

## 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 Himachal Pradesh, the State PSUs occupy an important place in the state economy. The working PSUs registered a turnover of ₹ 4,964.59 crore in 2010-11 as *per* their latest finalised accounts as of 30 September 2011. This turnover was equal to 9.47 *per cent* of State Gross Domestic Product (GDP) of ₹ 52,426 crore in 2010-11. Major activities of Himachal Pradesh State PSUs are concentrated in power sector. The working PSUs incurred a loss of ₹ 189.15 crore in the aggregate in 2010-11 as per their latest finalised accounts as of 30 September 2011. They had employed 0.37 lakh employees as on 31 March 2011.

**1.2** As on 31 March 2011, there were 22 PSUs as *per* the details given below. Of these, one company *i.e.* Himachal Pradesh General Industries Corporation Limited was listed on the stock exchange.

Type of PSUs	Working PSUs	Non-working PSUs <sup>ψ</sup>	Total
Government Companies <sup>♦</sup>	17	3	20
Statutory Corporations	2	-	2
<b>Total</b>	<b>19</b>	<b>3</b>	<b>22</b>

**1.3** During the year 2010-11, one PSU *viz.* Himachal Pradesh State Small Industries and Export Corporation Limited was merged with the Himachal Pradesh State Industrial Development Corporation Limited and one PSU *viz.* Himachal Pradesh State Electricity Board was converted into Government Company with effect from 14 June 2010.

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<sup>ψ</sup> Non-working PSUs are those which have ceased to carry on their operations.  
<sup>♦</sup> Includes one 619-B company (Beas Valley Power Corporation Limited).

### Audit Mandate

**1.4** Audit of Government companies is governed by 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 Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which 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 was a Government company (deemed Government company) as *per* Section 619-B of the Companies Act, 1956.

**1.5** The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, 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 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 two Statutory corporations, CAG is the sole auditor for Himachal Road Transport Corporation. In respect of Himachal Pradesh Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit by CAG.

### Investment in State PSUs

**1.7** As on 31 March 2011, the investment (capital and long-term loans) in 22 PSUs (including 619-B company) was ₹ 5,737.15 crore as *per* details given below:

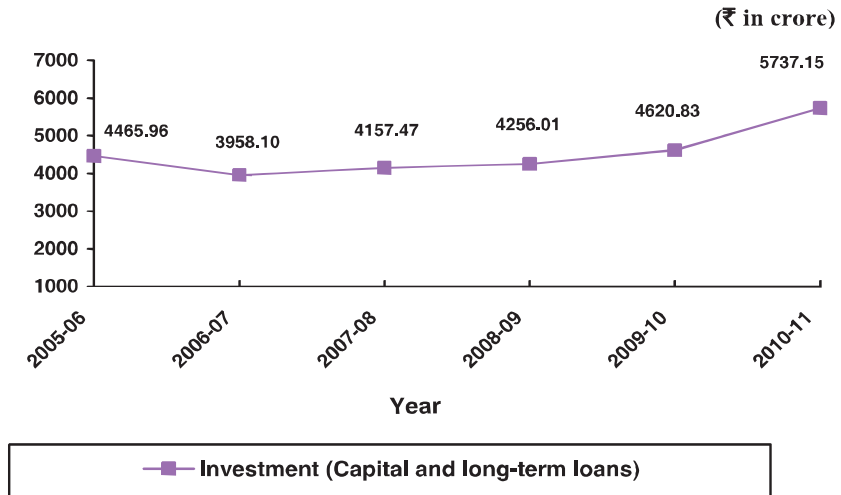
(Amount: ₹ in crore)

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	2,126.05	2,825.79	4,951.84	513.27	227.77	741.04	5,692.88
Non-working PSUs	22.14	22.13	44.27	-	-	-	44.27
<b>Total</b>	<b>2,148.19</b>	<b>2,847.92</b>	<b>4,996.11</b>	<b>513.27</b>	<b>227.77</b>	<b>741.04</b>	<b>5,737.15</b>

