

## Chapter 5: State Public Sector Enterprises

This chapter discusses the financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies (GCOCs). Impact of significant comments issued as a result of supplementary audit of the Financial Statements of these State Public Sector Enterprises (SPSEs) conducted by the Comptroller and Auditor General (CAG) of India for the year 2022-23 (or of earlier years which were finalised during the current year) has also been discussed in the chapter.

### 5.1 Definition of Government Company

A Government Company is defined in Section 2 (45) of the Companies Act, 2013 as a company in which not less than 51 *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 of a Government Company.

Besides, any other company<sup>1</sup> owned or controlled, directly or indirectly, 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 are referred to in this Report as Government Controlled Other Companies.

### 5.2 Mandate of Audit

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG of India under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013, the CAG appoints Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit of the Company's financial statements. Audit of Statutory Corporations is governed by their respective legislations. In respect of Haryana State Warehousing Corporation and Haryana Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the CAG.

---

<sup>1</sup> Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs *vide* Gazette Notification dated 4 September 2014.

### 5.3 SPSEs and their contribution to GSDP of the State

SPSEs consist of State Government Companies and Statutory Corporations. SPSEs are established to carry out activities of commercial nature keeping in view the welfare of the people and occupy an important place in the State economy. As on 31 March 2023, there were 37<sup>2</sup> SPSEs in the State. They consisted of two<sup>3</sup> Statutory Corporations, 29 Government Companies (including three inactive Government companies<sup>4</sup>) and six Government Controlled Other Companies, all of which are under the audit jurisdiction of the CAG. The names of these SPSEs are given in *Appendix 5.1*.

One SPSE, namely, Haryana Financial Corporation is listed on the stock exchange. There are three<sup>5</sup> inactive SPSEs (including one under liquidation) in the State. The State's investment in these inactive SPSEs towards capital was ₹ 11.13 crore as on 31 March 2023. The liquidation process of one<sup>6</sup> SPSE has been going on for 19 years and is still to be completed. The Government may consider winding up these inactive SPSEs early as these investments do not contribute to the economic growth of the State.

The ratio of turnover of SPSEs to Gross State Domestic Product (GSDP) shows the contribution of activities of the SPSEs in the State economy. The details of turnover of working SPSEs are given in *Appendix 5.2*. Turnover of the working SPSEs and GSDP of the State for a period of three years ending 31 March 2023 are given in *Table 5.1*.

**Table 5.1: Details of turnover of SPSEs vis-a-vis GSDP of Haryana**

(₹ in crore)

Particulars	2020-21	2021-22	2022-23
<b>Turnover</b>			
Power sector SPSEs	32,216	37,657	53,726
Finance sector SPSEs	19	49	56
Services sector SPSEs	354	414	417
Infrastructure sector SPSEs	3,466	2,279	2,363
Other SPSEs	2,814	652	660
<b>Total</b>	<b>38,869</b>	<b>41,051</b>	<b>57,222</b>
<b>GSDP of Haryana</b>	<b>7,58,507</b>	<b>8,95,672</b>	<b>9,94,154</b>

<sup>2</sup> The details of 31 SPSEs are discussed in this chapter, as the first accounts of three SPSEs viz. Faridabad City Transport Services Limited, Karnal Smart City Limited, and Haryana Kaushal Rojgar Limited have not been received since their formation. Further, the details of three inactive SPSEs namely Haryana Minerals Limited, Haryana State Minor Irrigation and Tubewells Corporation Limited and Haryana State Housing Finance Corporation Limited are not included.

<sup>3</sup> Haryana Financial Corporation and Haryana State Warehousing Corporation.

<sup>4</sup> Inactive Government company means a company which has not been carrying on any business or operation, or has not made any significant accounting transaction, has not filed financial statements and annual returns during last two financial years.

<sup>5</sup> Haryana Minerals Limited (inactive since 2001-02), Haryana State Minor Irrigation and Tubewells Corporation Limited (inactive since July 2002) and Haryana State Housing Finance Corporation Limited (inactive since 2003-04).

<sup>6</sup> Haryana State Housing Finance Corporation Limited.

Particulars	2020-21	2021-22	2022-23
<b>Percentage of Turnover to GSDP of Haryana</b>			
Power sector SPSEs	4.24	4.20	5.40
Finance sector SPSEs	0.002	0.005	0.006
Service sector SPSEs	0.05	0.05	0.04
Infrastructure sector SPSEs	0.46	0.25	0.24
Others SPSEs	0.37	0.07	0.07
<b>Total</b>	<b>5.12</b>	<b>4.58</b>	<b>5.76</b>

**Source:** Compilation based on turnover figures as per latest finalised accounts of SPSEs and GSDP figures (Advance estimates) as per Department of Economic and Statistical Analysis, Government of Haryana at current prices of the respective years for year-to-year comparison.

The contribution of SPSEs to GSDP of the State increased from 4.58 *per cent* in 2021-22 to 5.76 *per cent* in 2022-23. The contribution of Power Sector SPSEs to GSDP was ₹ 53,726 crore (5.40 *per cent*) in 2022-23. Though the contribution of all other sectors was minimal ₹ 3,496 crore (0.36 *per cent*), they were having staff of 2,919 employees (including those on deputation/contract basis). As on 31 March 2023, State Government had investment of ₹ 1,077.29 crore (Equity: ₹ 896.41 crore and long term loans: ₹ 180.88 crore) in other sectors SPSEs. In addition to it, ₹ 336.05 crore of Grants and subsidies was provided to nine of these SPSEs by GoH during 2022-23.

## 5.4 Investment in SPSEs and Budgetary support

### 5.4.1 Equity holding and Loans in SPSEs

The sector-wise position of total Equity and Equity Contribution by the State Government and Long-Term Loans including the loans given by the State Government in 31 working SPSEs as on 31<sup>st</sup> March 2023 is given in **Table 5.2**.

