

CAG report on PSEs highlights KSEB's turnaround

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THE COMPTROLLER and Auditor General (CAG) of India's latest report on State Public Sector Enterprises (SPSEs) has highlighted a significant turnaround for Kerala State Electricity Board (KSEB) for the period ending March 2023. After recording a net loss of ₹1,822 crore in the previous year, KSEB posted a profit of ₹736 crore, which now constitutes 53.79% of the total profit of ₹1,368 crore across all PSEs. KSEB is one of only two PSEs to make a profit of over Rs 100 crore, with Kerala State Financial Enterprises Limited (KSFE) contributing ₹105 crore, or 7.71%, to the overall profit.

In addition to KSEB, Kerala Forest Development Corporation Limited and Oil Palm India Limited turned profitable,

Profit growth: Profits for 58 SPSEs more than doubled, reaching ₹1,368 crore in 2023, compared to ₹654 crore in 2022.

Loss reduction: Losses incurred by SPSEs decreased from ₹4,065 crore in 2022 to ₹1,873 cr in 2023.

signalling positive financial recovery for these entities. These improvements helped the 58 profit-making PSEs more than

double their profits compared to the previous year's report for the 2022 fiscal.

The Return on Equity (ROE)

REPORT SUMMARY

Top performers: Kerala State Electricity Board reported the highest profit of ₹736 crore, contributing to 53.79% of the total profit.

Top loss-making PSUs: KSRTC and Supplyco, contributing ₹1,327 crore of the total losses.

Total PSEs: 149 (Functional 131, non functional 18)

Total investment by government by March 2022 - ₹20,439

Total investment by government by March 2023 - ₹22,318 cr

77 working PSEs had aggregate accumulated losses of ₹18,026.49 cr

THE NET WORTH OF 44 PSES HAS BEEN COMPLETELY ERODED

for the 58 SPSEs surged to 32.37% in 2023, a substantial increase from 10.32% in the previous year. This rise in ROE was driven by a significant jump in profits, which grew from ₹654 crore in 2022 to ₹1,368 crore in 2023.

Furthermore, for the first time in three years, the Return on Capital Employed (ROCE) - a key indicator of profitability and capital efficiency - turned positive.

Despite these positive developments, the report also pointed out that the growth of Kerala's PSEs is not keeping pace with the state's Gross State Domestic Product (GSDP). Consequently, the percentage of SPSE turnover to GSDP declined from 4.51% to 3.71%.

The CAG has urged the state government to expedite the winding-up of defunct SPSEs,

particularly those that have been non-operational or in liquidation since 1986-87. The government has also been advised to assess the business models of loss-making SPSEs. If these models are deemed unsustainable, the report recommends the government consider shutting them down or divesting its stake, especially in those enterprises whose net worth has been entirely eroded.

In a separate report on the welfare of building and other construction workers, the CAG noted that less than 50% of the buildings assessed for cess collection were properly realised by the Labour Department. The CAG recommended that the government direct Local

Self-Government Institutions to develop a robust mechanism for accurate cess assessments and ensure timely collection.