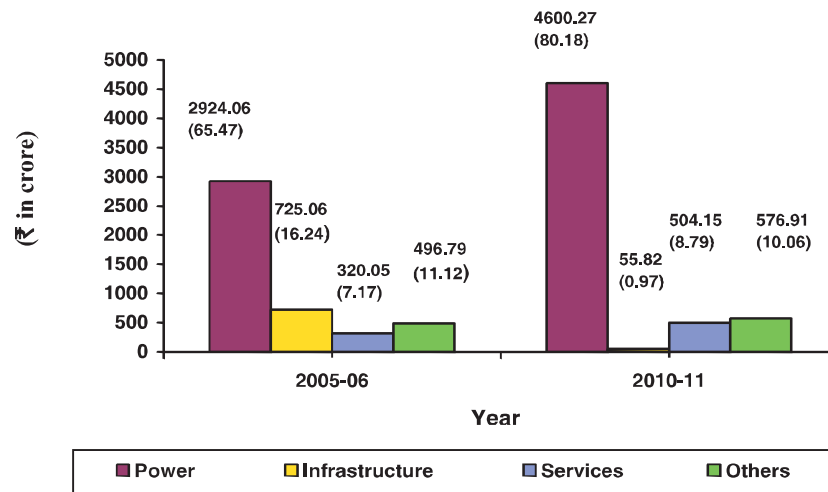
A summarised position of government investment in State PSUs is detailed in **Annexure 1**.

**1.8** As on 31 March 2011, of the total investment in State PSUs, 99.23 *per cent* was in working PSUs and the remaining 0.77 *per cent* in non-working PSUs. This total investment consisted of 46.39 *per cent* towards capital and

53.61 per cent in long-term loans. The investment has increased by 28.46 per cent from ₹ 4,465.96 crore in 2005-06 to ₹ 5,737.15 crore in 2010-11 as shown in the graph below:



**1.9** The investment in various important sectors and percentage thereof at the end of 31 March 2006 and 31 March 2011 are indicated below in the bar chart. During 2005-11, the major investment was in the power sector. The percentage of investment in power sector has increased from 65.47 in 2005-06 to 80.18 in 2010-11 of total investment due to incorporation of new companies.



(Figures in brackets show the Sector percentage to total investment)

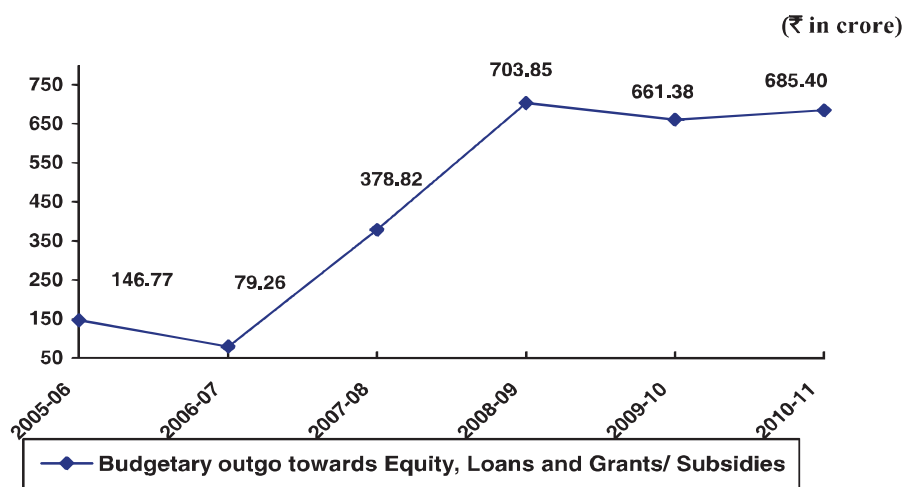
### Budgetary outgo, grants/subsidies, guarantees and loans

**1.10** The details regarding budgetary outgo towards equity, loans, grants/subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in **Annexure 3**. The summarised details are given below for three years ended 2010-11.

