

Chapter-I

1. Overview of Government companies and Statutory corporations

Introduction

1.1 As on 31 March 2006, there were 72 Government companies (52 working and 20 non-working companies*) and four working Statutory corporations as against 77 Government companies (56 working companies and 21 non-working companies) and five working Statutory corporations as on 31 March 2005 under the control of the State Government. During the year 2005-06, four# new companies came under the audit purview of the Comptroller and Auditor General of India (CAG) and nine@ companies were closed. In addition the State had formed the Maharashtra Electricity Regulatory Commission (MERC) whose audit is conducted by the CAG under Section 104(2) of the Electricity Act, 2003^s. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors appointed by the CAG as per the Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per the provisions of Section 619 of the Companies Act, 1956. The audit arrangements in respect of Statutory corporations are as shown below:

Sl. No.	Name of the Statutory corporations	Authority for audit by the Comptroller and Auditor General of India	Audit arrangement
1	2	3	4
1.	Maharashtra State Road Transport Corporation	Section 33(2) of the Road Transport Corporations Act, 1950	Sole audit by CAG
2.	Maharashtra State Financial Corporation	Section 37(6) of the State Financial Corporations Act, 1951	Statutory audit by Chartered Accountants and Supplementary audit by CAG

* Non-working companies are those which are defunct and are under the process of liquidation/closure/merger.

Sl. No.A-42,43,44 and 45 of **Annexure-2**.

@ Aurangabad City Integrated Road Development Limited, Pune City Integrated Road Development Limited, Nagpur City Integrated Road Development Limited, Nandurbar City Integrated Road Development Limited, Maharashtra State Highway Construction Company Limited, Nanded Infrastructure Development Company Limited, Abhijat Samayadarshika (Maharashtra) Limited, Konkan Sea Foods Limited and Meltron Instrumentation Limited.

^s The erstwhile Electricity Regulatory Commission Act, 1998 replaced by the Electricity Act, 2003.

1	2	3	4
3.	Maharashtra State Warehousing Corporation	Section 31(8) of the Warehousing Corporations Act, 1962	Statutory audit by Chartered Accountants and Supplementary audit by CAG
4.	Maharashtra Industrial Development Corporation	Maharashtra Industrial Development Act, 1961 and Section 19(3) of CAG's (Duties, Powers and Conditions of Service) Act, 1971	Sole audit entrusted by the State Government to CAG up to 2006-07.

Working Public Sector Undertakings (PSUs)

Investment in working PSUs

1.2 The total investment^s in 56 working PSUs (52 Government companies and four Statutory corporations) at the end of March 2006 as against 61 working PSUs (56 Government companies and five Statutory corporations) at the end of March 2005 was as follows:

(Amount: Rupees in crore)

Year	Number of working PSUs	Investment in working PSUs			
		Equity	Share application money	Loans*	Total
2004-05	61	5,038.83	9.39	14,858.56	19,906.78
2005-06	56	6,685.01	173.63	11,843.05	18,701.69

An analysis of the investment in working PSUs is given in the succeeding paragraphs.

