

Chapter I

1. Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Bihar, the State PSUs occupy an insignificant place in the state economy. The working State PSUs registered a turnover of ₹ 2508.83 crore for 2009-10 as *per* their latest finalised accounts as of September 2010. This turnover was equal to 1.62 *per cent* of State Gross Domestic Product (GDP) for 2009-10. Major activities of State PSUs are concentrated in power sector. The State PSUs incurred a loss of ₹ 1199.09 crore in the aggregate for 2009-10 as *per* their latest finalised accounts. They employed 0.22 lakh¹ employees as of 31 March 2010. The State PSUs do not include 7 Departmental Undertakings (DUs), which carry out commercial operations but are a part of Government departments. Audit findings of these DUs are incorporated in the Civil Audit Report for the State.

1.2 As on 31 March 2010, there were 65 PSUs as *per* the details given below, however none of them were listed on the stock exchange(s).

Type of PSUs	Working PSUs	Non-working PSUs ²	Total
Government Companies ³	21	40	61
Statutory Corporations	4	-	4
Total	25	40	65

1.3 During the year 2009-10, two PSUs viz. Bihar State Road Development Corporation Limited and Bihar Urban Infrastructure Development Corporation Limited were established.

Audit Mandate

1.4 Audit of Government companies is governed under Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by the Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which not less than 51 *per cent* of the paid up capital is held in any combination by Government (s), Government companies and Corporations controlled by Government (s) is treated as if it were a Government company (deemed Government company) as *per* Section 619-B of the Companies Act.

1.5 The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors,

¹ As per the details provided by 35 PSUs.

² Non-working PSUs are those which have ceased to carry on their operations.

³ includes 619-B companies.

who are appointed by CAG as *per* the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as *per* the provisions of Section 619 of the Companies Act, 1956.

1.6 Audit of statutory corporations is governed by their respective legislations. Out of the four statutory corporations, CAG is the sole auditor for Bihar State Electricity Board and Bihar State Road Transport Corporation. In respect of Bihar State Warehousing Corporation and Bihar State Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit by the CAG of India.

Investment in State PSUs

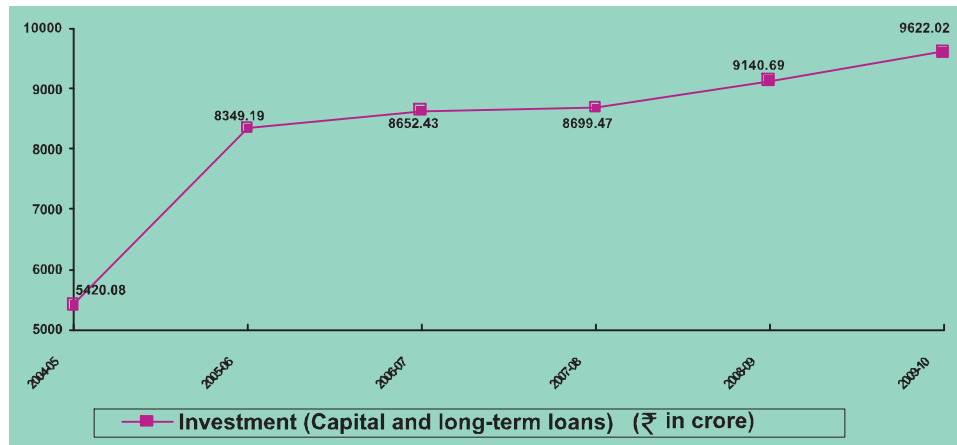
1.7 As on 31 March 2010, the investment (capital and long-term loans) in 65 PSUs (including 619-B companies) was ₹ 9622.02 crore as per details given below.