(Amount: ₹ in crore)

Sl. No.	Particulars	2008-09		2009-10		2010-11	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	8	336.99	9	310.13	5	162.91
2.	Loans given from budget	2	76.56	2	20.28	1	175.01
3.	Grants/Subsidy received	6	290.30	9	330.97	5	347.48
4.	Total Outgo (1+2+3)	14 <sup>y</sup>	703.85	14 <sup>x</sup>	661.38	10 <sup>y</sup>	685.40
5.	Loans converted into equity	-	-	1	17.46	-	-
6.	Guarantees issued	4	26.60	5	41.60	5	54.65
7.	Guarantee Commitment	7	1,795.42	7	1,537.58	6	1,272.16

**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 2005-06 to 2010-11 showed a varying trend. The budgetary outgo which stood ₹ 79.26 crore in 2006-07 was lowest during the six years increased to ₹ 703.85 crore in 2008-09 mainly due to

<sup>y</sup> Represent actual number of companies/corporations which received budgetary support in the form of equity, loans, grants and subsidy from the State Government during respective years.

significant extension of equity/loans and grants/subsidy to power sector and decreased to ₹ 685.40 crore in 2010-11.

**1.12** During 2010-11, the Government had guaranteed loan aggregating ₹ 54.65 crore obtained by five PSUs. At the end of 2010-11, guarantee commitment stood at ₹ 1,272.16 crore (six PSUs) as against ₹ 1,795.42 crore (seven PSUs) and ₹ 1,537.58 crore (seven PSUs) during 2008-09 and 2009-10 respectively.

### Reconciliation with Finance Accounts

**1.13** The figures in respect of equity, loans and guarantees outstanding as per records of 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 should carry out reconciliation of differences. The position in this regard as at 31 March 2011 is stated below:

(Amount: ₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	1,612.23	1,728.87	(-) 116.64
Loans	*	296.72	-
Guarantees	1,369.62	1,272.16	97.46

**1.14** Audit observed that the differences occurred in respect of seven PSUs and the difference in respect of one company was pending reconciliation since 1995-96. The concerned administrative departments, PSUs and Finance Department were requested every quarter to take necessary action to reconcile the differences. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

### Performance of PSUs

**1.15** The financial results of PSUs, financial position and working results of working Statutory corporations are detailed in **Annexure 2, 5 and 6** respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSU turnover and State GDP for the period 2005-06 to 2010-11.

(Amount: ₹ in crore)

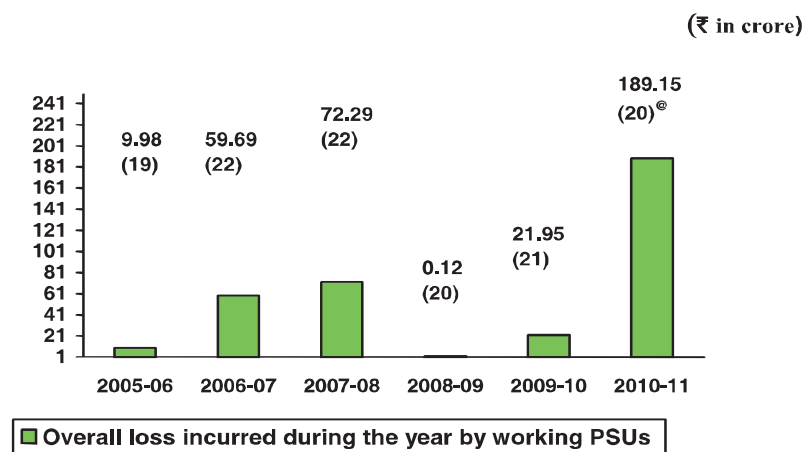
Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Turnover <sup>∞</sup>	2,641.63	3,029.68	3,476.06	4,629.88	4,642.23	4,964.59
State GDP	25,471	28,358	31,974	36,940	42,278	52,426
Percentage of Turnover to State GDP	10.37	10.68	10.87	12.53	10.98	9.47

\* Government companies and Statutory corporations wise statement of outstanding loans not included in the Finance Accounts for 2010-11.

