

CHAPTER-VI: FUNCTIONING OF PSUs (NON- POWER SECTOR)

6.1 Introduction

As on 31 March 2019, there were 25 State PSUs (including four Government companies¹, whose incorporation was intimated to Audit during 2018-19) in sectors other than Power. These State PSUs were incorporated during the period 1981-82 and 2018-19 and included 24 Government Companies and one Statutory Corporation (CSWC). Of these 25, three PSUs (Chhattisgarh Sondiha Coal Company Limited, CSPGCL AEL Parsa Collieries Limited and CMDC ICPL Coal Limited) were inactive and 22 were working PSUs. Of these working PSUs, analysis of financial performance of 15 PSUs, whose accounts were in arrears for two or less years as on 31 December 2019 is presented in this Report (**Appendix 6.1**). Details of investments made by the Governments in the remaining seven PSUs, whose accounts were in arrears for three or more years / first accounts were not received/ commercial operations did not commence) along with three inactive PSUs are given in **Appendix 6.2**.

6.1.1 Contribution to Economy of the State

A ratio of turnover of the State PSUs to the GSDP shows the extent of activities of the PSUs in the State economy. The turnover of 15 working PSUs in Non-Power Sector covered between 2.38 per cent to 58.02 per cent during the period 2016-17 to 2018-19, whereas change in GSDP of the State ranged between 9.66 per cent and 12.02 per cent during the same period. The compounded average annual growth rate (CAGR²) of GSDP was 6.96 per cent during the three-year period 2016-19. Against this, the turnover of Non-Power Sector PSUs recorded a higher CAGR of 17.39 per cent during the same period. This resulted in increase in the share of turnover of these PSUs to the GSDP from 3.41 per cent in 2016-17 to 4.51 per cent in 2018-19.

The **Table 6.1** provides the details of turnover of working PSUs (Non-Power Sector) and GSDP of Chhattisgarh for a period of three years ending March 2019:

Table 6.1: Details of turnover of working PSUs vis-a-vis GSDP of Chhattisgarh
(₹ in crore)

Particulars	2016-17	2017-18	2018-19
Turnover	8,688.09	13,729.03	14,056.20
Percentage change in turnover as compared to turnover of preceding year	9.64	58.02	2.38
GSDP of Chhattisgarh State	2,54,722	2,84,194	3,11,660
Percentage change in GSDP as compared to GSDP of preceding year	12.02	11.57	9.66
Percentage of Turnover to GSDP of Chhattisgarh	3.41	4.83	4.51

(Source: Turnover: Accounts of PSUs; GSDP: Economic Review 2018-19 of Government of Chhattisgarh)

¹ Chhattisgarh State Marketing Corporation Limited, Chhattisgarh Rural Housing Corporation Limited, Chhattisgarh Katghora Dongargarh Railway Limited and Chhattisgarh Kharsia Naya Raipur Railway Limited.

² CAGR= $\left\{ \left(\frac{\text{Value of 2018-19}}{\text{Value of 2016-17}} \right)^{\frac{1}{3 \text{ years}}} - 1 \right\} * 100$.

6.2 Investment in State PSUs (Non-Power Sector)

Details of investment in equity and long term loans in 15 working PSUs as on 31 March 2019 are given in **Appendix 6.3**. PSUs in Non-Power Sector have been analysed in the following three categories³:

- 1. PSUs not in open market competition (Monopolistic Environment):** Out of 15 working PSUs, three PSUs fall under this category as they have monopolistic /oligopolistic nature of operations i.e. their operations do not have any competition or have a very limited competition.
- 2. PSUs with assured income:** This category includes PSUs whose major income comes from assured sources such as Government grants/subsidies, centage, commission, interest on bank deposits etc. 10 out of 15 PSUs fall under this category.
- 3. PSUs in Competitive Environment:** This category includes those PSUs, which are open to market competition. Remaining two PSUs fall in this category.

The summary of investment in these PSUs as on 31 March 2019 under above sectors is given in **Table 6.2**.