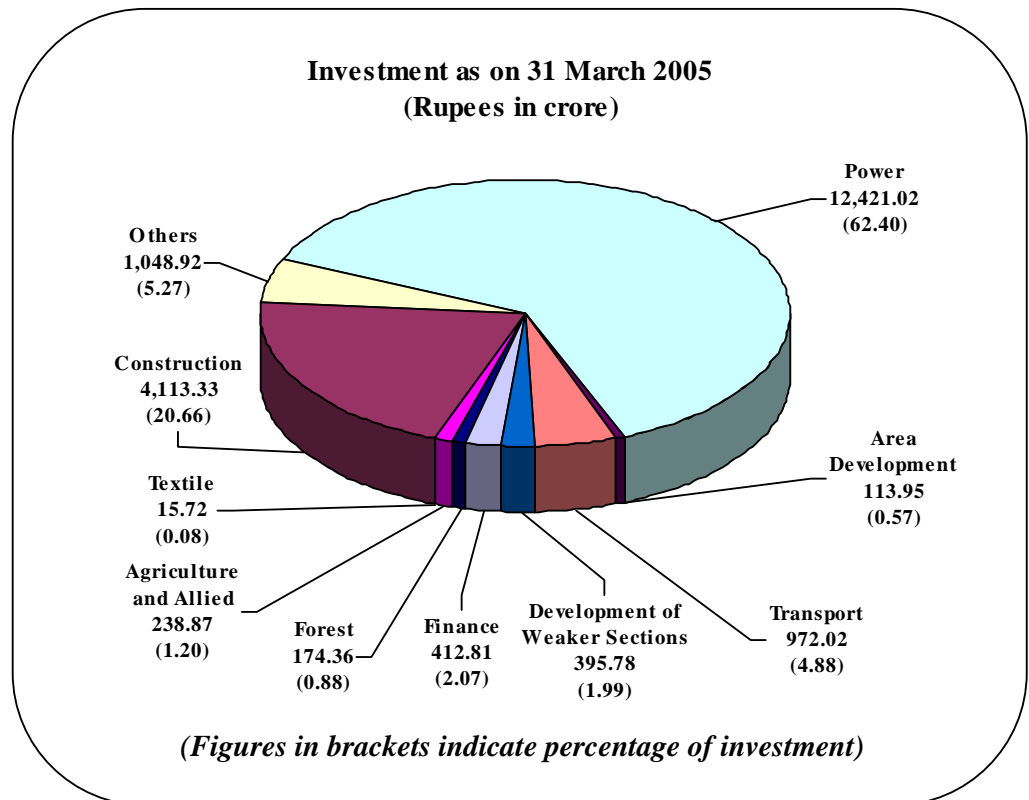
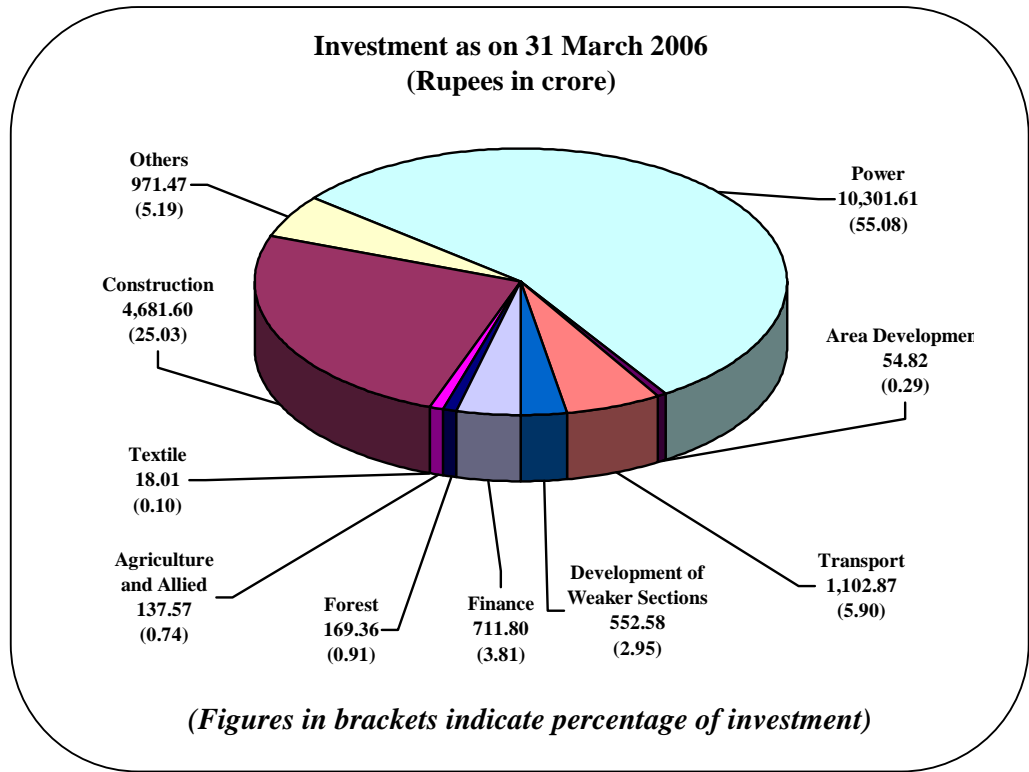
Sector wise investment in working Government companies and Statutory corporations

