

OVERVIEW

1. Overview of Government companies and Statutory corporations

As on 31 March 2002, the State had 28 Public Sector Undertakings (PSUs) comprising of 26 Government companies and two Statutory corporations as against the same number of PSUs as on 31 March 2001. Out of 26 Government companies, 22 were working Government companies while four were non-working Government companies. All the two Statutory corporations were working corporations.

(Paragraph 1.1)

The total investment in working PSUs increased from Rs 7,888.03 crore as on 31 March 2001 to Rs 8,471.33 crore as on 31 March 2002. The total investment in non-working PSUs decreased from Rs 21.11 crore to Rs 15.54 crore during the same period.

(Paragraphs 1.2.1 and 1.3.1)

The budgetary support from the State Government in the form of capital, loans and grants/subsidies disbursed to the working PSUs decreased from Rs 1,206.55 crore in 2000-01 to Rs 1,078.82 crore in 2001-02. The State Government guaranteed loans aggregating Rs 3,982.88 crore to 11 PSUs (all working) during 2001-02. The total amount of outstanding loans guaranteed by the State Government to all PSUs increased from Rs 5,614.87 crore as on 31 March 2001 to Rs 6,970.78 crore as on 31 March 2002.

(Paragraph 1.2.2 and Annexure-3)

Out of 22 working Government companies and two working Statutory corporations, only three working companies and one working Statutory corporation had finalised their accounts for the year 2001-02 within the stipulated period. The accounts of other 19 working Government companies and one Statutory corporation were in arrears for period ranging from one to six years.

(Paragraph 1.2.3)

According to the latest finalised accounts, 12 working PSUs (10 Government companies and two Statutory corporations) earned aggregate profit of Rs 26.54 crore. Of these, two PSUs (both Statutory corporations) declared dividend during the year. Against this, 10 working PSUs (all Government companies) incurred aggregate loss of Rs 237.78 crore as per the latest

finalised accounts. Of the loss incurring working Government companies, four companies had accumulated losses aggregating Rs 93.84 crore, which exceeded their aggregate paid-up capital of Rs 16 crore.

(Paragraphs 1.2.4, 1.2.4.1.2 and 1.2.4.2.1)

In Haryana Financial Corporation, the overdue amount had risen steeply from Rs 573.73 crore in 1999-2000 to Rs 890.39 crore in 2001-02.

(Paragraph 1.2.4.2.2)

Even after completion of seven years of their existence, the individual turnover of four working and three non-working companies had been less than Rs 5 crore in each of the preceding five years of the latest finalised accounts. Further, two working Government companies, had been incurring losses for five consecutive years as per their latest finalised accounts, leading to negative net worth. As such, the Government may either improve the performance of these nine Government companies or consider their closure.

(Paragraph 1.7)

2. Reviews relating to Government companies

2A. Haryana Seeds Development Corporation Limited

The Haryana Seeds Development Corporation Limited (Company) was incorporated in September 1974 with a view to provide quality seeds at reasonable prices to the farmers. The Company had not been able to fully achieve its objectives as its share of sale of seeds in the State had declined consistently. Main reasons for decline were uncompetitive prices of seeds, poor marketing and excessive overheads/manpower. The selling price of seeds produced by the Company were higher due to excess loading of seed processing charges, interest on carrying cost of unsold seeds and dealer's commission. The personnel posted at sale outlets remained idle for 6 months and the Company had not evolved any scheme for their alternative use. Some of the important points noticed in the review are as under:

The accumulated profit (Rs 1.40 crore) of the Company for the year ending March 2001 is to be viewed in the light of non-provision of Rs 2.27 crore towards leave encashment (Rs 1.94 crore) and penal interest payable to State Government (Rs 33 lakh). Further, the Company enjoyed the benefit of waiver of dividend of Rs 1.15 crore (State Government: Rs 0.62 crore and National Seeds Corporation Limited: Rs 0.53 crore) on preference shares and penal interest of Rs 45.26 lakh on short term loan from State Government.

(Paragraph 2A.6(a))

The action plan under National Seeds Project-Phase-III envisaged (January 1995) increase in volume of sale from 65 to 75 *per cent* through the Company's own sale outlets. But the sale through its own outlets ranged between 64 and 68 *per cent* during five years up to 2000-01 (except 1998-99).

(Paragraph 2A.10.1)

Contribution of the Company as a percentage of total sales in the State during five years up to 2001-02 declined constantly from 63 to 36 *per cent* for wheat and ranged between 47 and 32 *per cent* and 3 and 11 *per cent* in case of paddy and cotton respectively.

(Paragraph 2A.10.2)

As against one of the main objectives of the Company to provide certified seeds at reasonable rates, the selling price of seeds was higher due to excess loading of the cost by processing charges, interest on carrying cost of unsold seeds and dealer's commission. The excess charging from the farmers in respect of wheat seed alone worked out to Rs 3.60 crore during 1999-2001.