Table 6.2: Sector-wise investment in PSUs (Non-Power Sector)

(₹ in crore)

Sector wise	No. of PSUs	Investment						Total
		Equity			Long term loans			
		State	Central	Others ⁴	State	Central	Others ⁴	
Monopolistic Environment	3	25.88	0.92	-	339.00	-	-	365.80
Assured income	10	22.30	-	2.32	137.00	-	405.29	566.91
Competitive Environment	2	1.00	-	4.90	261.97	-	1.48	269.35
Total	15	49.18	0.92	7.22	737.97	-	406.77	1,202.06
PSUs inactive/ accounts in arrears	10	31.45	24.50	108.70	0.00	-	1,130.20	1,294.85
Grand Total	25	80.63	25.42	115.92	737.97	-	1,536.97	2,496.91

(Source: Information furnished by PSUs)

As on 31 March 2019, the total investment (equity and long term loans) in 15 PSUs consisted of 4.77 per cent in equity and 95.23 per cent in long term loans. The long term loans advanced by the State Government constituted 64.47 per cent (₹ 737.97 crore) of the total long term loans, whereas 35.53 per cent (₹ 406.77 crore) of the total long term loans were taken from other sources like National Handicapped Finance and Development Corporation (₹ 56.82 crore), Chhattisgarh Mandi Board (₹ 25.91 crore), Public sector banks (₹ 322.56 crore) and respective Holding Companies (₹ 1.48 crore).

The investment in 15 State PSUs increased by 167.54 per cent from ₹ 449.29 crore in 2016-17 to ₹ 1,202.06 crore as on 31 March 2019, mainly due to addition of ₹ 748.77 crore towards long term loans and equity of ₹ 4.00 crore.

³ Monopolistic PSUs, PSUs with assured income and PSUs in competitive sector.

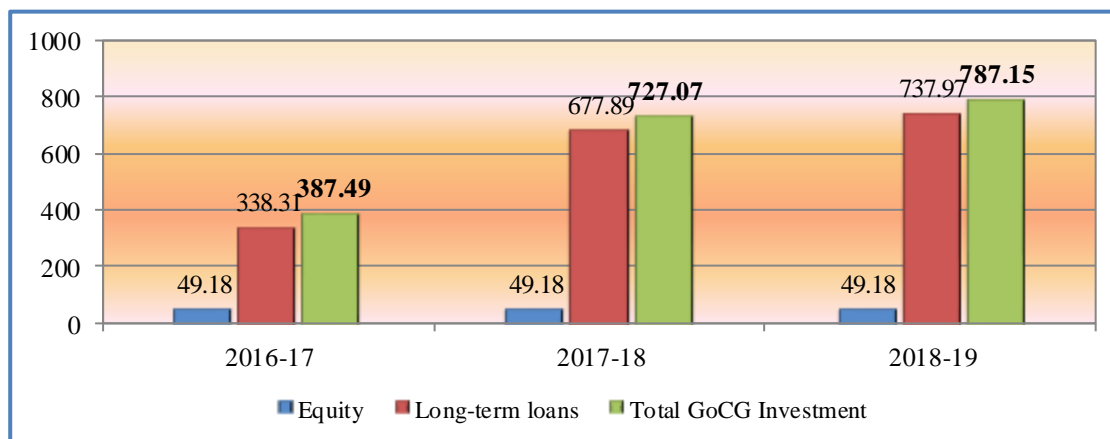
⁴ Others includes investment by Holding Companies, financial institutions, banks, etc.

As on 31 March 2019, the total investment of ₹ 1,294.85 crore (including equity of ₹ 164.65 crore and long term loans of ₹ 1,130.20 crore) in respect of 10 PSUs (out of 25 PSUs), whose accounts were in arrears for three or more years /first accounts not finalised, constitutes a substantial share (51.86 per cent) of the total investment (₹ 2,496.91 crore) of 25 PSUs in Non-Power Sector.

The year wise investment of State Government in 15 working PSUs in Non-Power Sector during the period 2016-17 to 2018-19 is shown in a **Chart 6.1**.

Chart 6.1: Total investment of GoCG in PSUs (Non-Power Sector)

(₹ in crore)



6.3 Restructuring, Disinvestment and Privatisation of PSUs (Non-Power Sector)

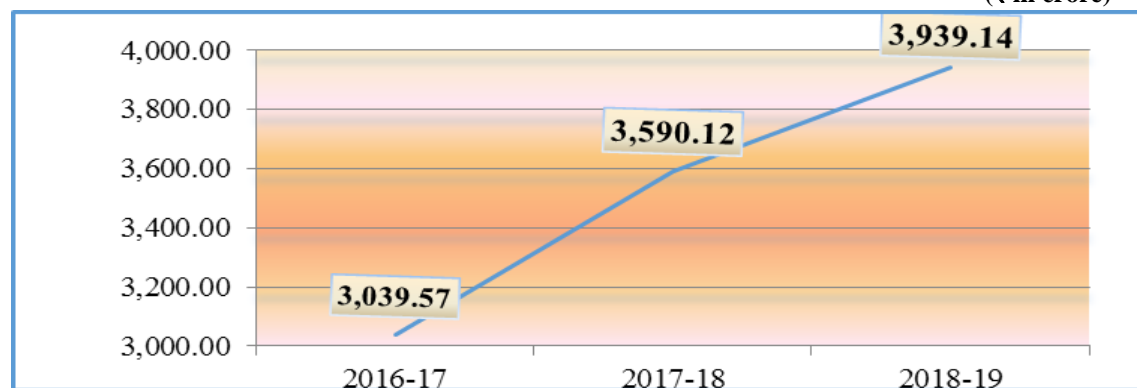
During the year 2018-19, no disinvestment, restructuring or privatisation of PSUs (Non-Power Sector) was done by the State Government.