The investment (equity and long term loans) in various sectors and percentage

^s Investment by way of equity and share application money in working PSUs by State Government is Rs.6,700.26 crore as per the data furnished by the PSUs (**Annexure-1**) whereas as per the Finance Accounts 2005-06, the amount is Rs.1,554.12 crore. The difference is under reconciliation.

* Long term loans mentioned in Paragraphs 1.2, 1.3, 1.4 and 1.16 are excluding interest accrued and due on such loans.

thereof at the end of March 2006 and March 2005 are shown below in the pie charts:



Working Government companies

1.3 The total investment in working Government companies at the end of March 2005 and March 2006 was as follows:

(Amount: Rupees in crore)

Year	Number of working Government companies	Investment in working Government Companies			
		Equity	Share application money	Loans	Total
2004-05	56	717.62	9.39	5,334.85	6,061.86
2005-06	52	5,689.85	173.62	10,984.52	16,847.99

As on 31 March 2006, the total investment in working Government companies comprised 34.80 per cent of equity capital and 65.20 per cent of loans as compared to 11.99 per cent of equity capital and 88.01 per cent of loans as on 31 March 2005. The major increase in share capital and loans was due to formation of four Power Sector companies upon bifurcation of Maharashtra State Electricity Board on 6 June 2005.

The summarised statement of Government investment in working Government companies in the form of equity and loans is given in **Annexure-1**.

Working Statutory corporations

1.4 The total investment in the working Statutory corporations at the end of March 2005 and March 2006 was as follows:

(Amount: Rupees in crore)

Name of corporation	2004-05		2005-06	
	Capital	Loans	Capital	Loans
Maharashtra State Electricity Board	3,464.62	8,956.40	--	-- @
Maharashtra State Road Transport Corporation	785.24	186.78	923.81	179.06
Maharashtra State Financial Corporation	62.64	350.18	62.64	649.15
Maharashtra State Warehousing Corporation	8.71	22.75	8.71	22.72
Maharashtra Industrial Development Corporation	---#	7.60	---#	7.60
Total	4,321.21	9,523.71	995.16	858.53

The summarised statement of Government investment in working Statutory corporations in the form of equity and loans is given in **Annexure-1**.

Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

1.5 The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State

There is no investment of State Government by way of share capital in Maharashtra Industrial Development Corporation.

@Maharashtra State Electricity Board was bifurcated into four State Government companies with effect from 6 June 2005.

Government in respect of working Government companies and working Statutory corporations are given in **Annexures-1** and **3**.

The budgetary outgo in the form of equity capital, loans and grants/subsidies from the State Government to working Government companies and working Statutory corporations for the three years up to 2005-06 is given below:

(Amount : Rupees in crore)

Particulars	2003-04				2004-05				2005-06			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity capital outgo from budget	5	10.35	1	121.29	7	70.77	1	127.80	10	71.90	1	138.57
Loans given from budget	5	7.23	-	-	3	13.38	1	179.64	2	1,260.98	-	-
Other grants/subsidy	6	17.32	1	734.09	13	248.37	1	5,790.40	13	771.71	-	--
Total outgo		34.90		855.38		332.52		6,097.84		2,104.59		138.57

During the year 2005-06, the Government had guaranteed loans aggregating Rs.3,395.24 crore, obtained by six[@] working Government companies. No guarantees were given to the Corporations during 2005-06. The guarantees in respect of outstanding loans obtained by 11 working companies (Rs.5,503.42 crore) and two Statutory corporations (Rs.10,384.08 crore) decreased from Rs.15,887.50 crore at the end of March 2005 to Rs.9,534.63 crore[▪] at the end of March 2006 obtained by 14 working companies (Rs.9,105.78 crore) and two Statutory corporations (Rs.428.85 crore). The guarantee fee/commission paid/payable to the Government by nine working Government companies during 2005-06 was Rs.281.54 crore and by three Statutory corporations it was Rs.28.42 crore.

