro Industries Corporation Limited

- Paddy was allocated to a miller who was not approved by District Milling Committee of Fatehabad for Kharif Marketing Season 2017-18 who misappropriated custom milled rice valuing ₹ 1.28 crore.

(Paragraph 5.7)