6.4 Budgetary Support to State PSUs (Non-Power Sector)

The State Government provides financial support to State PSUs in various forms through annual budget. The details of budgetary outgo towards equity, loans and grants/subsidies for the last three years ending March 2019 are given in **Chart 6.2**.

Chart 6.2: Budgetary outgo towards Equity, Loans and Grants/Subsidy

(₹ in crore)



The summarized details of budgetary outgo towards equity, loans, grants/ subsidy, loans written off and loans converted into equity in respect of PSUs in Non-Power Sector

during the last three years ended March 2019 are given in **Table 6.3**. Details of PSU-wise budgetary support provided during the year 2018-19 are given in **Appendix 6.4**.

Table 6.3: Details of budgetary support to PSUs (Non-Power Sector)

(₹ in crore)

Particulars	2016-17		2017-18		2018-19	
	No of PSUs	Amount	No of PSUs	Amount	No of PSUs	Amount
(i) Equity Capital	1	4.00	-	-	-	-
(ii) Loans	2	151.86	2	297.81	2	82.71
(iii) Grants/Subsidy	9	2,883.71	9	3,292.31	9	3,856.43
Total Outgo (i+ii+iii)	12	3,039.57	11	3,590.12	10	3,939.14
Guarantees outstanding	1	12.00	2	178.65 ⁵	3	502.63 ⁶
Guarantee Commitment	1	32.50	2	832.50⁷	3	4,298.59⁸

(Source: Information furnished by PSUs)

As can be seen from the Table above, annual budgetary assistance received by the PSUs in Non-Power Sector increased from ₹3,039.57 crore in 2016-17 to ₹ 3,939.14 crore during the period 2018-19. During 2018-19, it constituted ₹ 82.71 crore and ₹ 3,856.43 crore in the form of loans and grants/subsidy respectively. Budgetary assistance in the form of loan (₹ 82.65 crore) was given to Chhattisgarh Mineral Development Corporation Limited for mineral exploration work. The major portion of subsidy/grants was given to Chhattisgarh State Civil Supplies Corporation Limited (₹ 2,850.23 crore) to provide food grains at concessional rate to the public apart from loan (₹ 0.06 crore) for purchase of vehicles to supply food to hill areas, and Chhattisgarh Road Development Corporation Limited (₹ 646.57 crore) for deposit works viz., construction of road projects. Grant/Subsidies were also given to Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (₹ 85.91 crore) for purchase and distribution of agricultural seed / pesticides / equipment and Chhattisgarh State Industrial Development Corporation Limited (₹ 46.95 crore) for industrial area development. Chhattisgarh State Police Housing Corporation Limited received grants (₹ 37.89 crore) for construction of police stations / quarters and ₹ 4.00 crore as establishment grant. Atal Nagar Smart City Limited received support for smart city projects (₹ 114.00 crore).

State Government helps the PSUs in raising loans from banks and financial institutions by giving guarantee for repayment of principal and interest under Chhattisgarh State Government Guarantee Rules (CSGGR), 2003. As per these Rules, the guarantee fee is charged from the PSUs at a rate, in a manner and within a time period as specified by the

⁵ Chhattisgarh State Police Housing Corporation Limited (₹ 170.15 crore) and Chhattisgarh Nishakt Jan Vitt Evam Vikas Nigam (₹ 8.50 crore).

⁶ Chhattisgarh State Police Housing Corporation Limited (₹ 374.85 crore), Chhattisgarh Rural Housing Corporation Limited (₹ 103.78 crore) and Chhattisgarh Nishakt Jan Vitt Evam Vikas Nigam (₹ 24.00 crore).

⁷ Chhattisgarh State Police Housing Corporation Limited (₹ 800.00 crore) and Chhattisgarh Nishakt Jan Vitt Evam Vikas Nigam (₹ 32.50 crore).

⁸ Chhattisgarh State Police Housing Corporation Limited (₹ 800.00 crore), Chhattisgarh Rural Housing Corporation Limited (₹ 3,427.28 crore) and Chhattisgarh Nishakt Jan Vitt Evam Vikas Nigam (₹ 71.31 crore).

