

Overview

1. Overview of Government companies and Statutory corporations

As on 31 March 2003, the State had 34 Public Sector Undertakings (PSUs) comprising 29 Government companies and five Statutory corporations. Out of 29 Government companies, 20 were working companies, while others were non-working Government companies. All the five Statutory corporations were working corporations. In addition, there was one company under the purview of Section 619-B of the Companies Act, 1956.

(Paragraph 1.1)

The total investment in working PSUs decreased from Rs.8473.97 crore as on 31 March 2002 to Rs.5378.38 crore as on 31 March 2003. The total investment in non-working PSUs increased from Rs.13.93 crore to Rs.207.01 crore during the same period.

(Paragraphs 1.2 and 1.16)

The budgetary support in the form of capital, loans and grants /subsidy disbursed to the working PSUs increased from Rs.706.75 crore in 2001-02 to Rs.910.38 crore in 2002-03. The State Government also provided budgetary support of Rs.9.39 crore as loans to two non-working Government companies during 2002-03 for implementation of their voluntary retirement schemes. The State Government guaranteed loans aggregating Rs.201.45 crore during 2002-03. The total amount of outstanding loans guaranteed by State Government decreased from Rs.3874.12 crore as on 31 March 2002 to Rs.3846.34 crore as on 31 March 2003.

(Paragraphs 1.5 and 1.17)

One working Government company and two Statutory corporations, have finalised their accounts for the year 2002-03. The accounts of remaining 19 working Government companies and three Statutory corporations were in arrears for periods ranging from one to five years as on 30 September 2003. One non-working Government company has finalised its accounts for the year 2002-03 and accounts of remaining eight non-working Government companies were in arrears for periods ranging from one to 13 years as on 30 September 2003.

(Paragraphs 1.6 and 1.19)

According to their latest finalised accounts, 11 working PSUs (10 Government companies and one Statutory corporation) earned aggregate profit of Rs.45.40 crore. Three working Government companies declared dividend of

Rs.3.32 crore during the year. On the other hand, 13 working PSUs (10 Government companies and three Statutory corporations) incurred aggregate losses of Rs.1638.78 crore, as per their latest finalised accounts. Of the loss-incurring working Government companies, accumulated losses of three companies aggregated Rs.231.31 crore which exceeded their aggregate paid-up capital of Rs.82.83 crore. Three loss-incurring Statutory corporations had accumulated losses of Rs.2718.46 crore, which exceeded their paid-up capital of Rs.501.60 crore.

(Paragraphs 1.7, 1.8, 1.9 and 1.11)

Even after completion of five years of their existence, the individual turnover of nine working Government companies has been less than rupees five crore in each of the preceding five years as per their latest finalised accounts. As such, the Government may either improve the performance of these nine Government companies or consider their closure.

(Paragraph 1.31)

2 REVIEW RELATING TO GOVERNMENT COMPANIES

Madhya Pradesh State Civil Supplies Corporation Limited

The Madhya Pradesh State Civil Supplies Corporation Limited was set up in April 1974 for procuring, storing, transporting, distributing and stocking of foodgrains. The activities of the Company are, however, generally limited to procurement and distribution of wheat, rice, jowar, bajra, maize, and sugar.

- Failure to mill the paddy resulted in locking up of Rs.8.86 crore and consequential interest loss of Rs.1.44 crore.

(Paragraph 2.7.6)

- Avoidable cross-transportation of foodgrains and sugar first to local godowns and then to the issue centres resulted in extra expenditure of Rs.2.47 crore.

(Paragraph 2.8.2)

- Write-off of shortages of foodgrains and sugar during 1998-2001 without proper investigation resulted in loss of Rs.5.83 crore.

(Paragraph 2.9.3)

- Delay in preferring claims with sugar equalisation fund resulted in avoidable loss of interest of Rs.1.04 crore.

(Paragraph 2.11.1)

- Non-recovery of Rs.6.94 crore from Chhattisgarh State Civil Supplies Corporation Limited resulted in loss of interest of Rs.2.01 crore.
(Paragraph 2.11.2)

3. REVIEWS RELATING TO STATUTORY CORPORATION

Madhya Pradesh State Electricity Board

3.1 Procurement, performance and repairs of energy meters

Management of meters requires establishment of a sound system for judicious procurement, proper maintenance and timely repair of meters so that optimum benefits are achieved from the meters procured for installation/replacement in the service of consumers.