**Table-5.2: Sector-wise investment in SPSEs**

Name of Sector	Investment (₹ in crore)					Percentage of Total Equity and Long-Term Loans
	Total Equity	State Government Equity	Total Long-Term Loans	State Government Loans	Total Equity and Long-Term Loans	
Power	36,781.25	35,651.99	10,982.04	0	47,763.29	88.50
Finance	322.05	291.38	119.77	0	441.82	0.82
Service	149.32	77	0	0	149.32	0.28
Infrastructure	1,827.94	518.25	3,620.2	112.94	5,448.14	10.09
Others	17.74	9.78	150.73	67.94	168.47	0.31
<b>Total</b>	<b>39,098.30</b>	<b>36,548.40</b>	<b>14,872.74</b>	<b>180.88</b>	<b>53,971.04</b>	<b>100.00</b>

**Source:** Information provided by the SPSEs.

The thrust of investments was on Power sector SPSEs which had received as much as 88.50 *per cent* (₹ 47,763.29 crore) of the total investment of ₹ 53,971.04 crore as on 31<sup>st</sup> March 2023. The State Government share was 68.05 *per cent* (₹ 36,729.28 crore) of total investment of ₹ 53,971.04 crore.

From the analysis of Long-term loans of SPSEs outstanding as on 31<sup>st</sup> March 2023, it was observed that one SPSE i.e. Haryana Agro Industries Corporation Limited raised (March 2013 to March 2014) four loans of ₹ 12.84 crore for

construction of godown from National Bank for Agriculture and Rural Development (NABARD). These loans were repayable in five equal quarterly instalments from April 2015/April 2016. However, these loans were not repaid and the overdue amount was ₹ 24.75 crore (Principal: ₹ 12.84 crore and Interest: ₹ 11.91 crore) upto 31<sup>st</sup> March 2023.

#### 5.4.2 Budgetary Support

The Government of Haryana (GoH) provides financial support to SPSEs in various forms through the annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans repaid/written off and loans converted into equity in respect of SPSEs<sup>7</sup> during the last three years ending March 2023 are given in *Table 5.3*.

**Table 5.3: Details regarding budgetary support to SPSEs during the years**

(₹ in crore)

Particulars	2020-21		2021-22		2022-23	
	No. of SPSEs	Amount	No. of SPSEs	Amount	No. of SPSEs	Amount
(i) Equity Capital outgo	6	631.67	4	151.93	9	200.12
(ii) Loans given	5	104.98	5	101.09	4	407.76
(iii) Grants/Subsidy provided	7	438.52	8	442.54	9	336.05
<b>Total Outgo (i+ii+iii)</b>		<b>1,175.17</b>				<b>943.93</b>
Loan repayment/ written off	4	254.66	6	245.72	3	297.70
Loans converted into equity	Nil	Nil	Nil	Nil	Nil	Nil
Guarantees issued	5	3,793.00	6	2,336.85	5	2,650.16
Guarantee Commitment	8	8,698.72	9	9,148.73	9	11,447.93

Source: Information provided by SPSEs.

#### 5.4.3 Market Capitalisation of equity investment in SPSEs

Market capitalisation represents market value of shares of Companies which are listed. Only one SPSE i.e. Haryana Financial Corporation (HFC) is listed on the Bombay stock exchange. Though HFC is a listed entity, it has not sanctioned any fresh loan since May 2010 and the last trading of shares of the Corporation took place on 13 July 2011 at a price ₹ 24.65.

#### 5.4.4 Disinvestment, Restructuring and Privatisation

During the year 2022-23, there was no case of privatisation of SPSEs. The State Government has not prepared any policy on disinvestment of State Government equity invested in the SPSEs.

### 5.5 Returns from SPSEs

#### 5.5.1 Profit earned by SPSEs

The number of SPSEs<sup>8</sup> that reported profits in their latest financial statements

<sup>7</sup> No investment/budgetary support was made to the inactive companies during 2022-23.

<sup>8</sup> Excluding one SPSE i.e. Faridabad Smart City Limited which has no profit and no loss for the annual accounts 2020-21.

available during 2022-23 reduced to 19 as against 20 SPSEs in 2021-22. The profits earned increased from ₹ 648.75 crore<sup>9</sup> in 2021-22 to ₹ 1049.20 crore in 2022-23. The Return on Equity (RoE) of the profit earning SPSEs stood at 6.73 per cent in 2022-23 as compared to 10.32 per cent in 2021-22. The RoE for all the 31 working SPSEs was 6.45 per cent in 2022-23 as per their latest financial statements.

The top three profit earning SPSEs are mentioned in **Table 5.4** below, as per their latest available financial statements.

**Table 5.4: Top three SPSEs which contributed to profit during the year 2022-23**

Name of SPSEs	Net profit earned (₹ in crore)	Percentage of profit to total SPSEs' profit
Haryana Vidyut Prasaran Nigam Limited	396.02	37.74
Haryana State Industrial and Infrastructure Development Corporation Limited	171.03	16.30
Dakshin Haryana Bijli Vitran Nigam Limited	127.18	12.12
<b>Total</b>	<b>694.23</b>	<b>66.16</b>

The above three SPSEs alone had contributed as much as 66.16 per cent of the total profit (₹ 1,049.20 crore) earned by 19 SPSEs during 2022-23.

Sector-wise Net profit ratio<sup>10</sup> is depicted in **Table 5.5**.

**Table 5.5: Sector-wise Net profit ratio of SPSEs during the year 2022-23**

(₹ in crore)

Sector	Net Profit	Turnover	Net profit Ratio (in per cent)
Power	731.07	53,726.37	1.36
Finance	28.92	56.33	51.34
Service	11.19	416.64	2.69
Infrastructure	205.29	2,362.59	8.69
Others	21.68	659.86	3.29
<b>Total</b>	<b>998.15</b>	<b>57,221.79</b>	<b>1.74</b>

Source: Latest financial statement of SPSEs.

