

**PRESS RELEASE**

**OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

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**CAG AUDIT REPORT ON CPSEs - UNION GOVERNMENT (COMMERCIAL)  
PRESENTED IN PARLIAMENT**

General Purpose Financial Reports of Central Public Sector Enterprises (CPSEs) Union Government (Commercial) – Report No. 23 of 2025 was presented in Parliament here today. This Audit Report has been prepared under Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This Report consists of six chapters. Apart from presenting summary of financial performance of Central Public Sector Enterprises (CPSEs) and oversight role of CAG, the report enumerates the status of adherence by CPSEs to the provisions of the Companies Act, 2013 and Regulations/Guidelines issued by Securities Exchange Board of India (SEBI) and Department of Public Enterprises (DPE) on Corporate Governance, status of disinvestment process of CPSEs, Corporate Social Responsibility and analysis of Memoranda of Understanding between Administrative Ministries and Miniratna CPSEs. Some of the salient features of the Report are highlighted below:

**I. Summary of financial performance of Central Public Sector Enterprises**

There were 716 Central Government Public Sector Enterprises (CPSEs) under the audit jurisdiction of the Comptroller and Auditor General of India as on 31 March, 2023. These included 501 Government companies, 209 Government controlled other companies and six Statutory Corporations. This Report presents financial performance of 655 CPSEs which includes 469 Government companies and Corporations (including six Statutory Corporations) and 186 Government controlled other companies. 61 CPSEs (including 23 Government controlled other companies), whose accounts were in arrears for three years or more or were under liquidation or first accounts were not due/received, are not covered in this Report.

*(Para 1.1.3)*

**Investment of Central Government**

The accounts of 469 Government companies and Corporations indicated that the Central Government had an equity holding of ₹9,24,770 crore in share capital as on 31 March, 2023. The long term loans given by Central Government to these CPSEs outstanding as on

31 March 2023 amounted to ₹2,24,233 crore. Compared to the previous year, holding of the Central Government in equity of CPSEs registered a net increase of ₹2,88,100 crore and long term loans outstanding increased by ₹50,849 crore during 2022-23.

*(Para 1.2, 1.2.1 and 1.2.2.1)*

### **Market Capitalisation**

The total market value of shares of 66 traded listed Government companies (including seven subsidiary companies), the shares of which were traded during 2022-23, stood at ₹17,28,067 crore as on 31 March, 2023 in comparison to ₹15,88,664 crore market value of shares of 65 traded listed Government companies as on 31 March, 2022. Market value of shares held by the Central Government in 59 listed Government companies (excluding seven subsidiary companies) stood at ₹10,03,886 crore as on 31 March, 2023. *(Para 1.2.4)*

### **Returns from Government companies and Corporations**

274 Government companies and Corporations earned profit of ₹2,54,239 crore during 2022-23 of which, 66.10 *per cent* (₹1,68,064 crore) was contributed by 76 CPSEs in three sectors viz., Petroleum & Natural Gas, Power and Coal & Lignite. Return on Equity (ROE) of these 274 CPSEs was 13.74 *per cent* in 2022-23 as compared to 15.57 *per cent* of 254 CPSEs in 2021-22.

*(Para 1.3.1)*

There were 181 Government companies that incurred losses during the year 2022-23. The losses incurred by Government companies and corporations increased to ₹45,250 crore in 2022-23 from ₹31,347 crore in 2021-22. *(Para 1.3.2)*

133 Government companies and Corporations declared a dividend of ₹1,10,884 crore for the year 2022-23. Out of this, the dividend received/receivable by Central Government amounted to ₹53,506 crore which represented 5.79 *per cent* return on the total investment by the Central Government (₹9,24,770 crore) in equity capital of all the 469 Government companies and Corporations.

Ten Government companies under the Ministry of Petroleum and Natural Gas contributed ₹31,152 crore representing 28.09 *per cent* of the total dividend declared by 133 Government companies and Corporations. *(Para 1.3.4)*

### **Net worth/Accumulated Losses**

Net worth of all the 469 Government companies and corporations was ₹25,17,875 crore against their paid-up capital of ₹11,48,276 crore. There were 210 Government companies with accumulated losses of ₹2,21,421 crore as on 31 March, 2023. Of these, the net worth of 79 companies had been completely eroded by their accumulated losses. As a result, the

aggregate net worth of these companies had become negative to the extent of ₹49,508 crore as on 31 March 2023. **(Para 1.3.3)**

## **II. Oversight Role of CAG**

Out of 716 CPSEs (including six Statutory Corporations) under the audit jurisdiction of CAG as on 31 March, 2023, the financial Statements for the year 2022-23 were received from 584 CPSEs (407 Government companies, 171 Government controlled other companies and six Statutory Corporations). The CAG reviewed financial statements of 359 CPSEs (including six Statutory Corporations). **(Para 2.5.1)**

Eight CPSEs amended their Financial Statements and statutory auditors of 62 CPSEs revised their Audit Report before laying the same in the Annual General Meeting. **(Para 2.5.1.1)**

The financial impact of significant comments, issued on the financial statements of the selected CPSEs, on profitability and assets/liabilities was ₹7,297.28 crore and ₹1,51,860.08 crore, respectively. **(Para 2.5.1.3)**

## **III. Corporate Governance**

The review of Corporate Governance covered 71 CPSEs, whose shares/bonds were listed on stock exchanges and 36 CPSEs including four Statutory Corporations (National Highways Authority of India, Inland Waterways Authority of India, National Cooperative Development Corporation and Food Corporation of India), whose only bonds/debentures were listed on stock exchanges as on 31 March, 2023. **(Para 3.1.2)**