(Amount: ₹ in crore)

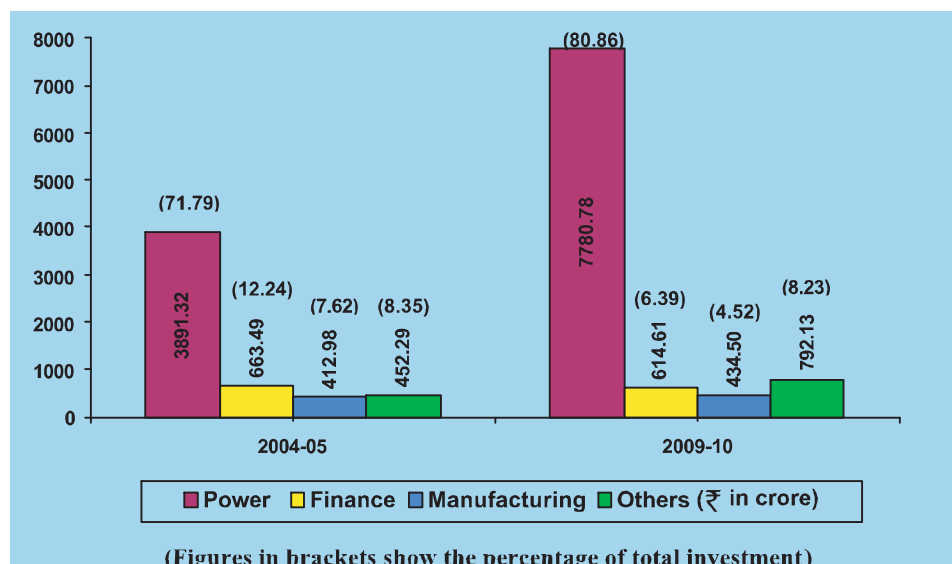
Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	214.92	496.56	711.48	185.53	7993.06	8178.59	8890.07
Non-working PSUs	183.97	547.98	731.95	-	-	-	731.95
Total	398.89	1044.54	1443.43	185.53	7993.06	8178.59	9622.02

A summarised position of government investment in State PSUs is detailed in *Annexure 1*.

1.8 As on 31 March 2010, of the total investment in State PSUs, 92.39 per cent was in working PSUs and the remaining 7.61 per cent in non-working PSUs. This total investment consisted of 6.07 per cent towards capital and 93.93 per cent in long-term loans. The investment has grown by 77.53 per cent from ₹ 5420.08 crore in 2004-05 to ₹ 9622.02 crore in 2009-10 as shown in the graph below.



1.9 The investment in various important sectors and percentage thereof at the end of 31 March 2005 and 31 March 2010 are indicated below in the bar chart. The thrust of PSUs investment was mainly in the power sector during the past six years which increased from 71.79 per cent in 2004-05 to 80.86 per cent in 2009-10 of the total investment. The overall increase in power sector was 99.95 per cent in 2009-10 as compared to 2004-05. However, relatively there was decrease in other sectors during 2009-10 taking into account the overall investments.



Budgetary outgo, grants/subsidies, guarantees and loans

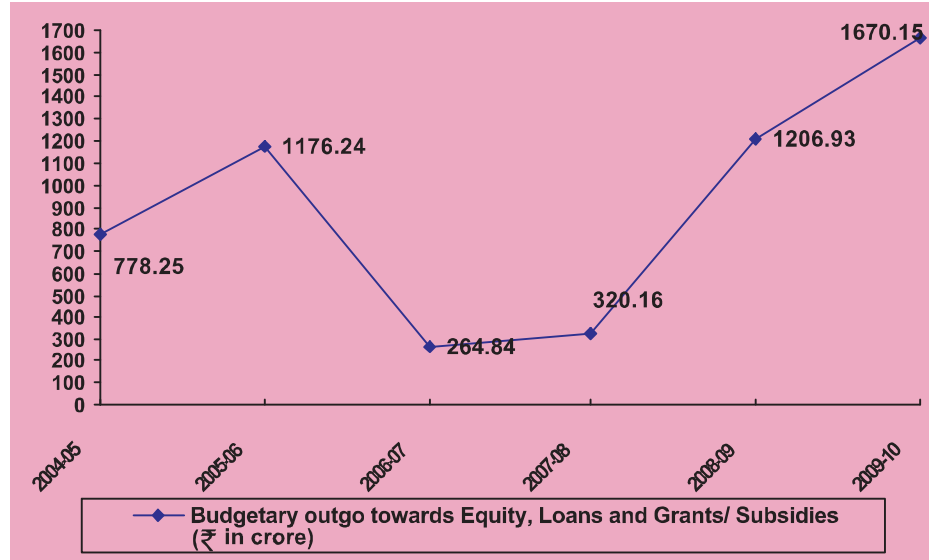
1.10 The details regarding budgetary outgo towards equity, loans, grants/subsidies, guarantees issued, loans written off and interest waived in respect of State PSUs are given in *Annexure 3*. The summarised details are given below for three years ended 2009-10.