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

It can be noticed that there was an overall rise in turnover of PSUs during 2005-11 with growth in the State GDP. The percentage of turnover to the State GDP increased from 10.37 in 2005-06 to 12.53 in 2008-09 but declined to 9.47 in 2010-11.

**1.16** Losses incurred by State working PSUs during 2005-06 to 2010-11 are given below in the bar chart.



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

During 2005-11, the working PSUs incurred overall huge losses, which indicated poor functioning of PSUs except during 2005-06 and 2008-09, when the overall losses incurred by State PSUs were comparatively low.

During the year 2010-11, out of 20 working PSUs, seven PSUs earned profit of ₹ 10.09 crore and eight PSUs incurred loss of ₹ 199.24 crore. Three\* working Government companies have not prepared their profit and loss accounts while one Company viz. Himachal Pradesh State Electricity Board Limited has not prepared its first accounts since incorporation. In case of one working Government company (Himachal Pradesh Road and Other Infrastructure Development Corporation Limited), excess of expenditure over income is reimbursable by the State Government. The major contributors to profit were Himachal Pradesh State Civil Supplies Corporation Limited (₹ 3.15 crore), Himachal Pradesh Tourism Development Corporation Limited (₹ 3.08 crore) and Himachal Pradesh State Forest Development Corporation Limited (₹ 1.98 crore). The heavy losses were incurred by Himachal Pradesh State Electricity Board (₹ 152.62 crore), Himachal Road Transport Corporation (₹ 23.07 crore) and Himachal Pradesh Financial Corporation (₹ 14.64 crore).

\* Beas Valley Power Corporation Limited, Himachal Pradesh Power Corporation Limited and Himachal Pradesh Power Transmission Corporation Limited.

@ This includes the figures in respect of Himachal Pradesh State Electricity Board also which was converted into Government Company in 2010-11.

**1.17** The losses of working PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. A review of latest Audit Reports of CAG shows that the State PSUs incurred losses of ₹ 1,691.03 crore and infructuous investment of ₹ 3.69 crore which were controllable with better management. Year wise details from Audit Reports are stated below:

(Amount: ₹ in crore)

Particulars	2008-09	2009-10	2010-11	Total
Net loss	0.12	21.95	189.15	211.22
Controllable losses/avoidable expenditure as per CAG's Audit Report	34.12	953.38	703.53	1,691.03
Infructuous Investment	3.69	-	-	3.69

**1.18** The above losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses would be much more. The above table shows that with better management, the losses can be minimised or eliminated or the profits can be enhanced substantially. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

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

(Amount: ₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Return on Capital Employed (Per cent)	2.97	2.74	3.93	5.54	4.16	0.48
Debt	3,704.40	3,136.86	2,918.66	2,841.21	2,672.18	3,075.69
Turnover <sup>r</sup>	2,641.63	3,029.68	3,476.06	4,629.88	4,642.23	4,964.59
Debt/ Turnover Ratio	1.40:1	1.04:1	0.84:1	0.61:1	0.58:1	0.62:1
Interest Payments	160.55	166.55	210.64	201.39	207.20	207.13
Accumulated Profits/(losses)	(826.76)	(939.66)	(1,021.00)	(1,028.60)	(846.73)	(1,286.19)