Finalisation of accounts by working PSUs

1.6 Out of 52 working Government companies and four Statutory corporations, four working Government companies and two Statutory corporations finalised their accounts for the year 2005-06 up to 30 September 2006. Besides, 29 working companies finalised 30 accounts of previous years.

The accounts of 48 working Government companies were in arrears for periods ranging from one to 15 years as on 30 September 2006, as detailed

[@] Sl.No.A-4,7,14,18,20 and 21 of **Annexure-3**.

[▪] Figure as per the Finance Accounts is Rs.2,952.98 crore (19 companies and three corporations). The difference is under reconciliation.

below. Besides, accounts of two working Statutory corporations (Sl. No.B-3 and 4 of **Annexure-2**) were also in arrears for one year.

Sl. No.	Number of working Government Companies	Period for which accounts were in arrears	Number of years for which accounts were in arrears	Reference to Sl. No. of Annexure-2
1	1	1991-92 to 2005-06	15	A-30
2	2	1993-94 to 2005-06	13	A-31 and 48
3	2	1995-96 to 2005-06	11	A-32 and 38
4	1	1996-97 to 2005-06	10	A-4
5	2	1998-99 to 2005-06	8	A- 27 and 47
6	2	2000-01 to 2005-06	6	A-10 and 11
7	7	2001-02 to 2005-06	5	A-6,18,28,33,34,35 and 39
8	1	2002-03 to 2005-06	4	A-8
9	1	2003-04 to 2005-06	3	A-5
10	6	2004-05 to 2005-06	2	A-21,22,23,37,49 and 51
11	23	2005-06	1	A-1,2,3,7,9,12,13,14,15,16,17, 24,25,26,36,40,41,42,43,44, 45, 50 and 52
Total	48			

The Administrative Departments need to oversee and ensure that the accounts are finalised and adopted by the PSUs within the prescribed period. Though the concerned Administrative Departments and officials of the Government were apprised regarding arrears in finalisation of accounts, effective measures had not been taken by the Government and as a result, the net worth of these PSUs could not be assessed in audit.

Financial position and working results of working PSUs

1.7 The summarised financial results of working PSUs (Government companies and Statutory corporations) as per their latest finalised accounts are given in **Annexure-2**. Besides, Statements showing the financial position and working results of individual working Statutory corporations for the latest three years for which accounts were finalised are given in **Annexures-4** and **5**, respectively.

According to the latest finalised accounts, out of 52 working Government companies and four working Statutory corporations, 25 companies and two corporations had incurred losses for the respective years aggregating Rs.380.29 crore and Rs.66.49 crore respectively; whereas 20 companies and two corporations (Sl.No.B-3 and 4 of **Annexure-2**) earned an aggregate profit of Rs.47.75 crore and Rs.10.07 crore respectively. Four companies (Sl.No. A-42 to 45 of **Annexure-2**) had not submitted their first accounts; one company (Sl.No. A-15 of **Annexure-2**) had capitalised excess of expenditure over income and one company (Sl.No.A-46 of **Annexure-2**) had recovered excess of expenditure over income from its shareholders. In case of one

company (Sl.No. A-50 of **Annexure-2**), the expenditure was met from grant received from the State Government.

Working Government companies

Profit earning working Government companies

1.8 Four[&] working Government companies had finalised their accounts for 2005-06 up to 30 September 2006. Of these, one company (A-29 of **Annexure-2**) earned profit of Rs.75.56 lakh but did not declare any dividend. Thirteen[§] profit earning working Government companies, which finalised their accounts for previous years during October 2005 to September 2006, booked profit aggregating Rs.43.90 crore. Out of these, 11[@] companies were earning profit for two or more successive years.