### 5.5.2 Dividend payout by SPSEs

Nine SPSEs finalised their accounts for the financial year 2022-23 and reported profits of ₹ 750.67 crore. The State Government had formulated (October 2003) guidelines under which all SPSEs are required to pay a minimum return of four per cent on the paid up share capital of the State Government. Further, the Finance Minister, Government of Haryana in his budget speech for the year 2023-24 also proposed that State PSEs in profit for the year 2022-23 shall transfer 25 per cent of their profits to the State Government to enable the Government to meet its development goals. Out of nine SPSEs, seven SPSEs reported profit for the financial year 2022-23. However, only one SPSE (Haryana Vidyut Prasaran Nigam Limited) declared dividend of ₹ 25 crore (0.63 per cent of profit).

<sup>9</sup> Figures of profit of SPSEs have been taken after considering the effect of other comprehensive income/ expenses.

<sup>10</sup> Net profit ratio = Net Profit/Turnover\*100.

Three<sup>11</sup> SPSEs declared dividend of ₹ 4.84 crore<sup>12</sup> against their net profits of ₹ 41.38 crore on their results declared during the year 2022-23, of the financial year 2021-22. The position of dividend payouts in the last three years is detailed in **Table 5.6**:

**Table 5.6: Dividend Payout by SPSEs**

(₹ in crore)

Year	Sector	No. of SPSEs which declared dividend	Paid Up Capital	Net Profit	Dividend Declared
2020-21	Service	1	5.00	4.73	0.20
	Others	1	5.84	58.68	8.80
	<b>Total</b>	<b>2</b>	<b>10.84</b>	<b>63.41</b>	<b>9.00</b>
2021-22	Others	2	6.04	112.50	16.52
	<b>Total</b>	<b>2</b>	<b>6.04</b>	<b>112.50</b>	<b>16.52</b>
2022-23	Power	1	3,990.15	396.02	25
	Others	3	7.60	41.38	4.84
	<b>Total</b>	<b>4</b>	<b>3,997.75</b>	<b>437.40</b>	<b>29.84</b>

Source: Information provided by the SPSEs.

### 5.5.3 Return on Capital Employed

Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a Company's Earnings Before Interest and Taxes (EBIT) by the Capital Employed<sup>13</sup>. The details of RoCE of SPSEs during the period from 2020-21 to 2022-23 are given in **Table 5.7**.

**Table 5.7: Return on Capital Employed of SPSEs**

(₹ in crore)

Year	Sector	EBIT	Capital Employed	RoCE (in per cent)
2020-21	Power	2,000.14	19,257.73	10.39
	Finance	14.54	305.78	4.76
	Service	(-222.87)	228.29	(-10.02)
	Infrastructure	2,281.50	9,085.49	25.11
	Others	184.43	40.62	454.04
	<b>Total</b>	<b>4,457.74</b>	<b>28,917.91</b>	<b>15.42</b>
2021-22	Power	2,363.60	19,235.75	12.29
	Finance	40.38	338.70	11.92
	Service	21.79	245.51	8.88
	Infrastructure	1,051.58	8,057.92	13.05
	Others	187.51	81.17	231.01
	<b>Total</b>	<b>3,664.86</b>	<b>27,959.05</b>	<b>13.11</b>
2022-23	Power	3,502.83	21,252.87	16.48
	Finance	49.52	356.13	13.91
	Service	6.50	264.00	2.46
	Infrastructure	1,073.92	9,824.22	10.93
	Others	59.42	25.96	228.89
	<b>Total</b>	<b>4,692.19</b>	<b>31,723.18</b>	<b>14.79</b>

Source: Latest financial statement of SPSEs.

<sup>11</sup> Haryana Forest Development Corporation Limited, Haryana Land Reclamation and Development Corporation Limited and Haryana Warehousing Corporation.

<sup>12</sup> Haryana Forest Development Corporation Limited declared dividend of ₹ 0.06 crore (30 per cent), Haryana Land Reclamation and Development Corporation Limited declared dividend of ₹ 0.06 crore (4 per cent) and Haryana State Warehousing Corporation declared dividend of ₹ 4.72 crore (80.82 per cent)

<sup>13</sup> Capital Employed = Paid up Share Capital + Free Reserves and surplus + Long term Loans – Accumulated losses – Deferred Revenue Expenditure.

The overall RoCE was positive during 2020-21 to 2022-23 except RoCE of Service sector which was negative during the year 2020-21. Further, there was decrease in RoCE of Service sector, Infrastructure Sector and Others sector in 2022-23 as compared to 2021-22.

#### 5.5.4 Return on Equity by SPSEs

Return on Equity (RoE) is a measure of financial performance to assess how effectively a company's assets are being used to create profits. RoE is calculated by dividing net income (*i.e.* net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any company if both its net income and shareholders' fund are positive numbers.

The Return on Equity (RoE) of the profit earning 19 working SPSEs stood at 6.73 *per cent* in 2022-23. The RoE in respect of all the 31 working SPSEs<sup>14</sup> including 11 loss making SPSEs was 6.45 *per cent* in 2022-23.

Shareholders' fund or net worth is calculated by adding paid up capital and free reserves reduced by net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company's shareholders if all assets were sold and all debts paid. A positive net worth (shareholders fund) indicates that the company has enough assets to cover its liabilities while a negative net worth means liabilities exceed assets.

The details of Shareholders' Fund and RoE relating to working SPSEs are given below in **Table 5.8**.

**Table 5.8: Return on Equity relating to SPSEs**

(₹ in crore)

Year	Sector	Net Income	Shareholders' Fund	ROE (Percentage)
2020-21	Power	279.18	8,987.57	3.11
	Finance	11.69	233.04	5.02
	Service	(-)35.13	228.29	--
	Infrastructure	919.68	3,057.17	30.08
	Others	97.76	(-)28.25	--
	<b>Total</b>		<b>1,273.18</b>	<b>12,477.82</b>
2021-22	Power	(-)163.45	9,485.49	--
	Finance	34	263.78	12.89
	Service	32.89	245.51	13.40
	Infrastructure	177.90	3,411.72	5.21
	Others	107.76	3.23	3,336.22
	<b>Total</b>		<b>189.10</b>	<b>13,409.73</b>
2022-23	Power	731.07	10,270.83	7.12
	Finance	28.92	271.40	10.66
	Service	11.19	264.00	4.24
	Infrastructure	205.29	4,749.65	4.32
	Others	21.68	(-)85.92	--
	<b>Total</b>		<b>998.15</b>	<b>15,469.96</b>

Source: Latest financial statements of SPSEs.