GoCG in the grant order. Outstanding guarantee commitments stood at ₹ 502.63 crore in 2018-19 in respect of three PSUs. As on 31 March 2019, guarantee fee amounting to ₹ 1.62 crore was receivable from Chhattisgarh State Police Housing Corporation.

6.5 Reconciliation with Finance Accounts of State Government

The figures in respect of equity, loans and guarantees outstanding as per records of all State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not tally, the PSUs concerned and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2019 is given in **Table 6.4**.

Table 6.4: Equity, loans and guarantees outstanding as per Finance Accounts of State Government vis-à-vis records of State PSUs (Non-Power Sector)

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of State PSUs	Difference
Equity	49.30	80.63	31.33
Loans	394.71	737.97	343.26
Guarantees	4,298.59	4,297.59	-1.00

(Source: Finance Accounts of Chhattisgarh State and information furnished by PSUs)

It was observed that differences occurred in respect of 10 PSUs as shown in **Appendix 6.5**. Major differences were observed in Chhattisgarh Rajya Van Vikas Nigam Limited (Equity: ₹ 19.18 crore), Chhattisgarh State Marketing Corporation Limited (Equity: ₹ 7,000; Loan: ₹ 165.00 crore), Chhattisgarh Railway Corporation Limited (Equity: ₹ 21.50 crore), Chhattisgarh State Industrial Development Corporation Limited (Equity: ₹ 9.50 crore) and Chhattisgarh Mineral Development Corporation Limited (Loan: ₹ 179.32 crore). The differences in equity, loans and guarantees were pending reconciliation since long period. The matter was taken up with the PSUs and Departments from time to time. The State Government needs to initiate expeditious action to analyse the reasons for the variations in figures between the two sets of figures in consultation with the concerned PSUs and ensure reconciliation in a time-bound manner.

6.6 Submission of Accounts by PSUs (Non-Power Sector)

Of the total 25 State PSUs, there were 22 working PSUs (21 Government Companies and one Statutory Corporation). The status of timeliness followed by these working PSUs in preparing accounts is detailed below:

6.6.1 Timeliness in preparation of accounts by the State PSUs

As prescribed under the Companies Act, 2013, all the working State PSUs were required to submit accounts for the year 2018-19 by 30 September 2019. However, out of 21 working Government Companies, only seven Government Companies submitted their accounts for the year 2018-19 for audit by CAG, whereas accounts of 14 Government Companies were in arrears as on 31 December 2019. Accounts of the Statutory Corporation for the year 2018-19 were presented within time for CAG Audit. Details of arrears in submission of accounts of functional PSUs (Non-Power Sector) as on

31 December 2019 are given in **Table 6.5**.

Table 6.5: Position relating to submission of Accounts by PSUs (Non-Power Sector)

Particulars	Government Companies / Statutory Corporation		
	Government Companies	Statutory Corporation	Total
Total number of PSUs under CAG's audit as on 31 March 2019	24 ⁹	1	25
Number of PSUs whose accounts for 2018-19 were due	24	1	25
Number of PSUs which presented the accounts for CAG's audit by 31 December 2019	8	1	9
Number of accounts in arrears	24 ¹⁰	--	24
Break- up of Accounts in arrears	(i) Inactive	3	3
	(ii) First Accounts not submitted	4	4
	(iii) Others	17	17
Age-wise analysis of category (iii)	One year (2018-19)	8	8
	Two years (2017-18 and 2018-19)	2	2
	Three years and more	7	7

One, out of three inactive PSUs, submitted accounts for the year 2018-19, whereas accounts of other two PSUs were in arrears as on 31 December 2019. Further, seven accounts of two State PSUs viz., Chhattisgarh State Industrial Development Corporation Limited (four accounts) and Chhattisgarh Infrastructure Development Corporation Limited (three accounts) were in arrears for three years or more.

During the year 2018-19, State Government provided budgetary support of ₹ 3,696.60 crore¹¹ to seven PSUs, whose accounts were in arrears as on 31 December 2019.

The Administrative Departments have the responsibility to oversee the activities of these entities. Therefore, they have to ensure that the accounts are finalised by these PSUs and adopted by their respective Boards within the stipulated period.

In the absence of finalisation of accounts and their subsequent audit, the accounting of investments and expenditure incurred could not be verified. The State Government's investment in these State PSUs (Non-Power Sector), therefore, remained outside the oversight of State Legislature.