Loss incurring working Government companies

1.9 Of the 25 loss incurring working Government companies, eight* working Government companies had accumulated losses aggregating Rs.1,265.94 crore, which was more than 39 times their aggregate paid-up capital of Rs.32.41 crore.

Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to these companies in the form of contribution towards equity, loans, conversion of loans into equity, subsidy *etc.* According to the available information, the total financial support so provided by the State Government to two[#] companies was Rs.140.24 crore by way of equity (Rs.0.20 crore) and grants (Rs.140.04 crore) during 2005-06.

Working Statutory corporations

Profit earning Statutory corporations

1.10 Neither of the profit earning Statutory corporations finalised any of its accounts during 2005-06.

Loss incurring Statutory corporations

1.11 The two loss incurring Statutory corporations (Sl. No. B-1 and B-2 of **Annexure-2**) had accumulated losses aggregating Rs.1,735.34 crore, which was more than their aggregate paid-up capital of Rs.986.45 crore.

Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to these corporations in the form of contribution towards equity, loans, conversion of loans into equity, subsidy *etc.* According to the available information, the total financial support

[&] Sl.No.A-19,20,29 and 46 of **Annexure-2**.

[§] Sl.No.A-2,7,9,12,13,17,31,32,34,36,40,41 and 49 of **Annexure-2**.

[@] Sl.No.A-7,9,13,17,31,32,34,36,40,41 and 49 of **Annexure-2**.

* Sl.No.A-3, 4, 6, 10, 11, 16, 22 and 28 of **Annexure-2**.

Sl.No.A-11 and 16 of **Annexure-1**.

during 2005-06 by the State Government to one corporation (Sl. No. B-1 of **Annexure-1**) in the form of equity was Rs.138.57 crore.

Operational performance of working Statutory corporation

1.12 The operational performance of the working Statutory corporations is given in **Annexure-6**.

The disbursements in respect of Maharashtra State Financial Corporation, had decreased from Rs.5.84 crore in 2004-05 to Rs.1.12 crore in 2005-06 and the overdue amount increased from Rs.1,238.68 crore in 2004-05 to Rs.1,285.03 crore in 2005-06.

Return on capital employed

1.13 As per the latest finalised accounts (up to September 2006), the capital employed[§] worked out to Rs.6,418.63 crore in 45^{*} working companies and total return[#] thereon was Rs.47.04 crore (0.73 *per cent*) as compared to a negative total return of Rs.38.45 crore on capital employed of Rs.6,033.02 crore in the previous year (accounts finalised up to September 2005). Similarly, the capital employed and total return thereon in the case of working Statutory corporations as per their latest finalised accounts (up to September 2006) worked out to Rs.547.33 crore and Rs.62.39 crore (11.40 *per cent*) respectively as against the total return of Rs.589.41 crore (3.72 *per cent*) and capital employed of Rs.15,844.83 crore in the previous year (accounts finalised up to September 2005). The details of capital employed and total return on capital employed in the case of working Government companies and Statutory corporations are given in **Annexure-2**.

Power Sector Reforms

Status of implementation of Memorandum of Understanding between the State Government and the Central Government

1.14 In pursuance of the discussions in the Chief Minister's conference on power sector reforms, held in March 2001, a Memorandum of Understanding (MOU) was signed on 16 March 2001 between the Government of

[§] Capital employed represents net fixed assets (including capital works-in-progress) *plus* working capital except in finance companies and corporations where it represents a mean of aggregate of opening and closing balances of paid-up capital, free reserves, bonds, deposits and borrowings (including refinance).

^{*} This does not include four companies (Sl. No.A-42 to 45 of **Annexure-2**) whose first accounts are awaited, one company (Sl. No.A-15 of **Annexure-2**) which had capitalised its excess of expenditure over income, one company (Sl. No. A-50 of **Annexure-2**) whose expenditure was recouped from Government grant, and one company (Sl.No.46 of **Annexure-2**) which had recovered its excess of expenditure over income from its shareholders.

