

## OVERVIEW

### **1 General view of Government companies and Statutory corporations**

As on 31 March 2005, the State had 54 Public Sector Undertakings (PSUs) comprising 50 Government companies and four Statutory corporations, as against the same numbers of PSUs as on 31 March 2004. Out of 50 Government companies, 16 were working Government companies while 34 were non-working Government companies. All the four Statutory corporations were working corporations. In addition, there were eight companies under the purview of section 619-B of the Companies Act, 1956, as on 31 March 2005.

*[Paragraphs 1.1 and 1.30]*

The total investment in working Public Sector Undertakings decreased from Rs 6435.14 crore as on 31 March 2004 to Rs 4708.36 crore as on 31 March 2005. The total investment in non-working PSUs increased from Rs 706.71 crore to Rs 709.07 crore during the same period due to increase in loan.

*[Paragraphs 1.2 and 1.15]*

The Budgetary support in the form of capital, loans and grants/subsidies disbursed to the working PSUs increased from Rs 724.87 crore in 2003-04 to Rs 778.25 crore in 2004-05. The total amount of outstanding loans guaranteed by the Government to PSUs as on 31 March 2005 was Rs 269.63 crore.

*[Paragraphs 1.5 and 1.16]*

None of the working Government companies and working Statutory corporations have finalized their accounts for the year 2004-05. The accounts of 16 working Government companies and four working Statutory corporations were in arrears for periods ranging from one to 22 years as on 30 September 2005. The accounts of all non-working Government companies were in arrears for periods ranging from 10 to 28 years as on 30 September 2005.

*[Paragraphs 1.6 and 1.18]*

According to the latest finalized accounts, six working PSUs (five Government companies and one Statutory corporation) earned aggregate profit of Rs 16.08 crore. Against this, 13 working PSUs (10 Government companies and three Statutory corporations) incurred aggregate loss of Rs 741.27 crore as per their latest finalized accounts. Of the loss incurring working Government companies, seven companies whose accounts were finalized during October 2004 to September 2005 had accumulated losses

aggregating Rs 167.69 crore, which exceeded their aggregate paid-up capital of Rs 33.85 crore. Of the three loss incurring Statutory corporations, two Statutory corporations had accumulated losses of Rs 1079.84 crore, which exceeded their paid-up capital of Rs 179.11 crore.

*[Paragraphs 1.7, 1.9 and 1.11]*

The State Government had decided to wind up 17 Government companies (five working and 12 non-working companies) having a total investment of Government in equity and loans to the extent of Rs. 548.43 crore.

*[Paragraph 1.21]*

## **2. Review relating to Government companies**

### ***Construction activity of Bihar Police Buildings Construction Corporation Limited and Bihar Rajya Pul Nirman Nigam Limited***

The Bihar Police Buildings Construction Corporation increased the plinth area of buildings under Tenth Finance Commission without approval of the Government and incurred extra expenditure of Rs 15.30 crore. Besides, design of 64 quarters were changed and instead 32 bigger sized quarters were constructed without approval of the Government of India.

*[Paragraphs 2. 6.2 and 2. 6.3]*

Due to lack of effective supervision, non-revision of estimates and faulty construction, works valued at Rs 2.78 crore were pending after expenditure of Rs 1.05 crore, for more than five years.

*[Paragraph 2. 6.8]*

BPBCC continued purchasing steel/cement, not immediately required, in disregard of the decision of the Chief Secretary, Government of Bihar and incurred an avoidable extra expenditure of Rs 1.86 crore during 2000-05

*[Paragraph 2.6.13]*

Against 329 bridges allotted, the Bihar Rajya Pul Nirman Nigam completed 252 bridges and 61 bridges were in progress for periods ranging from one to 22 years after incurring expenditure of Rs 137.19 crore.

*[Paragraph 2. 8. 1]*

The Bihar Rajya Pul Nirman Nigam incurred Rs 48.71 crore on 37 bridges in excess of sanction. Out of which claim of Rs 4.92 crore was submitted to the Government and Rs 43.79 crore remained unclaimed. Besides, the Company incurred extra expenditure of Rs 11.68 crore on six incomplete bridges as revised estimates were disallowed by the government.