(Amount: ₹ in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	2	4.05	3	1.56	3	26.00
2.	Loans given from budget	2	293.11	4	469.63	3	770.36
3.	Grants/Subsidy received	1	23.00	3	735.74	3	873.79
4.	Total Outgo ⁴	5	320.16	9	1206.93	8	1670.15
5.	Interest/Penal interest written off	1	11.56	1	11.56	1	0.12
6.	Guarantees issued	3	71.79	2	104.47	-	-
7.	Guarantee Commitment	-	-	1	157.51	1	44.15

⁴ Total outgo is pertaining to actual number of companies during the year.

1.11 The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past six years are given in a graph below.



The budgetary support in the form of equity, loans and grants / subsidies by the State Government during the years 2004-05 to 2009-10 showed a varying trend. The budgetary support has increased from ₹ 320.16 crore in 2007-08 to ₹ 1670.15 crore in 2009-10. During the year 2009-10, three⁵ (two working and one non-working) PSUs received a total subsidy of ₹ 873.79 crore, out of which Bihar State Electricity Board received a subsidy of ₹ 840.00 crore from the State Government. At the end of the year, guarantees on loans aggregating ₹ 156.21 crore were outstanding against five⁶ PSUs. Guarantee commission of ₹ 37.58 lakh was payable by two⁷ working PSUs since 1982-83.

Reconciliation with Finance Accounts

1.12 The figures in respect of equity, loans and guarantees outstanding as per records of the State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department are required to reconcile the differences. The position in this regard as on 31 March 2010 is stated below.

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts *	Amount as per records of PSUs	Difference
Equity	446.50	477.25	30.75
Loans	13034.67	8511.87	4522.80
Guarantees	714.97	156.21	558.76

1.13 We observed that differences occurred in respect of 42 PSUs in which the State Government has invested except Bihar State Road

⁵ Bihar Rajya Beej Nigam Limited, Bihar State Electricity Board, Bihar Fruit & Vegetable Development Corporation Ltd.

⁶ Bihar Rajya Matasya Vikas Nigam Ltd., Bihar State Backward Classes Finance & Development Corporation Ltd., Bihar State Minorities Finance Corporation Ltd., Bihar State Electricity Board, and Bihar State Financial Corporation

⁷ Bihar State Road Transport Corporation and Bihar State Financial Corporation.

* This information is in respect of 38 PSUs which are appearing in Finance accounts.

Development Corporation Ltd which is a newly established company. The issue of reconciliation was taken up with Chief Secretary and the Finance Secretary (March 2010). The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