[#] For calculating total return on capital employed, interest on borrowed fund is added to net profit/subtracted from the loss as disclosed in the profit and loss account.

Maharashtra and the Government of India as a joint commitment for implementation of a reforms programme in the power sector with identified milestones. The MOU was valid for five years and subject to annual review. Status of implementation of the reforms programme against each commitment made in the MOU is detailed below:

Sl. No.	Commitments as per MOU	Targeted completion Schedule	Status (as on 31 March 2006)
Commitments made by the State Government			
1	Reduction in transmission and distribution losses.	18 per cent by March 2003	35.58 per cent
2	100 per cent electrification of all villages	No target fixed	100 per cent electrified
3	100 per cent metering of all distribution feeders	December 2001	Achieved
4	100 per cent metering of all consumers	December 2005	100 per cent consumers metered
5	Securitize outstanding dues of Central Public Sector Undertakings	--	Since done.
6	State Electricity Regulatory Commission (SERC) <ul style="list-style-type: none"> • Establishment of SERC • Implementation of tariff orders issued by SERC during the year. 	--	SERC was established on 5 August 1999 Latest tariff orders issued on 10 March 2004 and implemented.

Maharashtra Electricity Regulatory Commission

1.15 Maharashtra Electricity Regulatory Commission (Commission) was formed on 5 August 1999 under Section 17 of the Electricity Regulatory Commissions Act, 1998* with the objective of determining electricity tariff, advising on matters relating to electricity generation, transmission, distribution *etc.*, in the State. The Commission is a body corporate and comprises three members including a Chairman, who are appointed by the State Government. The audit of accounts of the Commission is conducted by the CAG under Section 104(2) of the Electricity Act, 2003. The Commission had finalised its accounts up to 2003-04 (as on 30 September 2006) and had an excess of income[§] over expenditure of Rs.15.66 lakh during the year.

* Since replaced by the Electricity Act, 2003.

§ The income includes grants of Rs.2.66 crore received from Government of Maharashtra.

Non-working Public Sector Undertakings (PSUs)

Investment in Non-working PSUs

1.16 The total investment in 20 non-working PSUs (all Government Companies) at the end of March 2005 and March 2006 was as follows:

(Amount: Rupees in crore)

Year	Number of non-working PSUs	Investment in non-working PSUs			
		Equity	Share application money	Loans	Total
2004-05	21	292.05	0.20	359.56	651.81
2005-06	20	310.97 [@]	0.20 [@]	457.68	768.85

The increase in investment was due to two working companies becoming non working companies during the year and closure of three non working companies.

The classification of the non-working PSUs is as under:

(Amount: Rupees in crore)

Status of non-working PSUs	Number of companies	Investment in companies	
		Equity	Long-term loans
Under liquidation	3	20.50	0.58
Under closure	10	264.26	322.13
Others ^s	7	26.41	134.97
Total	20	311.17	457.68

(Note: There is no non-working Statutory corporation)

Of the above 20 non-working PSUs, thirteen Government companies were under liquidation or closure under Section 560 of the Companies Act, 1956 for one to 20 years. Substantial investment of Rs.607.47 crore is involved in these companies. Effective steps need to be taken for their expeditious liquidation or revival.

Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

1.17 The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State

[@] Investment by way of equity and share application money in non-working PSUs by State Government is Rs.311.17 crore as per the data furnished by the PSUs (**Annexure-1**) whereas as per the Finance Accounts for the year 2005-06, the amount is Rs.377.22 crore. The difference is under reconciliation.

^s Activities have been stopped, accounts are yet to be finalised, and action has not been initiated for their closure.

Government in respect of non-working PSUs[#] are given in **Annexures-1** and **3**.

During the year, interest of Rs.0.51 crore in respect of one non-working company was waived off by the State Government.