The overall ROE of SPSEs was higher during the year 2022-23 as compared to 2021-22 which is attributed to profits earned by Power sector SPSEs, although decrease in net income of Finance sector SPSEs, Service sector

<sup>14</sup> Including one SPSE working on no profit no loss basis: Faridabad Smart City Limited.

SPSEs and other sector SPSEs resulted in decrease of RoE of the said sectors during the year 2022-23 as compared to 2021-22.

## 5.6 Debt Servicing

### 5.6.1 Interest Coverage Ratio

Interest coverage ratio is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's Earnings Before Interest and Taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An interest coverage ratio of below one indicates that the company was not even generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio in SPSEs which had interest burden are given below in *Table 5.9*.

**Table 5.9: Interest coverage ratio of SPSEs**

(₹ in crore)

Year	Sector	Interest	Earnings before Interest and Tax (EBIT)	Number of SPSEs having liability of loans from Government and other financial institutions	Number of companies having interest coverage ratio more than 1	Number of companies having interest coverage ratio less than 1
2020-21	Power	1,222.34	2,000.14	4	4	-
	Finance	2.80	14.54	2	2	-
	Service	1.49	(-)22.87	2	1	1
	Infrastructure	914.63	2,281.50	3	2	1
	Others	103.97	184.43	3	2	1
	<b>Total</b>	<b>2,245.23</b>	<b>4,457.74</b>	<b>14</b>	<b>11</b>	<b>3</b>
2021-22	Power	1,164.26	2,363.60	4	4	-
	Finance	2.75	40.38	2	2	-
	Service	1.34	(-)1.44	2	0	2
	Infrastructure	838.53	1,051.58	3	1	2
	Others	40.80	187.51	3	2	1
	<b>Total</b>	<b>2,047.68</b>	<b>3,576.55</b>	<b>14</b>	<b>9</b>	<b>5</b>
2022-23	Power	1,335.83	3,502.83	4	4	-
	Finance	15.88	23.81	3	3	-
	Service	1.34	17.38	2	1	1
	Infrastructure	841.86	1,038.06	4	2	2
	Others	31.39	46.35	3	2	1
	<b>Total</b>	<b>2,226.30</b>	<b>4,628.43</b>	<b>16</b>	<b>12</b>	<b>4</b>

Source: Latest financial statement of SPSEs.

It was observed that SPSEs of Power and Finance sectors had interest coverage ratio of more than one during 2022-23. However, in case of Service, Infrastructure and Other sector SPSEs, only five SPSEs had Interest Coverage Ratio of more than one and the remaining four SPSEs had interest Coverage Ratio of less than one. Thus, these SPSEs were not generating sufficient revenues to meet their expenses on interest.



## 5.7 SPSEs incurring losses

### 5.7.1 Losses incurred

Eleven<sup>15</sup> SPSEs reported losses as per their latest accounts finalised during the year 2022-23. The position of SPSEs reporting losses during the last three years is given below in *Table 5.10*.

**Table 5.10: Number of SPSEs that incurred losses during 2020-21 to 2022-23**

(₹ in Crore)

Year	Sector	No of loss making SPSEs	Net loss for the year	Accumulated Profit/loss	Net Worth <sup>16</sup>	Paid Up Capital
2020-21	Power	2	357.50	547.54	7,725.98	7,178.44
	Finance	1	1.85	(-)109.34	98.32	207.66
	Service	4	63.51	(-)51.38	36.39	87.77
	Infrastructure	3	2.82	(-)4.07	21.13	25.20
	Others	1	0.03	(-)0.04	0.96	1.00
	<b>Total</b>		<b>11</b>	<b>425.71</b>	<b>382.71</b>	<b>7,882.78</b>
2021-22	Power	2	426.49	(-)159.14	7,019.3	7,178.44
	Finance	-	-	-	-	-
	Service	2	9.04	(-)4.11	36.76	40.87
	Infrastructure	3	10.41	(-)11.88	241.36	253.24
	Others	2	13.71	(-)182.61	(-)177.47	5.14
	<b>Total</b>		<b>9</b>	<b>459.65</b>	<b>(-)357.74</b>	<b>7,119.95</b>
2022-23	Power	-	-	-	-	-
	Finance	1	0.01	(-)0.14	16.47	16.61
	Service	6	21.43	(-)69.56	35.60	105.16
	Infrastructure	2	5.93	(-)13.69	43.22	56.91
	Others	2	23.68	(-)210.31	(-)205.17	5.14
	<b>Total</b>		<b>11</b>	<b>51.05</b>	<b>(-)293.70</b>	<b>(-)109.88</b>

Source: Latest financial statement of SPSEs.

In 2022-23, out of total loss of ₹ 51.05 crore incurred by 11 SPSEs as per their latest financial results, loss of ₹ 23.68 crore<sup>17</sup> (46.39 per cent) and ₹ 21.43 crore<sup>18</sup> (41.98 per cent) was attributed to Others sector SPSEs and Service sector SPSEs, respectively.

It was also observed that three<sup>19</sup> out of nine SPSEs which had incurred losses

<sup>15</sup> (i) Haryana Woman Development Corporation (ii) Hartron Informatics Limited, (iii) Gurugram Metropolitan City Bus Limited (iv) Haryana Roadways Engineering Corporation Limited (v) Haryana Tourism Corporation Limited (vi) Drone Imaging & Information Services of Haryana Limited (vii) Haryana Mass Rapid Transport Corporation Limited (viii) Haryana Police Housing Corporation Limited (ix) Haryana Agro Industries Corporation Limited (x) Haryana International Horticultural Marketing Corporation Limited and (xi) Panipat Plastic Park Haryana Limited.