- Failure to include price-reduction clause in the contract agreement for procurement of meters resulted in forgoing a saving of Rs.2.17 crore.
(Paragraph 3.1.8)
- Acceptance of unreasonable conditions put forth by suppliers without assessing financial implications led to forgoing a saving of Rs.5.87 crore.
(Paragraph 3.1.9)
- The undue deferment of opening of tenders and acceptance of offers for inspection of belated supplies of meters resulted in forgoing savings of Rs.3.63 crore and extending undue benefit to suppliers to that extent.
(Paragraph 3.1.12)
- Procurement of meters based on unrealistic assessment led to extra expenditure of Rs.3.47 crore and locking up of funds entailing loss of interest.
(Paragraph 3.1.13)
- Conventional meters were procured at a cost of Rs.8.77 crore even after the decision to go in for electronic meters, rendering the purchase unwarranted.
(Paragraph 3.1.15)

- Premature replacement of electro-mechanical meters (with imported components) resulted in expenditure of Rs.5.15 crore being rendered largely unproductive.

(Paragraph 3.1.18)

3.2 Operational performance and maintenance of Sanjay Gandhi Thermal Power Station, Birshinghpur

Sanjay Gandhi Thermal Power Station (Station) Birsinghpur of Madhya Pradesh State Electricity Board has an installed capacity of 4x210 MW. Its Power House I was commissioned in March 1993 (Unit I) and March 1994 (Unit II) at a cost of Rs.830 crore and the Power House II in February 1999 (Unit III) and November 1999 (Unit IV) at a cost of Rs.980 crore.

- The actual generation of power during 1998-2003 ranged between 69.4 and 85.6 per cent (Power House I) and 82.1 and 86.9 per cent (Power House II) of the possible generation. Even in comparison with the Central Electricity Authority norm of 80 per cent plant load factor, there was loss of generation of 3792.54 million units with consequential potential loss of revenue of Rs.758.51 crore.

(Paragraph 3.2.4)

- Low thermal efficiency of the two Power Houses resulted in excess consumption of 64.12 lakh million and 42.69 lakh million kcal of heat respectively involving extra expenditure of Rs.199.48 crore.

(Paragraph 3.2.6)

- Due to non-finalisation of fuel supply agreement with South Eastern Coalfields Limited, the Station incurred avoidable expenditure of Rs.35.64 crore on grade difference in coal supplied.

(Paragraph 3.2.10)

- During 1998-2003, the Station consumed 15090.387 KL oil in excess of the prescribed norm resulting in extra expenditure of Rs.37.73 crore.

(Paragraph 3.2.13)

- Coal handling plant constructed in January 2000 at a cost of Rs.42 crore could not be utilised so far (March 2003).

(Paragraph 3.2.14)

4. MISCELLANEOUS TOPICS OF INTEREST

Government companies

Madhya Pradesh State Textile Corporation Limited, Madhya Pradesh State Industries Corporation Limited and Madhya Pradesh Leather Development Corporation Limited diverted Rs.1.33 crore drawn for voluntary retirement scheme for other purposes.

(Paragraph 4.1.5)

Madhya Pradesh State Textile Corporation Limited and Madhya Pradesh State Industries Corporation Limited in violation of guidelines of the voluntary retirement scheme drew Rs.1.80 crore.

(Paragraph 4.1.8)

Madhya Pradesh State Industrial Development Corporation Limited suffered loss of interest of Rs.1.85 crore due to undue one-time settlements and rescheduling of loan, despite the borrower being a continuous and wilful defaulter.

(Paragraph 4.3)

Drawal of loan by **Madhya Pradesh Pichhda Varg Tatha Alpasankhyak Vitta Evam Vikas Nigam Limited** much in excess of its capacity to utilise it, led to loss of interest of Rs.1.90 crore

(Paragraph 4.5)

Failure of **Madhya Pradesh State Electronics Development Corporation Limited** to enforce provision of a buy-back agreement in a unit resulted in loss of Rs.1.87 crore in disinvestment.

(Paragraph 4.6)

Failure to swap a high-cost loan by market driven cheaper loan(s) by **Madhya Pradesh Rajya Van Vikas Nigam Limited** resulted in avoidable payment of interest of Rs.1.74 crore with further recurring liabilities of Rs.88 lakh per annum.

(Paragraph 4.7)

Statutory corporations

Due to delay in remittance of electricity duty into Government account during 1999-2002, the **Madhya Pradesh State Electricity Board** had to make an avoidable payment of penal interest of Rs.206.45 crore.

(Paragraph 4.18)