Total establishment expenditure of non-working PSUs

1.18 The year-wise details of total establishment expenditure of non-working companies (there is no non-working Statutory corporation in the State) and the sources of financing them during the last three years up to 2005-06 are given below:

(Amount: Rupees in lakh)

Year	Number of PSUs ⁺	Total establishment expenditure	Financed by		
			Disposal of investment/assets	Government by way of loans	Others [@]
2003-04	6	2,035.66	--	1,969.00	66.66
2004-05	12	667.57	457.20	--	210.37
2005-06	10	413.97	63.18	22.01	328.78

Finalisation of accounts by non-working PSUs

1.19 Out of 20 non-working Government companies, four Companies finalised their accounts for the year 2005-06. The accounts of 13 non-working companies were in arrears for periods ranging from one to 20 years as on 30 September 2006. Three[@] companies are under liquidation.

Financial position and working results of non-working PSUs

1.20 The summarised financial results of non-working Government companies as per their latest finalised accounts are given in **Annexure-2**.

The net worth* of 20 non-working Government companies against their paid-up capital of Rs.311.17 crore was Rs.(-) 627.71 crore. These companies suffered cash loss of Rs.43.77 crore and their accumulated loss worked out to Rs.1,062.97 crore.

[#] Information in respect of three companies was not received (Sl. No. C-3, 18 and 20 of **Annexure-1**)

⁺ There was no establishment expenditure in respect of remaining non-working companies.

[@] Financed by holding company.

[©] Sl.No.C-3, 12 and 20 of **Annexure-2**.

^{*} Net worth represents paid-up capital *plus* free reserves less accumulated loss.

Status of placement of Separate Audit Reports of Statutory Corporations in Legislative Assembly

1.21 The following table gives the status of placement in the Legislature of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory Corporations:

Sl. No.	Name of Statutory Corporation	Year up to which SAR placed in Legislature	Years for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in the Legislature
1	Maharashtra State Road Transport Corporation	2003-04	2004-05	4 April 2006	Not available
2	Maharashtra State Financial Corporation	2000-01	2001-02 2002-03 2003-04 2004-05 2005-06	13 September 2003 25 January 2005 23 November 2005 09 June 2006 SAR under finalisation.	Not available
3	Maharashtra State Warehousing Corporation	2004-05	2004-05	27 March 2006	Not available
4	Maharashtra Industrial Development Corporation	2002-03	2003-04 2004-05	13 February 2006 14 August 2006	Not available

Disinvestment, Privatisation and Restructuring of Public Sector Undertakings

1.22 No State Government company was disinvested or privatised during 2005-06. The Maharashtra State Electricity Board was restructured into four Companies on 6 June 2005 (Sl. No.A-42 to A-45 of **Annexure-1**).

Results of audit of accounts of PSUs by Comptroller and Auditor General of India

1.23 During the period from October 2005 to September 2006, 52 accounts of 50 Government companies (37 working and 13 non-working) were selected

for review. The net impact of the important audit observations made by the CAG was as follows:

Sl. No.	Details	Number of accounts			(Amount: Rupees in lakh)		
		Government companies		Statutory corporations	Government companies		Statutory corporations
		Working	Non-working		Working	Non-working	
1	Decrease in profit	2	--	1	65.69	--	12.55
2	Increase in loss	1	1	1	93.98	260.00	3,946.00
3	Decrease in loss	1	--	--	600.79	--	--
4	Non-disclosure of material facts	1	--	--	457.96	--	--

Some of the major errors and omissions noticed during October 2005-September 2006 in the course of review of annual accounts are mentioned below:

Errors and omissions noticed in case of Government Companies

Maharashtra State Road Development Corporation Limited (2004-05)

1.24 The Company was aware of the demand for Rs.51.50 crore towards rent payable on land handed over for Bandra-Worli Sea Link Project. Though the rent was payable, neither provision was made in the accounts for known liability nor was it disclosed by way of notes to the accounts.

1.25 Though the earnest money deposit for toll collection contract was not refundable to an agency, the same was included under current liabilities resulting in overstatement of current liabilities and provisions and accumulated loss by Rs.4.50 crore.

Maharashtra Tourism Development Corporation Limited (2000-01)

1.26 Grant in aid under current liabilities and provisions was overstated by Rs.5.39 crore due to accounting of Rs.10.39 crore instead of rupees five crore which was the amount actually released by the State Government. Consequently, the current assets had also been overstated by Rs.5.39 crore.