Non-Executive Directors were less than 50 *per cent* of the Board strength in three CPSEs (four *per cent*) and the required number of Independent Directors were not on the Board in 46 CPSEs (65 *per cent*) during whole/part period of the year 2022-23. **(Para 3.2.1 and 3.2.2.1)**

Six CPSEs (eight *per cent*) did not have Women Director on the Board and 13 CPSEs (21 *per cent*) (part of top 1,000 listed entities) did not have Women Independent Director on the Board during whole/part period of the year 2022-23. **(Para 3.2.3)**

The criteria of minimum six Directors was not met in three CPSEs (part of top 2,000 listed entities) during whole/part period of the year 2022-23. **(Para 3.2.4)**

Audit Committee was not constituted in two CPSEs (three *per cent*) and at least two-thirds of the Audit Committee members were not Independent Directors in four CPSEs (six *per cent*) during whole/part period of the year 2022-23. Further, Audit Committee chairman did not attend AGM in two CPSEs (three *per cent*). **(Para 3.7.1.1, 3.7.1.2 and 3.8)**

Nomination and Remuneration Committee was not constituted in two CPSEs (three *per cent*) and its composition was inadequate in four CPSEs (six *per cent*) during whole/part period of the year 2022-23. (*Para 3.11.1*)

#### **IV. Disinvestment Process**

The Department of Investment and Public Asset Management (DIPAM) realized an amount of ₹35,294 crore during the year 2022-23 through disinvestment (Initial Public Offer, Offer for Sale, Buyback of Shares, Remittances from Specified Undertaking of Unit Trust of India and Enemy Shares Sale) in nine cases. Budget Estimates for disinvestment proceeds for the financial year 2022-23 were fixed at ₹65,000 crore, which were reduced to ₹50,000 crore at Revised Estimates stage. The actual receipts were ₹35,294 crore, 70.58 per cent of the Revised Estimates. (*Para 4.4*)

#### **V. Corporate Social Responsibility**

The review covered 76 CPSEs (13 Maharatna, 11 Navratna, 36 Miniratna and 16 others) under the administrative control of various Ministries/ Departments. 74 CPSEs formed a CSR committee as required under the Companies Act, 2013 except HLL Biotech Limited (HBL) and Sambhar Salts Limited (SSL). (*Para 5.3.1*)

Total CSR expenditure of 76 CPSEs in 2022-23 was ₹3,739.12 crore. Of these, the highest expenditure on CSR was by CPSEs under Ministry of Petroleum and Natural Gas (14 CPSEs, ₹1,259.61 crore) followed by Ministry of Power (10 CPSEs, ₹1,151.72 crore) and Ministry of Coal (nine CPSEs, ₹540.92 crore). The least CSR expenditure was by Ministry of Aviation (one CPSE, ₹4.09 crore). (*Para 5.4.2*)

Health and Nutrition was the common theme selected for CSR activities by CPSEs for the year 2022-23. Out of 76 CPSEs reviewed, 36 CPSEs could achieve the prescribed target of 60 *per cent* CSR expenditure on common theme. (*Para 5.4.6*)

34 CPSEs had undertaken baseline surveys/ need assessment studies for identifying the CSR projects/ activities in respect of 3,381 projects; 16 CPSEs did not conduct baseline survey/ need assessment studies in respect of 905 projects/ activities; 16 CPSEs undertook 643 projects with baseline survey and 241 projects without baseline survey; and seven CPSEs did not undertake any projects and three CPSEs did not provide data for baseline/need assessment survey.

(*Para 5.5.1*)

As per Companies Act, CPSEs shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities. In respect of 76 CPSEs, 59

CPSEs defined local area in its CSR policy, while 17 CPSEs did not define local area in their CSR policy. *(Para 5.5.4)*

## **VI. Analysis of Memoranda of Understanding between Administrative Ministries and Miniratna CPSEs**

The review covered MoUs signed between 11 Miniratna CPSEs (out of 68 Miniratna CPSEs) and their respective administrative ministries for the years 2021-22 and 2022-23. DPE guidelines did not specify any timelines for finalizing and signing MoUs, resulting in delays in the Inter-Ministerial Committee (IMC) meetings and signing of MoUs. MoUs for 2021-22 were signed in the last quarter, and for 2022-23, MoUs were signed primarily in the third quarter of the year. *(Para No. 6.3.1.1)*

In the case of IREL (India) Limited and Housing and Urban Development Corporation Limited (HUDCO), despite being registered on the TReDS platform, no transactions occurred on the TReDS platform. However, in the MoU evaluation report by the DPE, full five marks were assigned in respect of IREL and three marks were assigned to HUDCO. *(Para No. 6.3.2.1)*

No marks were deducted from the overall MoU score of MECON Limited by DPE even though the company did not comply with the DPE guidelines on CSR expenditure for 2021-22 and 2022-23 and the Apprenticeship Act for 2021-22. *(Para No. 6.3.3.1)*

NHPC Limited, Housing and Urban Development Corporation Limited, Cochin Shipyard Limited and Indian Railway Finance Corporation Limited didn't comply with SEBI (LODR) Regulations and Companies Act, however, no marks were deducted by DPE. *( 6.3.3.2)*

The time gap between uploading of performance evaluation report on MoU dashboard by Administrative Ministry and uploading of performance rating by DPE, was up to 98 days for the year 2021-22, and up to 100 days for the year 2022-23 as MoU guidelines do not stipulate any specific time limit for evaluation of MoU performance report by DPE. *(Para 6.3.3.5)*