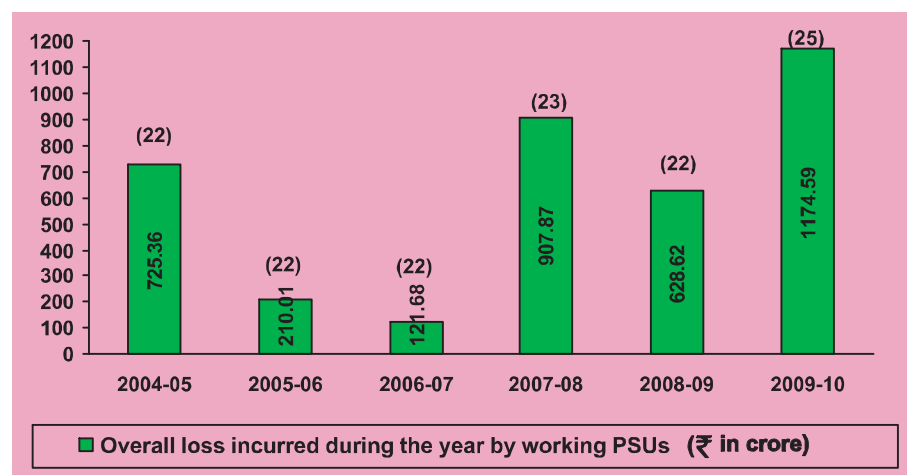
Performance of PSUs

1.14 The financial results of PSUs and the financial position and working results of working Statutory Corporations are detailed in *Annexure 2, 5 and 6* respectively. A ratio of PSUs turnover to State GDP shows the extent of PSUs activities in the State economy. Table below provides the details of working PSUs turnover and the State GDP for the period 2004-05 to 2009-10.

Particulars	₹ in crore)					
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Turnover ⁸	1601.99	1202.49	1337.29	1587.96	1996.59	2508.83
State GDP ⁹	73654	79382	99579	114616	142504	155051
Percentage of Turnover to State GDP	2.18	1.51	1.34	1.39	1.40	1.62

The turnover of the State PSUs has shown an increasing trend during the last five years from 2005-06 onwards. There was increase in State GDP from the year 2005-06 onwards but it was not proportionate to percentage of increase in turnover of PSUs. The percentage of turnover of State PSUs to the State GDP has noticed marginal increase from 1.51 *per cent* in 2005-06 to 1.62 *per cent* in 2009-10.

1.15 Losses incurred by the State working PSUs during 2004-05 to 2009-10 are given below in a bar chart.



(Figures in brackets show the number of working PSUs in respective years)

The State working PSUs collectively incurred continuous losses over the years which increased from ₹ 725.36 crore in 2004 -05 to ₹ 1174.59 crore in

⁸ Turnover as per the latest finalised accounts as of 30 September.

⁹ Figures of State GDP at current price, 2007-08(provisional), 2008-09 and (quick estimates), 2009-10(advance estimates)

2009-10. As per the latest finalised accounts as on 30 September 2010, out of the 25 working PSUs, eight PSUs earned profits of ₹ 12.78 crore and 14 PSUs incurred loss of ₹ 1187.37 crore. Three¹⁰ Companies did not finalise their initial accounts so far. The major contributors to profit were Bihar State Financial Corporation Ltd (₹ 1.36 crore) and Bihar State Beverages Corporation Ltd (₹ 1.09 crore). On the other hand Bihar State Electricity Board (₹ 1102.28 crore) and Bihar State Road Transport Corporation (₹ 55.74 crore) were the major loss making PSUs.

1.16 The losses of PSUs are mainly attributable to deficiencies in financial management, inappropriate planning, uneconomical operations and poor monitoring. A review of the latest Audit Reports of CAG of India shows that the State PSUs incurred losses to the tune of ₹ 164.49 crore and infructuous investment of ₹ 64.21 crore, which should have been avoided through better management practices. The year wise details from the Audit Reports are stated below.

(₹ in crore)

Particulars	2007-08	2008-09	2009-10	Total
Net loss	907.87	628.62	1174.59	2711.08
Controllable losses as per CAG's Audit Report	26.68	104.60	33.21	164.49
Infructuous Investment	60.41	0.35	3.45	64.21

1.17 Since the above losses as pointed out in the Audit Reports are based on test check of records of PSUs, the actual losses would be much more significant. It is therefore requested that the concerned officials must take urgent and appropriate action to prevent further losses and to turn around these PSUs. The PSUs can discharge their role efficiently only if they are financially self-reliant, there is an urgent need for professionalism and accountability and transparency in the functioning of the State PSUs.

1.18 Some other key parameters pertaining to State PSUs are given below.

(₹ in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Return on Capital Employed (Per cent)	Nil	16.94	17.68	Nil	7.44	Nil [#]
Debt	4796.29	7724.63	8012.25	8152.92	8614.53	9037.60
Turnover ¹¹	1601.99	1202.49	1337.29	1587.96	1996.59	2508.83
Debt/ Turnover Ratio ¹²	2.99:1	6.42:1	5.99:1	5.13:1	4.33:1	3.60:1
Interest Payments	525.91	301.93	613.25	924.16	918.70	991.72
Accumulated losses	5165.94	1584.62	1686.94	2956.74	3593.15	4617.88

(Above figures pertain to all PSUs except turnover which is for working PSUs).