Maharashtra State Road Transport Corporation (2004-05)

1.27 The fixed assets were overstated by Rs.8.15 crore due to inclusion of the cost of 125 chassis on which body building was yet to be completed. As the chassis can not be put to use until body building is fully completed, these should have been shown as work in progress.

Maharashtra State Financial Corporation (2004-05)

1.28 Interest and finance expenses did not include penal interest of Rs.2.30 crore demanded by Small Industries Development Bank of India, Rs.28.01 crore interests payable to Mumbai Metropolitan Regional

Development Authority on short term loan and Rs.9.15 crore payable to Government of Maharashtra on subvention loan. This resulted in understatement of expenditure and loss by Rs.39.46 crore.

Internal audit/internal control

1.29 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including the internal control/internal audit system in the Government companies audited in accordance with the directions issued to them by the CAG under Section 619(3)(a) of the Companies Act, 1956 and to identify the areas which needed improvement. An illustrative resume of major recommendations/comments made by the Statutory Auditors on possible improvement in the internal audit/internal control system in respect of State Government companies is indicated below:

Nature of recommendations/comments made by the Statutory Auditors	Number of Companies where recommendations/comments were made	Reference to serial number of Annexure-2
Inadequate financial control	2	A-35, 40
No regular/satisfactory reconciliation of accounts	1	C-13
Inadequate internal audit system	9	A-1, 3, 7, 31, 47, 48, C-1, 13, 16
Audit committee does not exist	7	A-3, 7, 35, 41, 48, C-1, 19
Non-preparation of investment policy	8	A-7, 31, 35, 47, C-1, 4, 8, 19
Non/improper maintenance of fixed assets register	7	A-3, 31, 40, 48, C-4, 8 and 19
Maximum-minimum limits of stocks were not prescribed	1	A-3

Recommendations for closure of PSUs

1.30 Even after completion of five years of their existence, the individual annual turnover of 35* Government companies (working: 16, non-working: 19) had been less than rupees five crore in each of the preceding five years as per their latest finalised accounts. Similarly, three@ Government

* Sl. No.A-4, 5, 9, 10, 14, 15, 27, 28, 29, 30, 31, 32, 33, 38, 46, 47 and C-1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 19 and 20 of Annexure-2.

@ Sl.No.A-3, 6 and C-16 of Annexure-2.

companies (working : two, non working : one) had been incurring losses for five consecutive years (as per their latest finalised accounts) leading to negative net worth. In view of poor turnover and continuous losses, the Government may either improve the performance of these 38 Government companies or consider their closure. In addition, nine[#] working Government companies engaged in similar activities having poor turnover could be considered for merger.

The State Government took a decision to wind up 14 companies in 1992. It was stated that the process of liquidation of these companies could not be initiated on account of stay by the Aurangabad bench of the Mumbai High Court and that action was being taken to get the stay vacated.

Position of discussion of Audit Reports (Commercial) by the Committee on Public Undertakings (COPU)

1.31 The status of Audit Reports (Commercial) and their reviews and paragraphs discussed by the COPU as on 30 September 2006 was as under:

Period of Audit Report	No. of reviews and paragraphs			
	Appeared in the Audit Report		Discussed	
	Reviews	Paragraphs	Reviews	Paragraphs
2001-02	4	20	2	13
2002-03	4	24	1	13
2003-04	4	25	--	7
2004-05	3	19	--	--
Total	15	88	3	33

The Audit Report (Commercial) for the year 2004-05 was placed in the State Legislature on 18 April 2006.

619-B Companies

1.32 There were four working companies coming under Section 619-B of the Companies Act, 1956. **Annexure-7** gives the details of paid-up capital, investment by way of equity, loans and grants and summarised working results of these companies based on their latest finalised accounts.

[#] Sl.No.A-19, 20, 21, 22, 23, 34, 35, 36 and 37 of **Annexure-2**.