

OVERVIEW

1 Overview of Government companies and statutory corporations

As on 31 March 2002, the State had 21 Public Sector Undertakings (PSUs) comprising 18 Government companies (including two non-working companies) and three Statutory corporations against the same number of PSUs last year. In addition, there was one company under the purview of 619-B of the Companies Act, 1956 as on 31 March 2002.

The total investment in working PSUs increased from Rs. 4,324.37 crore as on 31 March 2001 to Rs. 4,726.35 crore as on 31 March 2002. The total investment in non-working PSUs decreased from Rs. 8.09 crore in 2000-01 to Rs. 5.33 crore during 2001-02.

The budgetary support in the form of capital, loans, subsidies and grants disbursed to the working PSUs decreased from Rs. 85.66 crore in 2000-2001 to Rs. 70.30 crore in 2001-02. The State Government guaranteed loans aggregating Rs. 723.77 crore obtained by eight Government companies and three Statutory corporations during 2001-02. The total amount of outstanding loans guaranteed by the State Government increased from Rs. 3,502.20 crore as on 31 March 2001 to Rs. 3,894.22 crore as on 31 March 2002.

Eight working Government companies, one non-working Government company and all the three working Statutory corporations have finalised their accounts for the year 2001-02. The accounts of remaining eight working Government companies and one non-working Government company were in arrears for periods ranging from one year to five years as on 30 September 2002.

According to latest finalised accounts of 19 working PSUs (16 Government companies and three Statutory corporations), six Government companies earned aggregate profit of Rs. 2.24 crore. 11 working PSUs (eight Government companies and three Statutory corporations) incurred aggregate loss of Rs. 145.32 crore as per the latest finalised accounts. In respect of remaining two companies excess over expenditure is reimbursed by the State Government. Of the loss incurring working Government companies, three companies had accumulated losses aggregating Rs. 56.97 crore which exceeded their aggregate paid-up capital of Rs. 33.94 crore. Two Companies earned profit as per latest accounts but their accumulated losses aggregating Rs. 29.63 crore have exceeded their aggregate paid-up capital of Rs. 20.27 crore. All the three Statutory corporations incurred losses aggregating Rs. 137.80 crore and two loss incurring Statutory corporations had accumulated loss of Rs. 345.21 crore which exceeded their paid-up capital of Rs. 230.67 crore.

In Himachal Pradesh State Electricity Board, transmission and distribution loss was 21.16 *per cent* in 2001-02 against the norm of 15.5 *per cent* fixed by Central Electricity Authority. In Himachal Road Transport Corporation, the actual occupancy ratio was 57 *per cent*, 59 *per cent* and 48 *per cent* against the breakeven occupancy ratio of 76 *per cent*, 69 *per cent* and 54 *per cent* during the period 1999-2000, 2000-01 and 2001-02 respectively.

Two working Government Companies had incurred losses for the last four out of five years leading to negative net worth. In view of continuous losses, the Government may take steps to either improve performance of these companies or consider their closure.

(Paragraphs 1.1, 1.2, 1.3, 1.7, and 1.10)

2 Review relating to Government company

2.1 Review on the working of Himachal Pradesh State Handicrafts and Handloom Corporation Limited

The Company was incorporated (March 1974) mainly to promote and protect the interest of handicrafts and handloom industries in the State by imparting training to weavers and artisans, opening marketing outlets for their products and operating State/Centre sponsored schemes. The accumulated losses of Rs. 6.39 crore at the end of March 2001 had eroded the paid up capital of Rs. 4.13 crore.

(Paragraphs 2.1, 2.2 and 2.6)

The losses were mainly due to under utilisation of production capacity and high administrative expenses. Action on restructuring plan submitted (September 2000) by the Company to the State Government was still (September 2002) awaited.

(Paragraphs 2.7.1 and 2.7.2)

The closing stocks represented 8.64 months to 13.63 months sale during the five years ending March 2001.

(Paragraph 2.10)

3 Review relating to Statutory corporation

3.1 Review on 'Power System Improvement- Installation of capacitors in Himachal Pradesh State Electricity Board'

Slow progress in execution of schemes resulted in lower utilisation of budgetary allocations during 1999-2000 and 2000-2001. An amount of

Rs. 1.58 crore was booked to these schemes as establishment expenditure against Rs. 1.02 crore as per norms fixed.

(Paragraph 3A.4)

Non-finalisation of locations led to delay in installation and utilisation of capacitors valuing Rs. 0.90 crore.

(Paragraph 3A.5.1.3)

Due to delay in completion of schemes, the anticipated annual increase of Rs.4.22 crore in revenue could not be achieved.

(Paragraph 3A.5.2.1)

3.2 Review on Sale of power to Large supply consumers within State by Himachal Pradesh State Electricity Board'

The short recovery/underbilling/potential revenue loss of Rs. 18.32 crore has been brought out in the review.

(Paragraph 3B.3)

Non-billing/short billing/delay in billing resulted in revenue loss of Rs.1.55 crore.

(Paragraph 3B.5)

An amount of Rs. 2.41 crore was short billed due to incorrect application of tariff, incorrect categorisation of consumers and non-recovery of surcharge.

(Paragraphs 3B.6.1 and 3B.6.4)

Load regularisation charges and energy charges of Rs. 0.50 crore were not recovered by the Board.

(Paragraph 3B.7.1)

Excess drawal of energy valued at Rs. 1.47 crore due to low power factor was not billed to consumers.

(Paragraph 3B.9.2)

Advance Consumption Deposit of Rs. 4.03 crore due from 33 consumers was not recovered. Interest loss on this amount worked out to Rs. 40.38 lakh.

(Paragraph 3B.10)

Delay of 12 to 62 months in changing dead stop meters resulted in revenue loss of Rs. 1.45 crore.

(Paragraph 3B.11.1)

No action was taken on Flying Squad reports which resulted in non-recovery of revenue amounting to Rs. 3.10 crore.

(Paragraph 3B.12.1)

4	Miscellaneous topics of interest
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Besides reviews, a test check of records of Government companies and Statutory corporations disclosed the following cases of loss of revenue, excess payments, shortages, extra expenditure etc.

Himachal Pradesh State Forest Corporation Limited:

- Against 1,389.677 cubic metres of expected yield, 1,101.950 cubic metres of timber was obtained by the contractor, which resulted in loss of Rs. 37.12 lakh.

(Paragraph 4A.1.1)

Himachal Pradesh State Electricity Board:

- Due to inclusion of cost of materials supplied by the Board and profit element, while working out price variations payable to the contractor, an excess payment of Rs. 1.61 crore was made to the contractor.

(Paragraph 4B.1.1)

- Incorrect application of tariff for the supply of power to convent/public schools resulted in short recovery of Rs. 0.73 crore.

(Paragraph 4B.1.2)

- Delay in finalisation of terms and conditions of lease in respect of land and fixation of rent thereof resulted in arrears of rent of Rs. 32.53 lakh and consequential loss of interest of Rs. 26.93 lakh.

(Paragraph 4B.1.3)