6.7 Winding up of inactive PSUs (Non-Power Sector)

As on 31 March 2019, three State PSUs were inactive¹² with a total investment of ₹ 338.68 crore (Equity: ₹ 104.70 crore and long term loans: ₹ 233.98 crore). These PSUs were Chhattisgarh Sondiha Coal Company Limited (Equity: ₹ 21.94 crore), CSPGCL AEL Parsa Collieries Limited (Equity: ₹ 0.16 crore, Loans: ₹ 2.27 crore) and CMDC

⁹ The figure includes three non-functional PSUs and four newly incorporated PSUs.

¹⁰ The figure includes three accounts of two non-functional PSUs and 12 accounts of six PSUs whose accounts are in arrears for three years or more or were non-functional or first accounts were not received or were not due or did not commence commercial activities (**Appendix 6.2**).

¹¹ Loan: ₹ 0.06 crore, Grant: ₹ 760.40 crore and Subsidy: ₹ 2,936.14 crore as shown in **Appendix- 6.4**

¹² Due to cancellation of their coal blocks.

ICPL Coal Limited (Equity: ₹ 82.60 crore, Loans: ₹ 231.71 crore). The Government may take appropriate decision regarding winding up of these PSUs **Appendix 6.2**.

6.8 Impact of non-finalisation of Accounts of PSUs (Non-Power Sector)

As pointed in **Paragraph 6.6.1**, the 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 relevant statutes. In view of the arrears of accounts, the actual contribution of the State PSUs (other than Power Sector) to State GDP and their profitability including profit earned/loss incurred for the year 2018-19 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is therefore, recommended that the State Government may issue necessary directions to the Administrative Departments to set targets for individual PSUs and strictly monitor the clearance of arrears. The State Government needs to take appropriate steps expeditiously to clear up the arrears in finalization of accounts.

6.9 Performance of State PSUs (Non-Power Sector)

The financial position and working results of the 15 State PSUs as per their latest finalised accounts¹³ as of 31 December 2019, are detailed in **Appendix 6.1**.

The PSUs are expected to yield reasonable return on investments made by Government in the undertakings. The total investment of GoCG / Government of India (GoI) and others in the 15 PSUs was ₹ 1,202.06 crore (**Appendix 6.3**) consisting of equity of ₹ 57.32 crore and long-term loans of ₹ 1,144.74 crore. Out of this, GoCG has investment of ₹ 787.15 crore in 11 State PSUs consisting of equity of ₹ 49.18 crore and long term loans of ₹ 737.97 crore.

As discussed in **Paragraph 5.6** of Chapter 5, the profitability of a Company is traditionally assessed through return on investment (RoI), return on equity (RoE) and return on capital employed (RoCE).

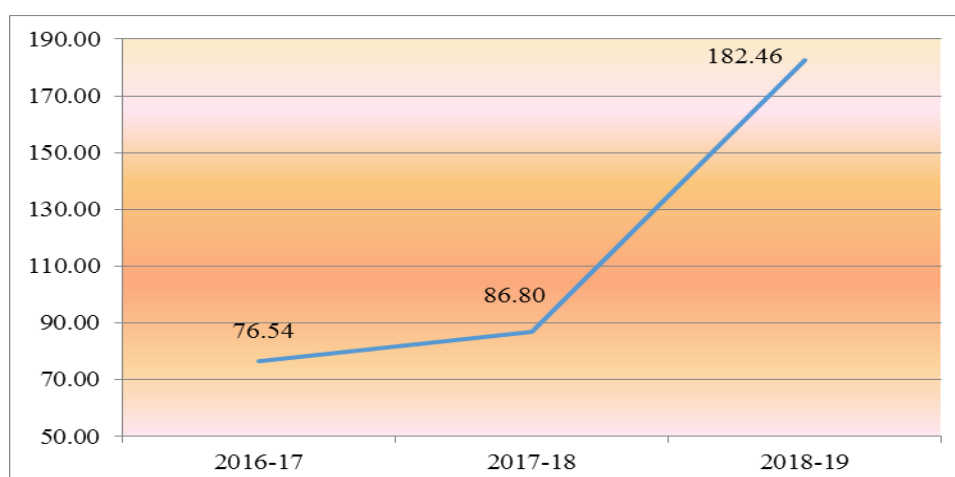
6.9.1 Rate of Real Return on Investment

The overall position of Profit/losses¹⁴ earned / incurred by the 15 working PSUs during 2016-17 to 2018-19 is depicted in **Chart 6.3**.

¹³ During the period between 2016-17 to 2018-19.

¹⁴ Figures are as per the latest finalised accounts of the respective years.

Chart 6.3: Profit/Losses of working PSUs (Non-Power Sector)
(₹ in crore)



The overall profit of working PSUs increased from ₹ 76.54 crore in 2016-17 to ₹ 182.46 crore in 2018-19, as per their latest finalised accounts. Of these, nine PSUs earned a profit of ₹ 202.27 crore and four PSUs incurred a loss of ₹ 19.81 crore, while the remaining two¹⁵ PSUs reported neither profit nor loss. Details are given in **Appendix 6.1**.