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

**1.20** The percentage of return on Capital Employed showed a rising trend from 2.97 per cent in 2005-06 to 5.54 per cent in 2008-09 and declined to 4.16 in 2009-10 and further declined to 0.48 per cent in 2010-11. The debt position also showed improvement as total debt declined from ₹ 3,704.40 crore in 2005-06 to ₹ 3,075.69 crore in 2010-11. The outgo of PSUs towards payment of interest ranged between ₹ 160.55 crore and ₹ 210.64 crore during the period from 2005-06 to 2010-11. The turnover position showed an improving trend from ₹ 2,641.63 crore in 2005-06 to ₹ 4,964.59 crore in 2010-11, correspondingly, the debt-turnover ratio improved from 1.40 in 2005-06 to 0.62 in 2010-11. The position of accumulated losses has, however, deteriorated with increase from ₹ 826.76 crore in 2005-06 to ₹ 1,286.19 crore in 2010-11 except in 2009-10 when it declined to ₹ 846.73 crore.

<sup>r</sup> Turnover of working PSUs as per the latest finalised accounts as of 30 September.

**1.21** The State Government had formulated (August 1982) a dividend policy under which all PSUs are required to pay a minimum return of three *per cent* on the paid up share capital contributed by the State Government. As *per* their latest finalised accounts, seven PSUs earned an aggregate profit of ₹ 10.09 crore and only one PSU\* declared a dividend of ₹ 0.53 crore, which was nearly 15 *per cent* of its paid up capital (₹ 3.51 crore).

#### Arrears in finalisation of accounts

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

Sl. No.	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Number of working PSUs	22	22	20 <sup>*</sup>	21	19
2.	Number of accounts finalised during the year	23	20	19	22	21
3.	Number of accounts in arrears	15	17	15	14	12
4.	Average arrears <i>per</i> PSU (3/1)	0.68	0.77	0.75	0.67	0.63
5.	Number of working PSUs with arrears in accounts	12	13	12	12	10
6.	Extent of arrears	1 to 3 years	1 to 3 years	1 to 3 years	1 to 2 years	1 to 2 years

**1.23** The average number of accounts in arrears *per* working PSUs ranged between 0.77 in 2007-08 and 0.63 in 2010-11. The PSUs having arrears of accounts need to take effective measures for early clearance of backlog and make the accounts up-to-date.

**1.24** Out of three non-working PSUs, one<sup>†</sup> had gone into liquidation process. The remaining two non-working PSUs had not finalised their accounts for the year 2010-11.

**1.25** The State Government had invested ₹ 69.01 crore (Equity: ₹ 62.72 crore and grants: ₹ 6.29 crore) in six 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

\* Himachal Pradesh State Civil Supplies Corporation Limited.

\* During 2008-09, two companies *viz.* Pabbar Valley Power Corporation Limited and Kinner Kailash Power Corporation Limited merged with the Himachal Pradesh Power Corporation Limited, one company (Agro Industrial Packaging India Limited) became non-working and one company (Himachal Pradesh Power Transmission Corporation Limited) was established but accounts were not due.

† Himachal Worsted Mills Limited.



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.

**1.26** 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 the 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. The matter of arrears in accounts was also taken up (July 2011) with the Chief Secretary/Finance Secretary to expedite clearance of backlog of arrears in accounts in a time bound manner.

#### Winding up of non-working PSUs

**1.27** There were three non-working PSUs (all companies) as on 31 March 2011. Of these, one PSU\* has commenced liquidation process. The numbers of non-working companies at the end of each year during past five years are given below:

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
No. of non-working companies	2	2	3	3	3

The non-working PSUs are required to be closed down as their existence is not going to serve any purpose.