*[Paragraph 2. 8.2]*

Bihar Rajya Pul Nirman Nigam sustained loss of Rs 1.10 crore on High Level bridge at 38 km of Darbhanga-Samastipur road due to expenditure on unauthorised work and in excess of the schedule of rates

[Paragraph 2.8.6]

### **3. Reviews relating to Statutory corporations**

#### **3.1 Outstanding dues of Bihar State Electricity Board**

The sundry debtors for sale of power increased from Rs 2819.83 crore in 2000-01 to Rs 3698.17 crore in 2002-03, whereas collection decreased from Rs 1011.35 crore during 2000-01 to Rs 786.76 crore in 2002-03.

[Paragraph 3.1.6]

As on 31 March 2004, Rs 1844.68 crore were outstanding against State Government departments. Due to non-reconciliation of dues with the State Government departments, the Government could provide only Rs 134.71 crore in the budget.

[Paragraph 3.1.10]

Dues aggregating Rs 92.06 crore against three High Tension consumers were inflated by Rs 90.41 crore due to faulty billing.

[Paragraph 3.1.13]

Due to non-filing of certificate cases against consumers in time, dues aggregating Rs 41.81 crore became time barred.

[Paragraph 3.1.17]

The Board suffered loss of Rs 5.60 crore due to its failure to claim from the State Government the concession allowed to HT consumers who set up industrial units during April 1993 to August 2000.

[Paragraph 3.1.19]

The Board sustained loss of Rs. 11.86 crore by withdrawing fuel surcharge due to issue of defective tariff notification.

[Paragraph 3.1.21]

#### **3.2 Storage activity of Bihar State Warehousing Corporation**

Performances of the Corporation with regard to availability/utilisation of storage capacity was found to be sub-optimal. The annual available capacity declined by over 17 per cent from 31.47 lakh MT to 25.94 lakh MT during 2000-05 while utilisation of available capacity declined by over 23 per cent from 26.71 lakh MT to 20.45 lakh MT.

[Paragraph 3.2.6]

Unprofessional management of capacity utilisation led the Corporation from a profit of Rs 15 lakh in 2000-01 to a loss of Rs 29 lakh in 2004-05. The Corporation suffered an aggregate loss of Rs 89.15 lakh during 2000-05 in the 25 warehousing centers selected for review. Increase of expenditure per MT per year from Rs 13.57 to Rs 20.05 over 2000-05 also contributed to the losses.

*[Paragraphs 3.2.6, 3.2.11 and 3.2.14]*

The Corporation failed to put in place an effective system of Internal Controls which led to shortage, storage losses, misappropriation of stock worth Rs 1.33 crore during 2000-05.

*[Paragraphs 3.2.8 and 3.2.16]*

#### **4. Transaction audit observations**

Transaction audit observations included in the Report highlight deficiencies in the management of PSUs, which resulted in serious financial implications. The irregularities pointed out are broadly of the following nature:

Blocking of funds and loss of interest and non-imposition of penalty amounting to Rs 1.98 crore for delay/non-supply of materials by the supplier.

*[Paragraph 4.3]*

Avoidable loss/ extra avoidable expenses amounting to Rs 5.82 crore in four cases.

*[Paragraphs 4.1, 4.4, 4.5 and 4.8]*

Loss of revenue of Rs 5.26 crore in one case.

*[Paragraph 4.6]*

*Gist of some of the important audit observation is given below:*

#### **Bihar State Text Book Publishing Corporation Limited**

The company suffered avoidable loss of Rs 1.03 crore due to lack of an effective Internal Control System.

*[Paragraph 4.1]*

#### **Bihar State Electricity Board**

The Board suffered a loss of Rs 5.26 crore due to incorrect categorisation of consumers.

*[Paragraph 4.6]*

#### **Bihar State Road Transport Corporation**

The corporation incurred excess expenditure of Rs 1.61 crore due to delayed decision and imprudent tax management. It also suffered loss of Rs 2.69 crore due to purchase of buses contrary to the recommendations of a cost-benefit study done for this purpose.

*[Paragraph 4.8]*