

# Overview



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This Report contains 18 paragraphs and one performance audit on ‘Working of Punjab State Bus Stand Management Company Limited’ having a financial implication of ₹ 2066 crore due to non-compliance with rules, directives and procedures, injudicious decision-making and deficient planning and ineffective monitoring. Some of the major findings are highlighted below:

### 1. About the State Public Sector Undertakings

The State of Punjab had 33 working PSUs (29 companies and four Statutory corporations) and 20 inactive companies. As on 31 March 2018, the Government investment (paid-up capital, long-term loans and grant/ subsidy under UDAY) in 35 PSUs was ₹ 47,756.86 crore. The State Government contributed ₹ 6,763.95 crore towards equity, loans and grants/subsidies in five PSUs during 2017-18.

### Performance of Public Sector Undertakings

Out of 33 working PSUs, 27 PSUs submitted their 37 accounts upto September 2018. Of these, 13 accounts reflected profit of ₹ 115.59 crore and 16 accounts reflected loss of ₹ 5,081.53 crore. Four accounts were prepared on ‘No profit no loss’ basis and for four accounts in respect of two PSUs, the Profit & Loss account was not prepared. Further, as per the dividend policy of the State Government, all PSUs are required to pay a minimum return of five *per cent* on the paid up share capital contributed by the State Government. Out of profit making PSUs only four PSUs declared dividend of ₹ 4.17 crore.

*(Paragraphs 1.14 and 3.17)*

### 2. Power Sector

Chapter II discusses Transaction audit observations which highlight deficiencies in the management of State Government Companies of power sector, which had serious financial implications. Important findings are as under:

#### Punjab State Power Corporation Limited

- Failure of the Company to align its oil consumption based generation incentive policy with PSERC norms resulted in unjustified payment of ₹ 19.96 crore to its employees.

*(Paragraph 2.1)*

- Non-recovery of electricity dues and late payment surcharge from a consumer resulted in accumulation of dues of ₹ 2.59 crore.

*(Paragraph 2.4)*

- The Company not only violated the mandatory provisions of environmental laws but also paid avoidable energy charges of ₹ 961.71 crore on account of transportation of unwashed coal.

*(Paragraph 2.9)*

### **Punjab State Transmission Corporation Limited**

- Hot line maintenance of transmission lines was not being carried out in absence of trained manpower rendering the expenditure of ₹ 1.24 crore incurred on procurement of hot line maintenance tools unfruitful.

*(Paragraph 2.10)*

## **3. Non Power Sector**

A performance audit of the Working of Punjab State Bus Stand Management Company Limited for the period 2013-18 was conducted. The important audit findings are as under:

- The proportion of over-age ordinary buses had increased from 29.40 to 62.60 *per cent.* 1.93 to 11.77 *per cent* of Scheduled Kilometers were missed. Due to major delay in repair and due to non-availability of spares, the Company suffered contribution loss of ₹ 3.62 crore. The Company paid extra Special Road Tax (SRT) of ₹ 2.64 crore on missed kilometers. The mileage achieved by the buses was less than the target fixed by the Company resulting in excess use of diesel amounting to ₹ 8.19 crore.

*(Paragraph 4.1.9, 4.1.9.7, 4.1.9.10 and 4.1.9.11)*

- The Company short claimed ₹ 44.36 crore on account of free travelling students passes due to under estimating number of students and distance travelled.

*(Paragraph 4.1.12.1)*

- Shops at Ludhiana and Jalandhar Bus Stand were not let out due to which the Company lost the opportunity to earn rental income of ₹ 0.41 crore and ₹ 0.93 crore respectively.

*(Paragraph 4.1.13.1, 4.1.13.3)*

- The Company purchased diesel without inviting competitive rates and resultantly suffered a loss of ₹ 1.77 crore during April 2013 to June 2014.

*(Paragraph 4.1.11.1)*

- The Company failed to avail the opportunity of earning revenue amounting to ₹ 0.70 crore (₹ 0.31 crore + ₹ 0.39 crore) due to not using buses for advertising.

*(Paragraph 4.1.13.4)*

- Delay in implementation of Centrally assisted Projects viz; Integrated Depot Management System, Real Time Passenger System, Ticketing Machines resulted in non achievement of intended benefits.

*(Paragraph 4.1.12.2 to 4.1.12.5)*

Chapter V contains Compliance audit observations highlighting deficiencies in the management of State Government Companies and Statutory Corporation of non-power sector. Important findings are as under:

**Punjab Agro Foodgrains Corporation Limited and Punjab State Warehousing Corporation**

- Inadequate storage arrangements, improper storage conditions, poor preservation of stock, storage of fresh wheat with infested wheat resulted in loss of ₹ 607.57 crore during 2014-15 to 2017-18 in disposal of damaged wheat. Further, the delay in disposal of damaged wheat resulted in incurring an expenditure of ₹ 8.57 crore on rent and security of storage spaces where damaged wheat was kept.

*(Paragraph 5.1.2)*

**Punjab State Civil Supplies Corporation Limited**

- The Company procured excess gunny bales without assessing its requirement resulting into blockade of ₹ 93.66 crore and avoidable interest burden of ₹ 3.45 crore.

*(Paragraph 5.4)*

**Punjab Small Industries and Export Corporation Limited**

- Not charging of additional ten *per cent* of the price for corner plots caused a loss of revenue of ₹ 3.28 crore.
- The Company extended favour to an allottee in the form of non-recovery of extension fee, change of land use charges and under fixation of ground rent amounting to ₹ 18.16 crore besides incurring interest loss of ₹ 8.26 crore

*(Paragraph 5.6)*