(Paragraph 2A.10.4)

Imprudent decision of the Company to sell wheat seed outside the State at cheaper rates had resulted in loss of Rs 0.79 crore to the Company.

(Paragraph 2A.10.6.2)

As the sale of seeds was confined to two crop seasons only, the personnel posted at sales outlets remained idle for 6 months and the Company had not evolved any scheme for their alternative use. As a result, the Company paid Rs 2.47 crore as salary and allowances to them for idle period during last five years up to 2000-01.

(Paragraph 2A.11.1)

2B Haryana Vidyut Prasaran Nigam Limited, Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited

Purchase, Performance and Repair of Transformers

One of the main objectives of the power sector reforms programme approved (November 1997) by the erstwhile Haryana State Electricity Board was to create strong transmission and distribution system at various levels of transmission so as to reduce damage rate of transformers and system losses. The augmentation of transformation capacity was not done rationally with the result that the sub-transformation capacity and distribution capacity was less than the connected load. Inadequate transformation and distribution capacities led to overloading of transformers. The repair of transformers was marked by poor quality and inability to obtain free repairs of transformers failed that within warranty period. There was also considerable delay in scrapping of

irreparable transformers. Some of the important points noticed during the course of the review are as under:

As on 31 March 2002, against the connected load of 9676 MVA, the sub-power transformation and distribution transformation capacity was 6648 MVA and 8454 MVA respectively. This had resulted in overloading of sub-power transformation and distribution system causing in turn excessive system losses and failure of distribution transformers. Against the norm of 15.5 *per cent* fixed by Central Electricity Authority, system losses ranged between 32.56 and 40.04 *per cent* during 1997-2002.

(Paragraphs 2B.4.1 and 2B.4.2)

The Company incurred extra expenditure of Rs 1.87 crore as risk purchase clause was not invoked in three cases.

(Paragraph 2B.5.1.2)

The Chief Engineer (Material Management) of the erstwhile Board/UHBVNL did not recover liquidated damages of Rs 1.79 crore for delayed receipt of distribution transformers.

(Paragraph 2B.5.1.4)

Against the norm of 10 *per cent* fixed by the erstwhile Board, the damage rate of distribution transformers ranged between 16.1 and 30.8 *per cent* during the five years up to 2001-02. This resulted in extra financial burden of Rs 69.30 crore on repair of 69,608 transformers in excess of the norms.

(Paragraph 2B.6.1.2)

The erstwhile Board/companies did not recover Rs 12 crore towards short receipt of 8,968 kilolitre transformers oil (Rs 9.97 crore) and parts of 1,24,081 damaged transformers (Rs 2.03 crore) during 1997-2002.

(Paragraph 2B.9)

3. Miscellaneous topics of interest

Besides the reviews mentioned above, test-check of records of Government companies and Statutory corporations in general revealed the following points:

Uttar Haryana Bijli Vitran Nigam Limited

Due to abnormal time taken in inviting and finalising bids, the Company purchased disc insulators without investigating causes for abnormally excessive rates as compared to estimated cost. This resulted in extra expenditure of Rs 41.43 lakh

(Paragraph 3A.1.1)

Injudicious rejection of the offer of a firm for purchase of ACSR Weasel conductor and shortly thereafter purchasing the conductor at higher rates from the same firm resulted in extra expenditure of Rs 20.22 lakh.

(Paragraph 3A.1.2)

Haryana Vidyut Prasaran Nigam Limited

Poor maintenance and non-supply of required stores at Kanina sub-station resulted in loss of Rs 19.56 lakh due to fire at the sub-station.

(Paragraph 3A.3.1)

Haryana State Industrial Development Corporation Limited

The Company disbursed loan of Rs 2.33 crore to a unit without verifying the title of the collateral security offered, which resulted in doubtful recovery of loan and interest thereon.

(Paragraph 3A.4.1)

Haryana Agro Industries Corporation Limited

Due to rejection of better offer, the Company suffered a loss of Rs 46.82 lakh in auction of unmilled paddy, besides further loss of Rs 7.31 lakh on account of shortages.

(Paragraph 3A.5.1)

Haryana State Electronics Development Corporation Limited

Injudicious decision of the Company to purchase bigger plot of land without making financial arrangement resulted in blockade of Rs 5.03 crore besides avoidable payment of interest of Rs 1.34 crore.

(Paragraph 3A.6.1)

Haryana Financial Corporation

Disbursement of working capital/bridge loan to an ineligible unit and acceptance of insufficient collateral security rendered the recovery of Rs 3.98 crore doubtful.

(Paragraph 3B.1.1)