The overall profit earned by these nine PSUs increased due to profit earned by CSWC since the rate of godown rent was increased from the year 2018-19. Return on Equity in all the 15 PSUs was 17.81 per cent in 2018-19.

The details of sector wise profit of PSUs during 2018-19 are summarized in **Table 6.6**.

Table 6.6: Sector wise profit making PSUs (Non-Power Sector)

Sector	No. of Profit earning PSUs	Profit After Tax (PAT) (₹ in crore)	Percentage of profit to PAT
PSUs in Monopolistic Sector	2	30.98	15.32
PSUs with assured income	6	171.13	84.60
PSUs in Competitive Environment	1	0.16	0.08
Total	9	202.27	

(Source: Annual accounts of PSUs)

It may be seen from above table that out of 15 PSUs, eight PSUs earned 99.92 per cent profit (₹ 202.11 crore) which were either having monopolistic advantage or were having assured income from budgetary support, centage, commission, interest on bank deposits etc.

Major profit making PSUs during 2018-19 were, Chhattisgarh State Warehousing Corporation (₹ 138.69 crore), Chhattisgarh Rajya Van Vikas Nigam Limited (₹ 23.34 crore) and Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (₹ 18.55 crore) while Chhattisgarh Mineral Development Corporation Limited incurred heavy loss of ₹ 17.68 crore.

The position of profit/loss earned/incurred during 2016-17 to 2018-19 is given in **Table 6.7**.

¹⁵ Atal Nagar Smart City Corporation Limited and Bilaspur Smart City Limited.

Table 6.7: Details of PSUs (Non-Power Sector) which earned/ incurred profit/loss

Financial year	Total number of PSUs (Non Power Sector)	Number of PSUs which earned profits during the year	Number of PSUs which incurred loss during the year	Number of PSUs which had Marginal ¹⁶ /Zero profit/ loss during the year
2016-17	14	10	2	2 ¹⁷
2017-18	15	10	4	1
2018-19	15	9	4	2

6.9.1.1 Return on the basis of historical cost of investment

The Return on the basis of historical cost of Investment for the period 2016-17 to 2018-19 is shown in **Table 6.8**.

Table 6.8: Return on State Government Investment on historical cost basis

Financial Year	Investment on historical cost basis in the form of Equity, Long term Loan, Grants and Subsidies				Total Profit / Loss for the year	Rate of Real Return on Investment (in per cent)
	State	Central	Others	Total		
2016-17	420.61	0.92	60.88	482.41	76.54	15.87
2017-18	765.83	0.92	238.02	1,004.77	86.80	8.64
2018-19	830.31	0.92	413.99	1,245.22	182.46	14.65

The Return on the basis of historical cost of investment of 15 working PSUs was positive and ranged between 8.64 per cent and 15.87 per cent during the period 2016-17 to 2018-19.

6.9.1.2 Real Return on Investment on the basis of Present Value of Investment

As discussed in **Paragraph 5.6.1.2**, return on investment has been calculated after considering the Present Value (PV) of money to arrive at real return on the investment made by the State Government, as traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the PV of money. The PV of the State Government investments in these PSUs was computed on assumptions as mentioned in **Paragraph 5.6.1.2**. The consolidated position of PV of the State Government investment relating to these PSUs for the period from 2016-17 to 2018-19 is indicated in **Appendix 6.6**. The PV of investment made by the State Government as on 31 March 2019 was ₹ 504.40 crore.

6.9.2 Return on Equity

Return on Equity (RoE) is a measure of financial performance of companies calculated by dividing net income by shareholders' fund and interest free loans given by the State

¹⁶ PSUs which earns profit/loss less than ₹ one lakh.

¹⁷ The figure includes one PSU viz, Chhattisgarh State Marketing Corporation Limited which was incorporated on 27 February 2017 and account of which for the period from its date of incorporation to 31 March 2017 were prepared along with the accounts for the year 2017-18 for a period of thirteen months.

Government. Sector-wise RoE of PSUs is depicted in **Table 6.9**.

