

OVERVIEW

1. Overview of Government companies and Statutory corporations

The total investment in working PSUs increased from Rs. 12,849.32 crore as on 31 March 2003 to Rs.14,064.83 crore as on 31 March 2004. The total investment in non-working PSUs decreased from Rs.41.81 crore to Rs.12.32 crore during the same period.

The budgetary support in the form of capital, loans and grants/subsidy disbursed to working PSUs increased from Rs.910.16 crore in 2002-03 to Rs.2,129.23 crore in 2003-04. The State Government guaranteed loans aggregating Rs.3,072.82 crore in respect of seven working Government companies (Rs.2,982.67 crore) and two working Statutory corporations (Rs.90.15 crore) during 2003-04. The total amount of outstanding loans guaranteed by the State Government to working PSUs increased from Rs.8,882.92 crore as on 31 March 2003 to Rs.10,584.48 crore as on 31 March 2004.

11 working Government companies and two Statutory corporations finalised their accounts for the year 2003-04. The accounts of remaining five working companies and one corporation were in arrear for one year. The accounts of two non-working Government companies were in arrears for one year.

According to the latest finalised accounts, eight working PSUs (seven Government companies and one Statutory corporation) earned aggregate profit of Rs.61.00 crore. Four working Government companies and one Statutory corporation declared dividend of Rs.16.35 crore and Rs.79 lakh respectively. Against this, six PSUs (four Government companies and two Statutory corporations) incurred an aggregate loss of Rs.48.55 crore as per their latest finalised accounts. Of these loss incurring working Government companies, two companies had accumulated loss of Rs.38.14 crore which exceeded their paid up capital of Rs.7.22 crore.

One corporation, though earned profit during 2003-04, had accumulated loss of Rs.71.51 crore against its paid up capital of Rs.67.52 crore.

Even after existence of eight to 41 years, the turnover of seven Government companies (three working and four non-working) had been less than Rupees five 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 1.8, 1.11, 1.19 and 1.43)

2.1 Rajasthan Rajya Vidyut Utpadan Nigam Limited

Review on Fuel Management

Rajasthan Rajya Vidyut Utpadan Nigam Limited has two coal based thermal power stations at Kota (capacity 850 mega watts) and Suratgarh (capacity 1,000 mega watts) and one Gas Turbine Power Project at Jaisalmer (capacity 76 mega watts). Average cost of coal, oil and gas constituted 95.6, 1.99 and 2.41 *per cent* respectively of total fuel cost of the Company.

(Paragraph 2.1.1)

Transit shortage of coal, received from South Eastern Coalfields Limited (Korea Rewa) sharply increased upto 5.09 *per cent* at Kota Thermal Power Station and 5.60 *per cent* at Suratgarh Thermal Power Station during 2002-03 resulting in loss of Rs.24.57 crore.

(Paragraph 2.1.6)

Heat consumption at both the thermal power stations was in excess in comparison to the norms prescribed by Central Electricity Authority, during the last five years, which caused loss of Rs.157.39 crore.

(Paragraph 2.1.7)

Non-drawing of minimum guaranteed quantity of gas from Gas Authority of India Limited resulted in infructuous expenditure of Rs.3.57 crore during 1998-2003.

(Paragraph 2.1.14)

Non-maintaining the credit balance with railway resulted in avoidable payment of Rs.4.81 crore towards freight surcharge.

(Paragraph 2.1.16)

2.2 Rajasthan State Industrial Development and Investment Corporation Limited

Review on Industrial Promotion and Infrastructure Activity

Rajasthan State Industrial and Mineral Development Corporation Limited was incorporated in March 1969 as a wholly owned State Government company covering the activity of industrial development as well as development of minerals in the State. After transfer of mineral development activity to a new company, it was renamed (January 1980) as Rajasthan State Industrial Development and Investment Corporation Limited, with the main objectives to develop industrial areas, to aid and assist industrial undertakings and to prepare and run the schemes as directed by the State Government from time to time.

(Paragraph 2.2.1)

Land admeasuring 239.63 acres valuing Rs.1.23 crore remained under encroachment for last six to 25 years.

(Paragraph 2.2.12)

Injudicious acquisition of land without assessing feasibility and availability of water and electricity led to blocking of fund of Rs.2.74 crore.

(Paragraph 2.2.15)

The Company developed 173.16 acres (382 plots) of land in three new industrial areas without assessment of demand for plots, which caused blocking of funds to the tune of Rs.3.80 crore.

(Paragraph 2.2.18)

Improper selection of site for Abu Road growth centre and strategy to compete with nearby industrial estates of Gujarat resulted in slow pace of allotment of plots and blocking of funds of Rs.30.80 crore.