¹⁰ Bihar Health Projects Development Corporation Ltd., Bihar State Road Development Corporation Ltd. and Bihar Urban Infrastructure Development Corporation Ltd.

[#] Nil indicates the negative return on capital employed.

¹¹ Turnover of working PSUs as per the latest finalised accounts as of 30 September.

¹² Debt / Turnover Ratio represents Turnover divided by Debt.

1.19 As per the latest finalised accounts as of 30 September 2010, the return on capital employed of all PSUs has decreased from 16.94 *per cent* in 2005-06 to total negative return of 5.50 *per cent* in 2009-10. However, there was decrease in debt/turnover from 6.42:1 in 2005-06 to 3.60:1 in 2009-10 indicating gradually decreasing pressure on profit margin due to relative increase in turnover during these years.

1.20 The State Government has not formulated any dividend policy under which PSUs may be required to pay a minimum dividend. As per their latest finalised accounts, eight PSUs earned an aggregate profit of ₹ 12.78 crore but no PSU has declared any dividend so far.

Arrears in finalisation of accounts

1.21 Under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956 the annual accounts of companies are required to be finalised within six months from the end of the relevant financial year. Similarly, in the case of Statutory Corporations, their accounts are required to be finalised, audited and presented to the State Legislature as *per* the provisions of their respective Acts. The table below provides the details of progress made by the working PSUs in the finalisation of accounts by September 2010.

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Number of Working PSUs	22	23	22	23	25
2.	Number of accounts finalised during the year	14	20	13	15	17
3.	Number of accounts in arrears	198	201	197	205	213
4.	Average arrears <i>per</i> PSU (3/1)	9.00	8.74	8.95	8.91	8.52
5.	Number of Working PSUs with arrears in accounts	22	23	22	23	25
6.	Extent of arrears (years)	1 to 22	1 to 19	1 to 19	1 to 20	1 to 21

1.22 Out of 25 working PSUs including four statutory corporations no company/corporation had finalised its accounts for the year 2009-10 as of 30 September 2010. The accounts of 21 working Government companies were in arrears for periods ranging from 1 to 21 years and there was marginal decrease in average of arrears per PSU from 9 per PSU in 2005-06 to 8.52 per PSU in 2009-10. The reasons for arrears in accounts are delay in preparation/certification of accounts by the Management/Statutory Auditors, delay in holding of Annual General Meeting, shortage of manpower and non existence of Board of Directors.

1.23 In addition to above, there was also arrears in finalisation of accounts by non-working PSUs. Out of 40 non-working PSUs, seven are into liquidation process. Of the remaining 33 non-working PSUs, arrears of accounts ranged from 15 to 33 years.

1.24 The State Government had invested ₹ 3236.87 crore (Equity: ₹ 112.26 crore, loans: ₹ 1947.90 crore, grants: ₹ 913.29 crore and others: ₹ 263.42 crore) in 28 PSUs during the years for which accounts have not been finalised as detailed in *Annexure 4*. In the absence of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

1.25 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by Audit of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this, the net worth of these PSUs could not be assessed in audit. A meeting was also held between Pr. A.G. (Audit), Bihar, with the Chief Secretary and Secretaries of the other administrative departments (June 2010) to expedite the backlog of arrears in accounts in a time bound manner.

1.26 In view of above state of arrears, it is recommended that:

- The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies which would be monitored by the cell.
- The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.

Winding up of non-working PSUs

1.27 There were 40 non-working PSUs (companies) as on 31 March 2010. Of these, seven PSUs have commenced liquidation process. The numbers of non-working companies at the end of each year during past five years are given below.