Table 6.9: Sector-wise RoE of PSUs (Non-Power Sector)

Sector		2016-17				2017-18				2018-19			
		No. of PSUs	Net PAT	Share holders' fund	RoE (%)	No. of PSUs	Net PAT	Share holders' fund	RoE (%)	No. of PSUs	Net PAT	Share holders' fund	RoE (%)
Profit Earning	Monopoly	2	11.90	298.94	3.98	2	20.94	318.39	6.58	2	30.98	347.52	8.91
	Assured	6	64.33	215.61	29.84	6	65.83	284.48	23.14	6	171.13	408.29	41.91
	Competitive	2	0.41	110.18	0.37	2	2.47	200.70	1.23	1	0.16	5.38	2.97
	Total	10	76.64	624.73	12.27	10	89.24	803.57	11.11	9	202.27	761.19	26.57
Loss incurring	Monopoly	-	-	-	-	1	-2.01	-2.01	-100.03	1	-2.01	-2.01	-100.03
	Assured	2	-0.10	4.58	-2.18	3	-0.43	4.27	-10.07	2	-0.12	4.48	-2.68
	Competitive	-	-	-	-	-	-	-	-	1	-17.68	260.42	-6.79
	Total	2	-0.10	4.58	-2.18	4	-2.44	2.26	-107.93	4	-19.81	262.89	-7.54
Nil Profit / Loss	Monopoly	1	-	-	-	-	-	-	-	-	-	-	-
	Assured	1	-	0.10	-	1	-	0.10	-	2	-	0.20	-
	Competitive	-	-	-	-	-	-	-	-	-	-	-	-
	Total	2	-	0.10	-	1	-	0.10	-	2	-	0.20	-
Total	Monopoly	3	11.90	298.94	3.98	3	18.93	316.38	5.98	3	28.97	345.51	8.38
	Assured	9	64.23	220.29	29.16	10	65.40	288.85	22.64	10	171.01	412.97	41.41
	Competitive	2	0.41	110.18	0.37	2	2.47	200.70	1.23	2	-17.52	265.80	-6.59
	Total	14	76.54	629.41	12.16	15	86.80	805.93	10.77	15	182.46	1024.28	17.81

It could be seen that the overall RoE of all these PSUs was positive and ranged between 10.77 per cent and 17.81 per cent during the three-year period 2016-19. During 2018-19, RoE was positive and increased under Monopolistic and Assured income sectors, which was due to increase in profits of CSWC (**Appendix 6.1**) since rate of godown rent was increased from the year 2018-19. Further, despite huge investment made by State Government in competitive sector PSU (CMDc) in the form of interest free loans (IFL) of ₹ 261.97 crore up to end of 2018-19, RoE ranged from (-) 6.59 per cent to 1.23 per cent during the period 2016-19.

6.9.3 Return on Capital Employed

Return on Capital Employed (RoCE) of 15 working PSUs in non-Power Sector during the period from 2016-17 to 2018-19 are given in **Table 6.10**.

Table 6.10: RoCE of PSUs (Non-Power Sector)

Nature of PSUs	Year	No. of PSUs	EBIT	Capital Employed	RoCE (in per cent) $5 = 3/4 \times 100$
	1	2	3	4	
	(₹ in crore)				
Profit Earning	2016-17	10	121.96	874.94	13.94
	2017-18	10	138.03	1,228.34	11.24
	2018-19	9	292.52	1,308.71	22.35
Loss incurring	2016-17	2	-0.10	4.58	-
	2017-18	4	29.48	341.26	8.64
	2018-19	4	12.11	601.89	2.01
No profit / loss	2016-17	2	-	0.10	-
	2017-18	1	-	0.10	-
	2018-19	2	-	0.20	-
Total	2016-17	14	121.86	879.62	13.85
	2017-18	15	167.51	1,569.70	10.67
	2018-19	15	304.63	1,910.80	15.94

It was observed that RoCE of 15 working PSUs was positive during three-year period 2016-19 and increased to 15.94 per cent during the year 2018-19 compared to the year 2016-17 mainly due to increase in profits of CSWC.

6.9.4 Erosion of Net worth

As on 31 March 2019, there were five¹⁸ PSUs, which were having negative RoE and accumulated losses of ₹ 215.68 crore. Out of these five PSUs, four¹⁹ PSUs incurred losses in the year 2018-19 amounting to ₹ 19.81 crore and one²⁰ PSU had not incurred loss in the year 2018-19, even though it had accumulated loss of ₹ 210.46 crore.

Out of these five PSUs which had accumulated losses, net worth of, Chhattisgarh State Marketing Corporation Limited (₹ 2.01 crore) and Chhattisgarh State Civil Supplies Corporation Limited (₹ 205.08 crore) was completely eroded, as the accumulated loss of these PSUs was ₹ 2.01 crore, and ₹ 210.46 crore against equity investment of ₹ 0.0007 crore and ₹ 4.43 crore respectively as on 31 March 2019.

6.9.5 Dividend Payout

The State Government had not formulated any dividend policy under which all profit making PSUs are required to pay a minimum per cent of return of the profit after tax/paid up capital.