(Paragraph 2.2.20)

Acquisition of land for Phase-I at higher rate and improper planning to acquire the land for Phase-II resulted in blocking of funds of Rs.8.09 crore.

(Paragraph 2.2.21)

The Company's fund of Rs.2.08 crore and Rs.4.23 crore were blocked in development of Jhalawar and Bhilwara growth centres respectively due to non-assessing the potentiality of the area and dispute about the rate of compensation declared by the Land Acquisition Authorities.

(Paragraphs 2.2.22 and 2.2.23)

3.1 Rajasthan State Warehousing Corporation

Rajasthan State Warehousing Corporation (Corporation) was established in December 1957 with the main objects of construction and maintenance of warehouses in the State for storage of agricultural produces and inputs, agricultural implements and notified commodities. The Corporation act as an agent of Food Corporation of India for procurement of *Kharif* and *Rabi* food grains under the Minimum Support Price Scheme.

(Paragraph 3.1.1)

The Corporation has not fixed any norms for administrative overheads at its head office with reference to warehousing receipts. However, administrative overhead of the Corporation, when compared to the norms of Central Warehousing Corporation, were higher by Rs.2.14 crore during 1998-2003.

(Paragraph 3.1.6)

Injudicious investment of surplus funds in short term fixed deposits entailed loss of interest of Rs.92.48 lakh during 2000-01 to 2003-04.

(Paragraph 3.1.8)

The Corporation constructed additional storage capacity of 33,510 tonnes at 17 centres at a cost of Rs.3.74 crore during 2000-03 without assessing viability. The profitability and utilisation of storage capacity of these centres declined substantially in subsequent years.

(Paragraph 3.1.10)

Twelve out of 85 warehousing centres incurred losses of Rs.94.28 lakh in at least three out of last five years upto 2002-03 due to low warehousing income or heavy revenue expenditure. Business potential and prospects were not evaluated adequately before deciding on their location and storage capacity.

(Paragraph 3.1.14)

The Corporation failed to implement successfully the Farmers Extension Service Scheme resulting in insignificant utilisation of storage capacity by primary producers.

(Paragraph 3.1.15)

3.2 Rajasthan State Road Transport Corporation

Purchase and performance of tyres, tubes and flaps including performance of tyre retreading plants

Rajasthan State Road Transport Corporation (Corporation) was established in October 1964, with the main object of providing an efficient, economical and

properly co-ordinated system of road transport services in the State of Rajasthan.

(Paragraph 3.2.1)

The Corporation curtailed 3.66 lakh route kilometer due to shortage of tyres, thereby, suffered potential loss of revenue of Rs.19.02 lakh.

(Paragraph 3.2.7)

Purchase of tyres on the basis of cost per tyre per 100 kilometre (CPTK) in violation of its purchase policy resulting in extra expenditure of Rs.73.29 lakh.

(Paragraph 3.2.8)

The Corporation incurred extra expenditure of Rs.98.45 lakh due to not purchasing the tyres and retreading material from the lowest ranking suppliers to the extent of their capacity.

(Paragraphs 3.2.9 and 3.2.11)

The Corporation incurred extra expenditure of Rs.62.68 lakh due to purchase of tyres of 'Semilug' pattern.

(Paragraph 3.2.10)

4. Transaction Audit observations relating to Government companies and Statutory corporations

Transaction audit observations included in the Report highlight deficiencies in the management of PSUs, which resulted in serious financial implications. The irregularities pointed out are broadly of the following nature:

Extra avoidable expenditure of Rs.1.48 crore in three cases.

(Paragraphs 4.3, 4.5 and 4.9)

Loss of revenue of Rs.22.90 lakh in one case.

(Paragraph 4.8)

Excess/irregular payment of Rs.1.04 crore in two cases.

(Paragraphs 4.4 and 4.10)

Violation of contractual obligations and undue favours to contractors resulting in loss of Rs.1.30 crore in two cases.

(Paragraphs 4.1 and 4.2)

Non-recovery of dues of Rs.58.94 lakh in one case.

(Paragraph 4.7)

Gist of the some of the important audit observations is given below:

Rajasthan Renewable Energy Corporation Limited

Due to non-acceptance of consultant's advise, the Company suffered loss of Rs.1.04 crore.

(Paragraph 4.2)

Rajasthan State Mines & Minerals Limited

The Company paid excess compensation of Rs.52.07 lakh ignoring the legal provisions of Land Acquisition Act, 1894.

(Paragraph 4.4)

Rajasthan Rajya Vidyut Prasaran Nigam Limited

Due to non-accounting of interest income of Fixed Deposit Receipts, the Company failed to get refund of Rs.58.94 lakh towards Tax Deducted at Source.

(Paragraph 4.7)