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
No. of non-working companies	40	40	40	40	40

The non-working PSUs are required to be closed down as their continuance is not going to serve any purpose. During 2009-10, three¹³ non-working PSUs incurred an expenditure of ₹ 1.48 crore towards salary, wages establishment expenditure etc.

¹³ Bihar State Small Industries Corporation Limited, Bihar Fruit and vegetable Development Corporation Limited and Bihar State Industrial Development Corporation Limited.

1.28 The stages of closure in respect of non-working PSUs are given below.

Sl. No.	Particulars	Companies	Statutory Corporations	Total
1.	Total No. of non-working PSUs	40	-	40
2.	Of (1) above, the No. under	-	-	-
(a)	liquidation by Court (liquidator appointed)	3 ¹⁴	-	3
(b)	Closure, i.e. closing orders/instructions issued but liquidation process not yet started.	4 ¹⁵	-	4

1.29 During the year 2009-10, no company/corporation was finally wound up. The companies which have taken the route of winding up by Court order are under liquidation for a period of more than 10 years. The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/pursued vigorously. The Government may make a decision regarding winding up of remaining 33 non-working PSUs where no decision about their continuation or otherwise has been taken after they became non-working. The Government may consider setting up a cell to expedite closing down its non-working companies.

Accounts Comments and Internal Audit

1.30 Seven working companies forwarded their 15 audited accounts to PAG during the year 2009-10. Of these, six accounts of six companies were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

(Amount: ₹ in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	-	-	2	1.71
2.	Increase in loss	5	3.00	2	4.31	10	16.63
3.	Non-disclosure of material facts	2	8.56	1	10.02	1	0.15
4.	Errors of classification	1	5.80	2	7.87	Nil	Nil

1.31 During the year 2009-10, all 15 accounts received had been given qualified certificates. The compliance of companies with the Accounting

¹⁴ Sl. No. C- 20, 36, and 39 of Annexure -1.

¹⁵ Sl. No. C - 14, 15, 26 and 29 of Annexure -1.

Standards remained poor as there were 13 instances of non-compliance in 11 accounts¹⁶ during the year.

1.32 Some of the important comments in respect of accounts of companies are stated below.

Bihar State Minorities Finance Corporation Limited (2006-07)

- Non provision for the amount of Pesewar Loan disbursed in 1999, which was doubtful of recovery as the beneficiaries were not traceable, resulted in understatement of current liabilities and provisions and loss by ₹ 1.25 crore

Bihar Rajya Beej Nigam limited (1998-99)

- Non-provision for the amount receivable from service agents, which was outstanding since long and doubtful of recovery, resulted in overstatement of sundry debtors and understatement of loss by ₹ 1.21 crore.

Bihar State Industrial Development Corporation Limited (1987-88)

- Non-provision for the amount of advance to Bihar Scooters Ltd., the recovery of which was doubtful as it remained closed since 1982-83, resulted in overstatement of Loans & advances and understatement of loss by ₹ 5.51 crore

1.33 Similarly, two working statutory corporations forwarded their accounts to PAG/AG during the year 2009-10. Out of these the account of Bihar State Electricity Board pertained to sole audit by CAG was in the process of audit as of 30 September 2010 and the account of Bihar State Financial Corporation was selected for supplementary audit. The audit reports of statutory auditors and the sole/supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

(Amount: ₹ in crore)

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	3	16.00	2	14.61	1	1.74
2.	Increase in loss	7	655.24	3	562.74	2	3475.34
3.	Non-disclosure of material facts	2	2.34	2	12.08	1	7.08
4.	Errors of classification	2	4.51	3	67.67	1	2.47

¹⁶ Bihar State Financial Corporation (2008-09), Bihar Raya Pul Nirman Nigam Limited (1998-99), (1999-2000), (2000-01), (2001-02), Bihar State Minorities Finance Corporation Limited (2006-07), Bihar Police Building Construction Corporation Limited (1992-93), (1993-94), (1994-95) and Bihar Rajya Beej Nigam Limited (1997-98) and (1998-99).

1.34 Some of the important comments in respect of accounts of statutory corporations finalized during the year 2009-10 are stated below.