<sup>16</sup> Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits but do not include reserves created out of revaluation of assets and write back of depreciation provision.

<sup>17</sup> Haryana Agro Industries Corporation Limited and Haryana International Horticultural Marketing Corporation Limited.

<sup>18</sup> Hartron Informatics Limited, Gurugram Metropolitan City Bus Limited, Haryana Roadways Engineering Corporation Limited, Haryana Tourism Corporation Limited, Drone Imaging & Information Services of Haryana Limited.

<sup>19</sup> (i) Haryana Power Generation Corporation Limited (ii) Haryana Vidyut Prasaran Nigam Limited (iii) Haryana Orbital Rail Corporation Limited.

in 2021-22 earned profits during 2022-23, whereas four<sup>20</sup> out of 11 SPSEs had incurred loss during 2022-23 but had earned profit during 2021-22. One SPSE (Drone Imaging & Information Services of Haryana Limited) incurred losses in its first account during 2022-23.

### 5.7.2 Erosion of Capital in SPSEs

As on 31 March 2023, there were 15 SPSEs with accumulated losses of ₹ 27,876.14 crore (*Appendix-5.3*). Of these, 10<sup>21</sup> SPSEs incurred losses amounting to ₹ 51.05 crore as per their latest finalised accounts.

Five<sup>22</sup> SPSEs had not incurred losses as per their latest finalised accounts, though they had accumulated losses of ₹ 27,577.44 crore. Out of these five, three Power sector SPSEs (Haryana Power Generation Corporation Limited, Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited) had accumulated losses of ₹ 27,489.43 crore.

The net worth of four SPSEs out of 31 SPSEs had been completely eroded by their accumulated losses. It was (-) ₹ 214.81 crore against equity investment of ₹ 61.94 crore as on 31 March 2023 (*Table 5.11*). The net worth had remained negative for duration of last one to 9 years.

---

<sup>20</sup> (i) Haryana Women Development Corporation Limited (ii) Hartron Informatics Limited (iii) Gurugram Metropolitan City Bus Limited and (iv) Panipat Plastic Park Haryana Limited.

<sup>21</sup> (i) Haryana Women Development Corporation Limited (ii) Gurugram Metropolitan City Bus Ltd (iii) Haryana Roadways Engineering Corporation (iv) Haryana Tourism Limited (v) Drone Imaging & Information Services (vi) Haryana Police Housing Corporation (vii) Haryana Mass Rapid Transport Corporation Limited (viii) Haryana Agro Industries Corporation Ltd (ix) Haryana International Horticultural Marketing Corporation Ltd and (x) Panipat Plastic Park Haryana limited.

<sup>22</sup> (i) Haryana Power Generation Corporation Limited (2022-23) (ii) Uttar Haryana Bijli Vitran Nigam Limited (2022-23) (iii) Dakshin Haryana Bijli Vitran Nigam Limited (2022-23) (iv) Haryana Orbital Rail Corporation Limited (2022-23) and (v) Haryana Financial Corporation (Statutory Corporation) (2021-22).

**Table 5.11: Details of SPSEs whose net worth has eroded as per their latest finalised accounts****(₹ in crore)**

Sr. No	Name of the SPSE	Latest year of accounts	Paid-up capital	Total Revenue	Total Expenditure	Net Profit (+)/ Loss (-) after interest, tax	Accumulated Losses	Net Worth	Period since when Net worth has remained negative	State Government Equity as on 31 March 2023	State Government Loans as on 31 March 2023
1		2	3	4	5	6	7	8	9	10	11
1	Haryana Agro Industries Corporation Limited <sup>23</sup>	2021-22	4.14	111.22	132.94	(-) 22.99	(-) 208.53	(-) 204.39	2013-14	2.54	0
2	Gurugram Metropolitan City Bus Limited <sup>24</sup>	2021-22	50	120.34	123.40	(-) 2.64	(-) 57.47	(-) 7.47	2019-20	0	0
3	Haryana Roadways Engineering Corporation <sup>25</sup>	2021-22	6.8	13.52	21.19	(-) 5.82	(-) 8.97	(-) 2.17	2021-22	6.85	0
4	Haryana International Horticultural Marketing Corporation Limited <sup>26</sup>	2022-23	1.00	0.44	1.12	(-) 0.69	(-) 1.78	(-) 0.78	2021-22	0	0
<b>Total</b>			<b>61.94</b>	<b>245.52</b>	<b>278.65</b>	<b>(-) 32.14</b>	<b>(-) 276.75</b>	<b>(-) 214.81</b>		<b>9.39</b>	<b>0</b>

Source: Information in respect of columns 3 to 9 as per latest finalised accounts and in respect of columns 10 and 11, information obtained from SPSEs concerned.

### 5.8 Return on the basis of Present Value of Investment

The Present Value (PV) of the State Government investment has been computed in respect of 27<sup>27</sup> SPSEs where the State Government has invested in equity/interest free loans and grant/subsidy to assess the rate of return/loss on the present value of investments of State Government in these SPSEs as compared to historical value of investments. In order to bring the historical cost of investments to its present value at the end of each year up to 31 March 2023, the past investments/ year-wise funds infused by the State Government in these SPSEs have been compounded at the year-wise weighted average interest rate on State Government securities which is considered as the minimum cost of funds to the Government for the concerned year.

The PV of the State Government investment in the SPSEs was computed on the basis of the following assumptions:

- In addition to actual infusion by the State Government in the SPSEs in the form of equity; grants/subsidy (for operational and administrative

<sup>23</sup> The Company has generated positive cash flow of ₹ 6.62 crore (cash profit before working capital change) from its operations during the year 2021-22.

<sup>24</sup> The Company has generated positive cash flow of ₹ 6.77 crore (cash profit before working capital change) from its operations during the year 2021-22.

<sup>25</sup> The Company has negative cash flow of ₹ 6.42 crore (cash loss before working capital change) from its operations which is being funded mainly through other current liabilities as the same increased by ₹ 7 crore during 2021-22 as compared to previous year.

