

OVERVIEW

1. Overview of Government companies and Statutory corporations

As on 31 March 2003, the State had 27 Public Sector Undertakings (PSUs) comprising 24 Government companies (16 working companies and eight non-working companies) and three working Statutory corporations as against 28 PSUs comprising 25 Government companies (17 working and eight non-working) and three Statutory corporations as on 31 March 2002.

The total investment in working PSUs increased from Rs.11,030.35 crore as on 31 March 2002 to Rs.12,849.32 crore as on 31 March 2003. The total investment in non-working PSUs increased from Rs.13.77 crore to Rs.41.81 crore during the same period.

The budgetary support in the form of capital, loans and grants/subsidy disbursed to working PSUs increased from Rs.342.65 crore in 2001-02 to Rs.910.16 crore in 2002-03. The State Government guaranteed loans aggregating Rs.2,840.49 crore in respect of eight working Government companies (Rs.2806.99 crore) and one working Statutory corporation (Rs.33.50 crore) during 2002-03. The total amount of outstanding loans guaranteed by the State Government to working PSUs increased from Rs.7,729.43 crore as on 31 March 2002 to Rs.8,882.92 crore as on 31 March 2003.

Eleven working Government companies and two Statutory corporations finalised their accounts for the year 2002-03. The accounts of remaining five working companies and one corporation were in arrear for one year. The accounts of three non-working Government companies were in arrears for period ranging from one to five years.

According to the latest finalised accounts, nine working PSUs (seven Government companies and two Statutory corporations) earned aggregate profit of Rs.59.81 crore. Three working Government companies and one Statutory corporation declared dividend of Rs.4.23 crore and Rs.1.56 crore respectively. Against this, five PSUs (four Government companies and one Statutory corporation) incurred an aggregate loss of Rs.76.18 crore as per their latest finalised accounts. Of these loss incurring working Government companies, one company had accumulated loss of Rs.31.65 crore which exceeded its paid up capital of Rs.6.15 crore.

One corporation, though earned profit during 2002-03 had accumulated loss of Rs.73.28 crore against its paid up capital of Rs.67.52 crore.

Even after existence of seven to 40 years, the turnover of eight Government companies (three working and five non-working) had been less than Rs.5.00 crore in each of the preceding five years as per their latest finalised accounts. Seven Government companies (two working and five non-working)

had been incurring losses during last five consecutive years as per their latest finalised accounts, leading to negative net worth. The Government should either improve their performance or consider their closure.

(Paragraphs 1.2 to 1.5, 1.9, 1.11, 1.19, Annexe 1 and 2)

2.1 Rajasthan State Ganganagar Sugar Mills Limited

Rajasthan State Ganganagar Sugar Mills Limited was incorporated in January 1957 and its main activities are production and sale of sugar, spirit and liquor. Except in liquor activity in which Company is earning profit due to regulation of its price by Government, other activities are running into losses. The losses in sugar activity were mainly due to non-availability of sugarcane upto required quantity, procurement of sugarcane at the rates higher than the neighbouring states, recovery of sugar not commensurate with procurement of early variety sugarcane and non-modernisation of plant and machinery of sugar factory. Some of the important points noticed in the review are as under:

Due to 12 *per cent* extra payment for early variety of cane and 10 *per cent* transportation charges, the Company paid Rs.24.28 crore as compared to statutory minimum price and Rs.7.22 crore, Rs.5.12 crore and Rs.2.63 crore extra in procurement of sugarcane as compared to rates of other mills of Rajasthan, Punjab and Haryana, respectively.

(Paragraph 2.1.9)

During last five years upto 2001-02, the Company purchased early variety sugarcane ranging from 83 to 96 *per cent* of its total purchases against the prescribed policy of 60 *per cent* at higher cost of Rs.1.63 crore but did not obtain desired sugar recovery.

(Paragraph 2.1.10)

As a result of crushing of unmaturred, overstand and stale sugarcane, the Company suffered loss of 11,614 quintal sugar valuing Rs.1.47 crore during 1997-2000.

(Paragraph 2.1.11)

The Company has not prescribed norms for loss in recovery of sugar from sugarcane. Based on the All India accepted norm of 2.5 *per cent*, the loss of production of sugar worked out to 13,705 quintals valuing Rs.1.74 crore during 1997-2002.

(Paragraph 2.1.12)

During the period of five years upto 2001-02, the cost of production of sugar ranged between Rs.14,740 and Rs.25,778 per MT as against the sales realisation

of Rs.11,055 to Rs.14,089 per MT only. This resulted in loss of Rs.35.65 crore in sale of sugar.