Bihar State Electricity Board (2007-08)

- Non provision for the value of abandoned works in BTPS resulted in overstatement of capital work in progress and understatement of loss by ₹ 7.08 crore.
- Non-provision for the unadjusted amount of advance to PGCIL under APDRP, being carried forward in the accounts since long period, resulted in understatement of loss by ₹ 51.98 crore.
- Non charging of the amount of ₹ 5.27 crore to revenue account for the value of abandoned works resulted in understatement of loss by ₹ 5.27 crore.
- Loans and advances include a sum of ₹ 14.25 crore unadjusted amount of advance to suppliers/contractors resulted in overstatement of Loans & Advances and understatement of loss by ₹ 14.25 crore.
- Non-provision for the unadjusted amount of grade difference of coal in BTPS resulted in overstatement of sundry receivables and understatement of loss by ₹ 7.96 crore.
- Subsidy receivable from Government includes a sum of ₹ 3329.10 crore being the amount of annual subsidy for the period 2001-2006, neither claimed by the Board nor agreed to by the State Govt. resulted in overstatement of subsidy receivable from Govt. and understatement of loss by ₹ 3329.10 crore.
- Non-provision for amount of interest payable as UI (unscheduled interchange) charges for purchase of power resulted in understatement of current liabilities and loss by ₹ 11.34 crore.

Bihar State Road Transport Corporation (2002-03)

- Non provision for the amount seized by the Commercial Tax Deptt. on account of non payment of arrear of sales tax, the recovery of which was remote resulted in overstatement of assets and understatement of loss by ₹ 7.22 crore.
- Non provision for the amount recoverable as on 31st March 2003 in respect of Darbhanga division for which has no details available resulted in overstatement of advance to employees and understatement of loss by ₹ 1.15 crore.

Bihar State Financial Corporation (2008-09)

- Rent receivable included ₹ 1.63 crore towards old disputed items which were doubtful of recovery for which no provision was made. This resulted in overstatement of rent receivable and profit for the year by ₹ 1.63 crore.

1.35 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/ internal audit

systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/internal control system in respect of nine companies¹⁷ for the year 2008-09 and eight companies¹⁸ for the year 2009-10 are given below.

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per Annexure -2
1.	Non-fixation of minimum/maximum limits of store and spares	04	A-1, A-9, A-13, A-18
2.	Absence of internal audit system commensurate with the nature and size of business of the company	06	A-1, A-6, A-8, A-9, A-13, A-18
3.	Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	08	A-1, A-6, A-8, A-9, A-13, A-15, A-18, C-5

Recoveries at the instance of audit

1.36 During the course of propriety audit in 2009-10, recoveries of ₹ 66.93 crore were pointed out to the Management of various PSUs, of which, recoveries of ₹ 13.98 crore were accepted by PSUs. An amount of ₹ 5.11 crore was recovered during the year 2009-10.

Status of placement of Separate Audit Reports

1.37 The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory corporations in the Legislature by the Government.

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Bihar State Electricity Board	1999-2000	2000-01 2001-02 2002-03 2003-04 2004-05 2005-06 2006-07 2007-08	30.06.2004 12.03.2007 24.10.2007 20.02.2008 29.04.2008 15.01.2009 26.05.2009 15.04.2010	Yet to be placed in legislature.
2.	Bihar State Financial Corporation	2008-09	2006-07	30.09.2008	Copies of report have not been made

¹⁷ Sr. No. A-4, A-6, A-8, A-11, A-13, A-19, C-4, C-5 & C-16 in Annexure – 2.

¹⁸ Sr. No. A-1, A-6, A-8, A-9, A-13, A-15, A-18, C-5 in Annexure – 2.

					available by the concerned Department for placement in the legislature.
3.	Bihar State Road Transport Corporation	1973-74	1974-75 to 1990-91 (17) Details	1991-92 9.6.1997 1992-93 2.9.1998 1993-94 2.9.1998 1994-95 4.12.1998 1995-96 18.4.2000 1996-97 19.3.2004 1997-98 19.10.2004 1998-99 12.04.2005 1999-00 07.10.2005 2000-01 24.09.2007 2001-02 26.10.2007 2002-03 25.01.2010	No reasons for non-placement of reports furnished by the Government.