<sup>26</sup> The Company has not started its operation yet.

<sup>27</sup> Includes one inactive SPSE i.e. Haryana State Minor Irrigation and Tubewells Corporation Limited and one SPSE i.e. Haryana Concast Limited dissolved during the year on 30 September 2022.

expenses) given by the State Government to the SPSEs have been considered as investment infusion by the State Government.

- In the cases where interest-free loans given to the SPSEs were later converted into equity, the amount of loan converted into equity has been deducted from the amount of interest-free loans and added to the equity of that year.
- The average rate of interest on Government borrowings for the financial year concerned was adopted as compounded rate for arriving at Present Value since they represent the cost incurred by the Government towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments made by the Government.

For the purpose of PV calculation of State Government investment, the period beginning 1999-2000 till 2022-23 has been taken considering the investment of the State Government in SPSEs as on 31 March 2000 as PV of State Government investment at the beginning of 2000-01.

The details of State Government investment in SPSEs in the form of equity/ interest-free loans and grants/subsidy along with the consolidated position of the PV of such State Government investment in the SPSEs is indicated in **Table 5.12**.

**Table 5.12: Present value (Real Return) of Government Investment from 1999-2000 to 2022-23**

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Interest free loan given by the state government during the year	Grants/ Subsidies given by State Government for operational and administrative Expenditure	Total investment during the year	Total investment at the end of the year	Average rate of interest on Government borrowings (in per cent)	Present value of total investment at the end of the year	Minimum expected return	Total earnings for the year	Return on Investment (in percentage)
1	2	3	4	5	6=(3+4+5)	7=2+6	8	9=(7x8/100)+7	10=7x8/100	11	12=11/9*100
1999-2000		612.33*	-	49.95	662.28	662.28	12.05	742.09	79.80	(-) 436.59	-
2000-01	742.09	310.48	-	73.50	383.98	1,126.07	11.40	1,254.44	128.37	(-) 221.85	-
2001-02	1,254.44	59.75	-	98.18	157.93	1,412.37	10.50	1,560.66	148.30	(-) 174.72	-
2002-03	1,560.66	125.40	-	77.49	202.89	1,763.55	10.74	1,952.96	189.41	36.70	1.88
2003-04	1,952.96	123.78	-	80.43	204.21	2,157.17	10.20	2,377.20	220.03	236.76	9.96
2004-05	2,377.20	165.41	-	22.23	187.64	2,564.84	8.49	2,782.60	217.75	(-) 368.24	-
2005-06	2,782.60	417.07	-	31.59	448.66	3,231.26	8.95	3,520.46	289.20	(-) 327.89	-
2006-07	3,520.46	789.96	-	25.90	815.86	4,336.32	9.20	4,735.26	398.94	(-) 442.18	-
2007-08	4,735.26	1,002.23	-	83.03	1,085.26	5,820.52	7.43	6,252.97	432.46	(-) 730.53	-
2008-09	6,252.97	951.64	-	67.39	1,019.03	7,272.00	7.82	7,840.68	568.67	(-) 1,070.16	-
2009-10	7,840.68	903.80	-	41.96	945.76	8,786.44	9.29	9,602.70	816.26	(-) 1,406.59	-
2010-11	9,602.70	888.59	-	98.80	987.39	10,590.09	9.22	11,566.50	976.41	(-) 453.63	-
2011-12	11,566.50	594.63	-	167.40	762.03	12,328.53	9.73	13,528.09	1,199.57	(-) 10,096.15	-
2012-13	13,528.09	176.64	-	61.71	238.35	13,766.44	9.86	15,123.81	1,357.37	(-) 3710.51	-
2013-14	15,123.81	102.93	-	94.88	197.81	15,321.62	9.83	16,827.74	1,506.12	(-) 3,943.54	-
2014-15	16,827.74	75.76	-	153.74	229.50	17,057.24	9.33	18,648.69	1,591.44	(-) 2,648.04	-
2015-16	18,648.69	1,638.52	-	4,076.41	5,714.93	24,363.62	8.64	26,468.64	2,105.02	(-) 1,779.65	-
2016-17	26,468.64	1,931.09	-	4,199.98	6,131.07	32,599.71	8.00	35,207.68	2,607.98	63.68	0.18

Financial year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Interest free loan given by the state government during the year	Grants/ Subsidies given by State Government for operational and administrative Expenditure	Total investment during the year	Total investment at the end of the year	Average rate of interest on Government borrowings (in per cent)	Present value of total investment at the end of the year	Minimum expected return	Total earnings for the year	Return on Investment (in percentage)
1	2	3	4	5	6=(3+4+5)	7=2+6	8	9=(7x8/100)+7	10=7x8/100	11	12=11/9*100
2017-18	35,207.68	5462.30	-	176.82	5,639.12	40,846.80	8.10	44,155.39	3,308.59	910.95	2.06
2018-19	36,370.39**	13,327.92	-	350.46	13,678.38	50,048.77	8.81	54,458.07	4,409.30	960.37	1.76
2019-20	54,458.07	5,838.78	-	11.15	5,849.93	60,308.00	8.31	65,319.59	5,011.59	968.29	1.48
2020-21	65,319.59	631.67	-	104.78	736.45	66,056.04	6.50	70,349.68	4,293.64	1,273.18	1.81
2021-22	70,349.68	151.93	-	50.31	202.24	70,551.92	7.05	75,525.83	4,973.91	165.39	0.22
2022-23	75,525.83	200.12	-	230.15	430.27	75,956.10	6.72	81,060.35	5,104.25	995.82	1.23
<b>Total</b>		<b>35,870.40</b>	-	<b>2,643.24<sup>#</sup></b>	<b>39,125.97<sup>#</sup></b>						

\*Equity infused amounting to ₹ 844.23 crore less initial accumulated residual losses of ₹ 231.90 crore transferred to Power Sector SPSEs. Information in respect of column nos. 3, 4 and 10 is compiled from printed Audit Reports of respective years.

