

PART-B
PUBLIC SECTOR UNDERTAKINGS

OVERVIEW

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OVERVIEW

Functioning of State Public Sector Undertakings

Audit of Government Companies is governed by Sections 139 and 143 of the Companies Act, 2013. The financial statements of the Government Companies are audited by the Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG). These financial statements are also subject to supplementary audit conducted by the CAG.

As on 31 March 2019, there were 103 State Public Sector Undertakings (PSUs) in Maharashtra, including 10 Statutory Corporations and 93 Government Companies (including 20 inactive Government Companies) under the audit jurisdiction of the CAG. The working PSUs registered an annual turnover of ₹ 1,02,195.78 crore as per their latest finalised accounts as on 30 September 2019. This turnover was equal to 3.84 per cent of the State Gross Domestic Product (GDP) of Maharashtra. As on 31 March 2019, the investment (equity and long term loans) in 103 State PSUs was ₹ 3,63,880.25 crore. The power sector received 79.20 per cent of total investment (₹ 1,68,456.57 crore) made during the period from 2014-15 to 2018-19.

Functioning of State Power Sector Undertakings

The turnover of eight Power sector PSUs was ₹ 91,317.99 crore in 2018-19 as per their latest finalised accounts. This turnover was equal to 3.43 per cent of the State GDP. The power sector PSUs earned an overall net profit of ₹ 870.95 crore as per their latest finalised accounts.

(Paragraph 3.1.1 and 3.1.8)

As on 31 March 2019, the investment (capital and long term loans) in eight Power sector PSUs was ₹ 2,22,534.82 crore. Out of this, Government of Maharashtra (GoM) had investment of ₹ 89,178.61 crore consisting of ₹ 88,940.67 crore towards equity and ₹ 237.94 crore towards long term loans. The GoM contributed ₹ 10,115.30 crore towards equity, loans and grants/subsidies during 2018-19.

(Paragraphs 3.1.3 and 3.1.4)

During the year 2018-19, out of eight working PSUs, two PSUs earned profit of ₹ 1,237.67 crore, five PSUs incurred loss of ₹ 366.72 crore and one PSU incurred marginal loss. The profit making PSUs were Maharashtra State Electricity Transmission Company Limited (₹ 745.43 crore) and Maharashtra State Electricity Distribution Company Limited (₹ 492.24 crore) whereas losses were incurred by Maharashtra State Power Generation Company Limited (₹ 325.81 crore). Three PSUs had arrears of three accounts as of September 2019.

(Paragraphs 3.1.6 and 3.1.8)

The balance of investment of the State Government in the share capital of the power sector PSUs increased to ₹ 88,940.67 crore in 2018-19 from ₹ 0.45 crore in 1999-2000. The present value of investments of the State Government upto 31 March 2019 worked out to ₹ 1,28,738.96 crore.

(Paragraph 3.1.11)

During the year, the Statutory Auditors had given qualified certificates for two accounts.

(Paragraph 3.1.20)

Compliance Audit Paragraph relating to State Power Sector Undertakings

In **Maharashtra State Electricity Distribution Company Limited**, insufficient collection of security deposit (SD) in respect of live as well as disconnected consumers was observed as they had arrears of energy bills even after adjusting the available SD.

(Paragraph 4.1)

Maharashtra State Electricity Transmission Company Limited did not recover operation and maintenance charges as determined by MERC resulting in short recovery of ₹ 184.11 crore.

(Paragraph 4.2)

Functioning of State Public Sector Undertakings (other than Power Sector)

The turnover of 95 State PSUs (other than Power Sector) was ₹ 10,877.79 crore in 2018-19 as per their latest finalised accounts. This turnover was equal to 0.41 per cent of the State GDP. The PSUs incurred an overall net loss of ₹ 1,368.55 crore as per their latest finalised accounts.

(Paragraphs 5.1.1, 5.1.2 and 5.1.11)

As on 31 March 2019, the investment (capital and long term loans) in 95 PSUs was ₹ 1,41,345.43 crore. Out of this, GoM had investment of ₹ 1,26,223.45 crore consisting of ₹ 1,25,018.47 crore towards equity and ₹ 1,204.98 crore towards long term loans. The GoM contributed ₹ 4,913.43 crore towards equity, loans and grants/subsidies during 2018-19.

(Paragraphs 5.1.4, 5.1.5 and 5.1.10)

Sixty working PSUs had arrears of 147 accounts as of September 2019. The extent of arrears was one to 20 years. There were 20 inactive companies.

(Paragraphs 5.1.7.1 and 5.1.7.2)

During 2018-19, out of 75 working PSUs, 36 PSUs earned profit of ₹ 756.10 crore and 19 PSUs incurred losses of ₹ 2,040.17 crore. Nine working PSUs did not incur either profit or loss, three companies had not yet submitted their first financial statements and financial statements of eight working PSUs were not due for submission. The major contributors to profit were Forest Development Corporation of Maharashtra Limited (₹ 123.41 crore) and Maharashtra State Warehousing Corporation (₹ 115.62 crore) whereas major losses were incurred by Maharashtra State Road Transport Corporation (₹ 1,578.67 crore) and Maharashtra Airport Development Company Limited (₹ 230.07 crore).

(Paragraph 5.1.11)

The balance of investment of the State Government in these PSUs increased to ₹ 1,25,479.82 crore in 2018-19 from ₹ 12,392.41 crore in 1999-2000. The present value of investments of the State Government upto 31 March 2019 worked out to ₹ 2,84,286.66 crore.

(Paragraph 5.1.14)

During the year, the Statutory Auditors had given qualified certificates for 16 accounts and adverse/disclaimer certificates (which mean that accounts do not reflect a true and fair view) for two accounts.

(Paragraph 5.1.24)

Compliance Audit Paragraphs relating to State Public Sector Undertakings (other than Power Sector)

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

Vasantrao Naik Vimukta Jatis and Nomadic Tribes Development Corporation Limited made payment of arrears of ₹ 3.19 crore to employees in violation of Government orders. They also irregularly diverted NBCFDC funds to the tune of ₹ 1.60 crore for this purpose.

(Paragraph 6.1)

Maharashtra State Road Transport Corporation incurred avoidable expenditure of ₹ 22.35 crore due to flawed tender evaluation of Facility Management Services (FMS) contract. Also, the Corporation terminated parcel-courier licence contract without following due procedures resulting in loss of revenue of ₹ 1.58 crore.

(Paragraphs 6.2 and 6.3)