Delay in placement of SARs weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. The Government should ensure prompt placement of SARs in the legislature(s).

Disinvestment, Privatisation and Restructuring of PSUs

1.38 The State Government did not undertake the exercise of disinvestment, privatization and restructuring of any of its PSUs during 2009-10. Subsequent to the formation of Jharkhand State, restructuring of all the PSUs was to be taken up. The decision on the division of assets and liabilities as well as of the management of 12 companies/corporations was taken in September 2005. The implementation, however, has been done only in the case of five companies/corporations¹⁹ so far (September, 2010).

Reforms in Power Sector

1.39 The State has Bihar Electricity Regulatory Commission (BERC) formed in April 2002 under Section 17 (1) of Electricity Regulatory Commission Act, 1998 with the objective of rationalization of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. During 2009-10, BERC issued orders for fixation of tariff for Bihar State Hydroelectric Power Corporation (BSHPC) in December 2009 and fixation of tariff for bagasse and biomass based power generation. The orders have also been issued directing BSEB to procure power from private entrepreneurs as per the guidelines issued by the MoP and fresh guidelines notified for appointment of chairperson and members of the Consumer Grievances Redressal Forum (CGRF), directives/orders for constant monitoring in respect of reducing T&D losses and in respect of supply and distribution of electricity in the State.

1.40 A Memorandum of Understanding (MoU) was signed (September 2001) between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in power sector with

¹⁹ Bihar Rajya Beej Nigam Ltd., Bihar State Hydroelectric Power Corporation Ltd., Bihar State Text Book Publishing Corporation Ltd., Bihar State Warehousing Corporation and Bihar State Mineral Development Corporation Ltd.

identified milestones. The progress achieved so far in respect of important milestones is stated below.

Sl. No.	Milestone	Achievement as at March 2010
1.	State Electricity Regulatory Commission (SERC)	The State Electricity Regulatory Commission (SERC) has been constituted vide Govt. of Bihar notification No. 1284 dated 15 th April, 2002. The commission has notified last tariff order for the year 2008-09 on 26.8.2008.
2.	Rural Electrification Programme	Out of 39,015 numbers of villages, 24,645 (63.17 <i>per cent</i>) villages have been electrified (<i>March 2010</i>).
3.	Reorganization of the Board	Govt. of Bihar has appointed Power Finance Corporation as consultant for reorganisation of the Board and the work is being done at the level of State Government.
4.	Securitization of outstanding dues of Central Power Sector Undertakings	Securitization of outstanding dues of Central Power Sector undertakings to the tune of ₹ 2075.61 crore has been made by the Govt. of Bihar.
5.	100 <i>per cent</i> metering of all 11 KV distribution feeders and 100 <i>per cent</i> metering of all consumers	The installation of meters in 11 KV distribution feeders (71.22 <i>per cent</i>) and consumers (62.45 <i>per cent</i>) in all the 16 circles has been made. (<i>September 2010</i>)
6.	Energy audit	Energy audit could not be implemented till 30 September 2010, as metering of all the electric connections has not been completed. (<i>September 2010</i>)
7.	Reduction in transmission and distribution (T&D) losses up to 15.5 <i>per cent</i>	The T&D losses of the Board for the year 2007-08 was 39.06 <i>per cent</i> which has been reduced to 37.98 <i>per cent</i> during the year 2008-09.
8.	Three <i>per cent</i> return on fixed assets	The Board has not achieved three <i>per cent</i> return on fixed assets upto the year 2008-09.
9.	Distribution Information Management System	Distribution and information management system is operational through Supervisory Control and Accelerated Data Acquisition (SCADA) System. (<i>September 2010</i>)
10.	Minimum agriculture tariff of 50 Paise per unit	The State Electricity Regulatory Commission (SERC) has approved 125.94 Paise per unit for agriculture services for the year 2008-09.

From the above, it could be seen that the State Electricity Board has not achieved milestones as per MoU signed between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in power sector.