\*\*The difference of ₹ 7,785 crore in opening balance was due to grant received under UDAY Scheme (₹ 3,892.50 crore during 2015-16 and 2016-17 in each year) which was converted into equity during 2018-19 as its impact had already been taken in grant of respective years.

<sup>#</sup>Total grants exclude ₹ 7,785 crore converted into equity during the year 2018-19.

The balance of investment of the State Government in these SPSEs at the end of 2022-23 increased to ₹ 39,125.97 crore from ₹ 612.33 crore (equity infused ₹ 844.23 crore minus initial residual accumulated losses of ₹ 231.90 crore) in 1999-2000 as the State Government made further investments in the shape of equity, interest-free loan and grant/subsidy of ₹ 38,513.64 crore. The PV of investments of the State Government up to 31 March 2023 worked out to ₹ 81,060.35 crore.

The total earnings for the years 1999-2000 to 2001-02 and 2004-05 to 2015-16 for these SPSEs were negative which indicates that the State Government could not recover its cost of funds. Though there were positive total earning during 2002-03, 2003-04 and during 2016-17 to 2022-23 yet they were substantially below the minimum expected returns. The Return on Present Value of Investment for the last five years i.e. 2018-19 to 2022-23 ranged between 0.22 and 1.81 per cent, which was mainly due to infusion of funds under Ujjwal Discom Assurance Yojna (UDAY) scheme in the power distribution companies.

## 5.9 Audit of State Public Sector Enterprises

CAG appoints the statutory auditors of a Government Company and Government Controlled Other Company under Sections 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report be submitted to the Legislature.

## **5.10 Appointment of statutory auditors of State Public Sector Enterprises by CAG**

Section 139 (5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year.

The statutory auditors of the above companies for the year 2022-23 were appointed by the CAG upto September 2023.

## **5.11 Submission of accounts by State Public Sector Enterprises**

### **5.11.1 Need for timely submission**

According to Section 394 of the Companies Act, 2013, an Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM). As soon as may be after such preparation, the Annual Report must be laid before the Legislature, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the Companies from the Consolidated Fund of the State.

Section 96 of the Companies Act, 2013 requires every company to hold an AGM of the shareholders once in every calendar year and that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statements for the financial year have to be placed in the said AGM for their consideration.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

The annual accounts of various SPSEs were pending as on September 2023, as detailed in the following paragraph.

### **5.11.2 Timeliness in preparation of accounts by SPSEs**

As of 31 March 2023, there were 35 SPSEs under the purview of CAG's audit. Of these 35 SPSEs, accounts for the year 2022-23 were due from 34 SPSEs (including from two inactive SPSEs except from Haryana State Housing Finance Limited which is under liquidation). However, only nine SPSEs

submitted their accounts of the year 2022-23 for audit to CAG by 30 September 2023. As many as 60 accounts of 25 SPSEs were in arrears, for various reasons as detailed in **Appendix 5.4**. They included three accounts of three SPSEs whose net worth had been completely eroded.

Details of arrears in submission of accounts of SPSEs are given in **Table 5.13**.

**Table 5.13: Details of arrears in submission of accounts of Government Companies**

Particulars		SPSEs	Number of Accounts
Total number of Companies under the purview of CAG's audit as on 31 March 2023		35	--
<b>Less:</b> Companies under liquidation from which accounts for 2022-23 were not due		1	--
<b>Less:</b> New companies from which accounts for 2022-23 were not due		-	--
Number of companies from which accounts for 2022-23 were due		34	34
Number of companies which presented their accounts for CAG's audit by 30 September 2023		9	9
Number of companies with accounts in arrears		25	60
Breakup of Arrears	(i) Inactive	2	5
	(ii) First Accounts not submitted	3	12
	(iii) Others	20	43
Age-wise analysis of arrears against 'Others' category	One year	8	8
	Two years	5	10
	Three years and above	7	25

(Source – Complied on the basis of annual accounts received in the office of Principal Accountant General (Audit) Haryana)

### 5.11.3 Timeliness in preparation of accounts by Statutory Corporations

Audit of two statutory corporations<sup>28</sup> is being conducted by the Chartered Accountants and supplementary audit is conducted by the CAG. Neither of the two statutory corporations presented their accounts for the year 2022-23 for audit before September 2023. As on September 2023, two accounts (i.e. of the year 2022-23) of these two Statutory Corporations were pending.

## 5.12 CAG's oversight - Audit of accounts and supplementary audit

### 5.12.1 Financial reporting framework

Companies are required to prepare the Financial Statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards renamed as National Financial Reporting Authority<sup>29</sup>. The Statutory Corporations are required to prepare their accounts in the format prescribed under the rules framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such Corporations.

<sup>28</sup> Haryana Financial Corporation and Haryana State Warehousing Corporation.

<sup>29</sup> Effective from 01<sup>st</sup> October 2018.

### **5.12.2 Audit of accounts of Government Companies by Statutory Auditors**

The statutory auditors appointed by the CAG under Section 139 of the Companies Act, 2013, conduct audit of accounts of the Government Companies and submit their report thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of public sector undertakings with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power to:

- issue directions to the statutory auditors under Section 143 (5) of the Companies Act, 2013; and
- supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

### **5.12.3 Supplementary Audit of accounts of Government Companies**

The prime responsibility for preparation of Financial Statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the management of an entity.

The statutory auditors appointed by the CAG under Section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the Financial Statements under Section 143 of the Companies Act, 2013 based on an independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of the statutory auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the AGM.

## **5.13 Result of CAG's oversight role**

### **5.13.1 Audit of accounts of SPSEs**

Twenty six financial statements for the year 2022-23 and of earlier years were received from 24 SPSEs during October 2022 to September 2023. 18 of these 26 Financial Statements were reviewed in audit by the CAG while



Non-Review Certificates were issued for eight SPSEs. The results of the review are detailed below:

### 5.13.2 Significant comments of the CAG issued as supplement to the statutory auditors' reports on Government Companies

Subsequent to the audit of the Financial Statements for the year 2022-23 by statutory auditors, the CAG conducted supplementary audit of the six Financial Statements of six SPSEs. Some of the significant comments issued on Financial Statements of SPSEs for the year 2022-23, the financial impact of which was ₹ 55.71 crore on the profitability and ₹ 4,254.96 crore on financial position, have been detailed in *Table 5.14* and *Table 5.15*.