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

Sl. No.	Particulars	Companies
1.	Total No. of non-working PSUs	3
2.	Of (1) above, the No. under:	
(a)	Liquidation by Court (liquidator appointed)	-
(b)	Voluntary winding up (liquidator appointed)	1
(c)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started	2

**1.29** During the year 2010-11, no company was finally wound up. 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

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\* Himachal Worsted Mills Limited.

decision regarding winding up of two 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** Sixteen working companies forwarded their 18 accounts to audit during the period from October 2010 to September 2011. Of these, 13 accounts of 13 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	2008-09		2009-10		2010-11	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	1.31	1	0.33	6	45.20
2.	Increase in loss	4	15.59	6	42.60	3	17.18

It can be seen that average impact of audit comments *per* account causing 'increase in loss' or 'decrease in profit' increased from ₹ 2.82 crore (2008-09) to ₹ 6.93 crore (2010-11). The deterioration in the quality of maintenance of accounts by PSUs is thus, apparent and needs to be improved.

**1.31** During the year, the statutory auditors had given qualified certificates for thirteen accounts and adverse certificates (which means that accounts do not reflect a true and fair position) for five accounts. The compliance of companies with the Accounting Standards remained poor as there were 68 instances of non-compliance in seventeen accounts during the year.

**1.32** Some of the important comments in respect of the accounts of companies finalised during the year 2010-11 are stated below:

#### Himachal Pradesh Agro Industries Corporation Limited (2009-10)

- ◆ The Company did not make provisions for leave encashment (₹ 3.24 crore), additional gratuity (₹ 2.52 crore), interest payable on advance received on support price scheme for potato (₹ 0.98 crore), and doubtful debts/advances (₹ 0.42 crore). This resulted in understatement of current liabilities and provisions and loss for the year by ₹ 7.16 crore.

**Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (2009-10)**

- ◆ Non-provision for liability towards leave encashment payable to employees resulted in understatement of current liabilities and provisions and loss by ₹ 6.43 crore.

**Himachal Pradesh State Forest Development Corporation Limited (2008-09)**

- ◆ The Company did not reconcile the provisions for income tax account since 1987-88 and provisions were continuing since then and these should have been adjusted/reversed in the next year in which the returns were filed. Non-reversal or adjustment of provisions for income tax up to 2001-02 resulted in understatement of profit and advances recoverable in cash or kind by ₹ 11.14 crore.

**Himachal Pradesh Mahila Vikas Nigam (2009-10)**

- ◆ Other current assets included subsidy claim of ₹ 0.49 crore for the period prior to 2000-01 which had not been acknowledged by the State Government as payable to the Company and was doubtful of recovery. This resulted in overstatement of profit and other current assets by ₹ 0.49 crore.

**Himachal Pradesh Minorities Finance and Development Corporation (2009-10)**

- ◆ The Company did not account for un-realised interest on loans and other income amounting to ₹ 0.96 crore which resulted in understatement of profit and understatement of loan and advances by that amount.

1.33 Similarly, three<sup>♥</sup> working statutory corporations forwarded their three accounts to audit during the period from October 2010 to September 2011. Of these, one account of one statutory corporation (Himachal Road Transport Corporation) pertained to sole audit by CAG which was under 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	2008-09		2009-10		2010-11	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	1	141.55	-	-
2.	Increase in loss	1	0.20	2	14.03	2	157.62

The huge impact of audit comments during 2009-10 and 2010-11 mainly pertains to Himachal Pradesh State Electricity Board.

<sup>♥</sup> Including one accounts of Himachal Pradesh State Electricity Board for 2009-10 which has now been converted into Govt. Company w.e.f. June 2010.

**1.34** During the year, the audit of accounts of only two Statutory corporations, Himachal Pradesh State Electricity Board for the year 2009-10 and Himachal Pradesh Financial Corporation for the year 2010-11 was completed and received qualified certificates. Some of the important comments in respect of accounts of Statutory corporations are stated below:

**Himachal Pradesh State Electricity Board (2009-10)**

- ◆ Fixed assets and provision for depreciation included cost of nine power transformers valuing ₹ 5.21 crore installed at various EHV sub-stations damaged during 2007-09 and were beyond repair. This resulted in understatement of current year's deficit by ₹ 5.08 crore and overstatement of previous year's depreciation by ₹ 13.03 lakh.
- ◆ Capital expenditure in progress included ₹ 55.50 crore being the value of works completed and put to use during 2005-06 to 2008-09. This resulted in understatement of fixed assets and overstatement of capital expenditure in progress to the above extent and understatement of depreciation and deficit by ₹ 3.12 crore.
- ◆ Excess provisions for un-billed revenue amounting to ₹ 3.57 crore in respect of two consumers to whom energy bills were already issued up to 31 March 2010. This resulted in overstatement of receivables against supply of power and understatement of deficit by ₹ 3.57 crore.
- ◆ Other current liabilities was understated by ₹ 5.15 crore due to short provision on account of wheeling and other charges payable to Power Grid Corporation of India Limited during 2009-10. This resulted in understatement of deficit to the extent of ₹ 5.15 crore.
- ◆ Purchase of power did not include (i) ₹ 87.25 crore on account of bills for revised fixed charges of Baspa Hydro Electrical Projects (ii) difference of ₹ 13.04 crore in basic records and amount shown in balance sheet for purchase of power from M/s NTPC, NHPC, NPCIL and Tehri Hydro Electrical Projects and (iii) minus debit entries amounting to ₹ 33.23 crore passed in accounts of March 2010 without justified reasons. This resulted in understatement of purchase of power and deficit by ₹ 133.52 crore.

**Himachal Pradesh Financial Corporation (2010-11)**

- ◆ No provision had been made for liability of ₹ 0.89 crore on account of revision of pay scales arrears of employees. This resulted in understatement of other liabilities and loss for the year by ₹ 0.89 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 two companies<sup>£</sup> for the year 2008-09, seven companies<sup>µ</sup> for the year 2009-10 and seven companies<sup>∇</sup> for the year 2010-11 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-existence of system of making short/long-term business plan	3	1,9 and 15
2.	Inadequate monitoring of outstanding dues from outside parties	4	1,2,3 and 9
3.	Non-existence of system of sending statement of accounts and obtaining confirmation from the debtors	9	1,2,3,5,9,11,15, 16 and 17
4.	Non-provision of retirement benefits as per AS-15	8	1,2,5,7,10,11,15 and 17
5.	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	5	2, 10, 15, 16 and 17
6.	Non-fixation of minimum/ maximum limits of store and spares	6	1, 2, 9, 15, 16 and 17
7.	Absence of internal audit system commensurate with the nature and size of business of the company	7	1,2,5,9,10,15 and 17
8.	Non-preparation of internal audit manual/standards/guidelines	7	2,3,9,11, 13,15 and 17
9.	No approved IT strategy/plan	11	1, 2, 3 5, 7,9,10,13, 15, 16 and 17
10.	Non-formulation of Corporate Social Responsibility policy	4	7, 15, 16 and 17

### Recoveries at the instance of audit

**1.36** During the course of audit in 2010-11, recoveries of ₹ 32.11 crore were pointed out to the Management of various PSUs, which were admitted by PSUs. Against this, an amount of ₹ 16.49 crore was recovered during the year 2010-11.

<sup>£</sup> Sr. No. 3 and 4 of Annexure 2.

<sup>µ</sup> Sr. No. 1,2, 5,6, 12 13, and 17 of Annexure 2.

<sup>∇</sup> Sr. No. 7, 9, 10, 11, 14, 15 and 16 of Annexure 2.

**Status of placement of Separate Audit Reports**

**1.37** Separate Audit Reports (SARs) issued by the CAG on the accounts of all the three\* Statutory corporations for the period up to 2009-10 have been placed in the State Legislature by the State Government.

**Disinvestment, Privatisation and Restructuring of PSUs**

**1.38** During the year 2010-11, there was no case of disinvestment and privatisation of Government companies and Statutory corporations. The State Government had not prepared any plan for disinvestment of State PSUs.

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\* Including one SAR of Himachal Pradesh State Electricity Board which has now been converted into Govt. Company w.e.f. June 2010.