(Paragraph 2.1.15)

On account of low recovery of rectified spirit from molasses, leakage from fermentation tank, procurement of molasses of low sugar contents and unsatisfactory storage of molasses, the Company sustained a loss of Rs.1.60 crore during 1997-2002.

(Paragraph 2.1.19)

2.2 Rajasthan Small Industries Corporation Limited

Rajasthan Small Industries Corporation Limited, established in June 1961 with the objective of rendering assistance to small scale industries, has not taken up any significant activity with regard to rendering financial, technical and managerial assistance to small scale units. The profits reduced drastically from 2000-01 due to disproportionate increase in employees' remuneration and establishment and other expenditure and decrease in sale of raw material and emporia and decline in cargo handling at inland container depots at Jaipur and Jodhpur.

The performance of the Company during five years up to 2001-02 had been inconsistent. While the profit of the Company increased from Rs.4.59 crore in 1997-98 to Rs.4.93 crore during 1998-99 and to Rs.6.08 crore during 1999-2000, the profit reduced drastically to Rs.1.56 crore during 2000-01 and turned into a loss of Rs.1.91 crore during 2001-02.

(Paragraph 2.2.5)

The emporia of the Company sustained net losses to the extent of Rs.3.53 crore during five years upto 2001-02 despite commission of Rs.5.88 crore earned on consignment sale. Four out of eight emporia sustained losses aggregating Rs.1.48 crore during all the five years upto 2001-02.

(Paragraph 2.2.12)

The inland container depot at Bhilwara, scheduled to be completed in 1995-96 at an estimated cost of Rs.69 lakh, could be completed only in December 2000 at a total cost of Rs.2.33 crore registering an increase of 237.68 *per cent* and sustained loss to the extent of Rs.82 lakh upto 2001-02.

(Paragraph 2.2.17)

**2.3 Jaipur Vidyut Vitran Nigam Limited (JVVNL),
Jodhpur Vidyut Vitran Nigam Limited (JdVVNL) and
Ajmer Vidyut Vitran Nigam Limited (AVVNL)
(erstwhile Rajasthan State Electricity Board)**

Procurement, performance and repair of energy meters

In order to assess the quantum of energy sold, the power sector distribution companies (DISCOMs) are required to install and maintain correct energy meters on each point of supply of energy to consumers for measuring the energy sold as per Section 26 (2) of the Indian Electricity Act, 1910. Assessment and procurement of meters was not commensurate with the requirement for replacement of defective meters and achievement of target of 100 *per cent* metering. As per decision taken during Power Ministers' conference (February 2000), 100 *per cent* metering upto 11 KV feeders and all other consumers were to be achieved by September 2001 and June 2002, respectively. Some of the important points noticed in the review are as under:

Against directions of Rajasthan Electricity Regulatory Commission to convert all flat rate agriculture consumers to metered category within three years from 2001-02, the Discoms could convert only 22.09 *per cent* of un-metered consumers in two years upto 2002-03.

(Paragraph 2.3.5)

Against directions of Rajasthan Electricity Regulatory Commission to reduce the transmission and distribution losses to the level of 20 *per cent* by the end of five years starting from 2001-02, the transmission and distribution losses actually increased and ranged between 39.14 and 40.95 *per cent* during 2002-03.

(Paragraph 2.3.7)

Due to delay in processing and preferring claims for disbursement of loan, the interest subsidy of Rs.3.62 crore from Power Finance Corporation Limited could not be availed of.

(Paragraph 2.3.8)

The procurement of three phase meters without assessment of proper requirement by three Discoms resulted in blocking of funds to the tune of Rs.15.51 crore.

(Paragraph 2.3.10)

3. Miscellaneous topics of interest relating to Government companies and Statutory corporations***Rajasthan State Mines and Minerals Limited***

The Company incurred an extra expenditure of Rs.4.91 crore due to extension of existing contract instead of inviting fresh tenders and allowing higher diesel cost component.

(Paragraph 3.3)

Extra expenditure of Rs.52 lakh was incurred on transportation due to allowing higher rate.

(Paragraph 3.4)

Rajasthan Rajya Vidyut Utpadan Nigam Limited

Non-lodging of legitimate claim with Income Tax Department within stipulated period resulted in loss of Rs.5.69 crore.

(Paragraph 3.5)

Ajmer Vidyut Vitran Nigam Limited

Undue benefit of Rs.1.20 crore was extended to an associate concern for un-interrupted power supply despite an agreement with parent company.

(Paragraph 3.8)