**Table 5.14: Impact of the Comments on the Profitability of Government Companies**

Sr. No.	Name of the Company	Comments
1	<b>Haryana Vidyut Prasaran Nigam Limited for the year 2022-23</b>	The Company capitalised 71 works amounting ₹ 293.80 crore from April 2022 to March 2023 which were commissioned from December 2016 to February 2023. Depreciation on these assets was calculated from the date of transfer i.e. April 2022 to March 2023 instead of from the date of commissioning of the respective projects. Resultantly, the Company booked less depreciation of ₹ 44.33 crore on these assets.  This resulted in understatement of depreciation and amortisation expense and overstatement of profit by ₹ 44.33 crore during the year 2022-23.
2	<b>Dakshin Haryana Bijli Vitran Nigam Limited</b>	The Company made payment of ₹ 11.28 crore to HPGCL regarding Fuel Price Adjustment bill and ₹ 0.10 crore to Jaypee Power Limited regarding power purchase cost in May and June 2023 respectively. These bills pertained to the year 2022-23 and liability for payment of ₹ 11.38 crore should have been provided in the year 2022-23. However, the Company had not booked any liability against these bills during 2022-23 which resulted in understatement of Other current liabilities by ₹ 11.38 crore and overstatement of profit to the same extent.

**Table-5.15: Impact of the Comments on Financial Position of Government Companies**

Sr. No.	Name of the Company	Comments
1.	<b>Haryana Vidyut Prasaran Nigam Limited</b>	Advance to a supplier amounting to ₹ 2.08 crore was recovered (April 2017) from the running bills of the party but no adjustment entry was passed in this regard. This resulted in overstatement of "Other Non-Current Assets" and understatement of "Capital Work in Progress" by ₹ 2.08 crore.
2	<b>Haryana Power Generation Corporation Limited</b>	Provision amounting ₹ 781.14 crore was understated by ₹ 143.24 crore due to short provision on account of 'Non funded liability'. Provision of ₹ 156.02 crore has been made against the liability of ₹ 299.26 crore as per Actuarial Valuation report. This resulted in overstatement of 'Other Equity' by ₹ 143.24 crore and understatement of 'Provisions' to that extent.

Sr. No.	Name of the Company	Comments
3	Uttar Haryana Bijli Vitran Nigam Limited	<p>1. Para 63 of Ind AS-19 requires an entity to recognise the net defined benefit liability (asset) in the balance sheet. As per actuarial valuation report, net defined benefit liability as on 31 March 2023 for funded benefits and non-funded benefits worked out to ₹ 4,742.03 crore and ₹ 393.86 crore respectively. The Company, however, provided liability/provision of ₹ 1,040.08 crore against funded benefits and nil against non-funded benefits in the annual accounts. Resultantly, liability/provision for employee benefits was understated by ₹ 4,095.81 crore and other equity overstated to the same extent.</p> <p>2. Other Financial liabilities did not include ₹ 13.83 crore on account of guarantee fee (₹ 6 crore) payable to the State Government for availing (March 2023) term loan and cost of power/fuel price adjustment (₹ 7.83 crore) payable to power generating companies relating to period 2022-23 resulting in overstatement of profit to the same extent.</p>

#### 5.14 Management Letters

One of the objectives of financial audit is to establish communication on audit matters arising from the audit of Financial Statements between the auditor and those charged with the responsibility of governance of the corporate entity. The material observations on the Financial Statements of Public Sector Enterprises were reported as comments by the CAG under Section 143 (5) of the Companies Act, 2013. Besides these comments, irregularities or deficiencies observed by CAG in the financial reports or in the reporting process, were also communicated to the Management through 'Management Letter' for taking corrective action. During October 2022 to September 2023, Management Letters were issued to 15 Government Companies and two Statutory Corporations. The deficiencies related to application/interpretation of accounting policies/practices and inadequate or non-disclosure of certain important information were pointed out in the Management Letters.

#### 5.15 Conclusions

As on 31 March 2023, there were 37 SPSEs (two Statutory Corporations and 35 Government Companies (including three inactive Government Companies) in the State under the audit jurisdiction of the CAG.

- Nineteen SPSEs reported profit as per their latest financial statements in 2022-23 against 20 SPSEs in 2021-22. The profit earned increased from ₹ 648.75 crore in 2021-22 to ₹ 1049.20 crore in 2022-23.
- As of 31 March 2023, accounts for the year 2022-23 were due from 34 Government Companies. However, only nine Government Companies submitted their accounts for the year 2022-23 for audit by CAG by

30 September 2023. Accounts of 25 Government Companies and two statutory corporations were in arrears for a period of one to six years.

### 5.16 Recommendations

The State Government needs to:

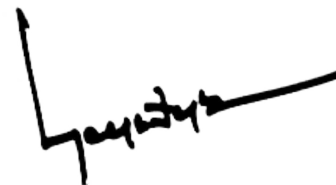
1. Take an early decision regarding commencement of liquidation process in respect of inactive SPSEs as they are neither contributing to the State economy nor meeting the objectives for which they were set up.
2. Analyse the reasons for losses in those SPSEs whose net worth has been eroded and initiate steps to make their operations efficient and profitable.
3. Impress upon those SPSEs with arrears in accounts to ensure early finalisation of their Financial Statements as in the absence of their finalisation, Government investments in such SPSEs remains outside the oversight of the State Legislature.



**Chandigarh**  
**Dated: 15 May 2024**

**(SHAIENDRA VIKRAM SINGH)**  
**Principal Accountant General (Audit), Haryana**

**Countersigned**



**New Delhi**  
**Dated: 06 June 2024**

**(GIRISH CHANDRA MURMU)**  
**Comptroller and Auditor General of India**