Dividend Payout relating to 11 PSUs where equity was infused by State Government during the period is shown in Table 6.11.

¹⁸ CSMCL, CSCSCL, CRDCL, RSCL and CMDC.

¹⁹ CSMCL, CRDCL, RSCL and CMDC.

²⁰ CSCSCL.

Table 6.11: Details of Dividend Pay-out of PSUs (Non-Power Sector)

(₹ in crore)

Year	No. of PSUs where equity infused by GoCG		No. of PSUs earned profit during the year		No. of PSUs declared/paid dividend during the year		Dividend Payout Ratio (%)
	Number of PSUs	Equity by GoCG	Number of PSUs	Equity by GoCG	Number of PSUs	Dividend declared/paid	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8=7/5*100)
2016-17	10	49.18	9	44.28	1	1.03	2.33
2017-18	11	49.18	9	43.28	2	2.41	5.57
2018-19	11	49.18	8	43.28	2	3.14	7.26

The Dividend Payout Ratio during 2016-17 to 2018-19 ranged between 2.33 *per cent* and 7.26 *per cent* only. During 2018-19, Chhattisgarh Rajya Van Vikas Nigam Limited and Chhattisgarh State Warehousing Corporation declared/paid dividend of ₹ 2.33 crore and ₹ 0.81 crore respectively.

6.9.6 Analysis of Long Term Loans of the PSUs (Non-Power Sector)

Analysis of the Long Term Loans of the PSUs which had leverage during 2016-17 to 2018-19 was carried out to assess the ability of the companies to serve the debt owed by the companies to the Government, banks and other financial institutions. This is assessed through the interest coverage ratio and debt turnover ratio.

6.9.6.1 Interest Coverage Ratio

Interest Coverage Ratio (ICR) is calculated by dividing earnings before interest and taxes (EBIT) of a PSU by interest expenses of the same period. The details of positive and negative ICR of PSUs which had interest burden on loans during the period from 2016-17 to 2018-19 are given in **Table 6.12**.

Table 6.12: ICR of PSUs (Non-Power Sector)

Year	Interest (₹ in crore)	EBIT (₹ in crore)	No. of PSUs having interest burden	No. of PSUs having ICR more than one	No. of PSUs having ICR less than one
2016-17	11.75	86.67	4	3	Nil
2017-18	46.44	124.08	6	3	1
2018-19	42.78	269.93	6	3	1

Out of all the PSUs (Non-Power Sector) having interest burden during the period 2016-17 to 2018-19, three²¹ PSUs paid interest on loans, which had ICR of more than one. Further, Kerwa Coal Limited had ICR of less than one since it did not pay interest on long term loans during the period.

6.10 Comments on Accounts of PSUs (Non-Power Sector)

Out of 15 Government Companies covered in this Report, 12 Companies forwarded 13 audited accounts to the Principal Accountant General (Audit) during the period from 1 January 2019 to 31 December 2019. Of these, 10 accounts were selected for supplementary audit. The Audit Reports of Statutory Auditors and supplementary audit

²¹ CSWC, CRBEKVN and CNJVAVN.

conducted by the CAG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the CAG are given in **Table 6.13**.

Table 6.13: Impact of audit comments on Functional Companies (Non-Power Sector)

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in profit	6	93.89	6	152.23	14	186.18
2.	Increase in profit	3	1.46	5	38.41	8	28.15
3.	Increase in loss	1	0.01	4	68.11	2	6.17
4.	Decrease in loss	-	-	2	179.34	1	8.71
5.	Non-disclosure of material facts	1	2,007.02	4	2218.82	-	-
6.	Errors of classification	1	15.37	-	-	-	-

(Source: Compiled from comments of the Statutory Auditors/ CAG in respect of Government Companies)

During the year 2018-19, the Statutory Auditors issued qualified certificates on 13 annual accounts of 12 PSUs. Compliance to the Accounting Standards by these PSUs remained poor as the Statutory Auditors pointed out 12 instances of non-compliance to the Accounting Standards in 11 annual accounts.

The State has one Statutory Corporation *i.e.* Chhattisgarh State Warehousing Corporation which forwarded its accounts for the year 2018-19 and the same were selected for supplementary audit. The details of aggregate money value of the comments of Statutory Auditors and supplementary audit by the CAG in respect of Statutory Corporation are given in **Table 6.14**.

Table 6.14: Impact of audit comments on Statutory Corporation

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1	Decrease in profit	1	2.60	-	-	1	2.60
2	Non-disclosure of material facts	-	-	-	-	1	0.25

(Source: Compiled from comments of the CAG in respect of Statutory Corporation)