

# 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 corporation. The State PSUs are established to carry out activities of a commercial nature while keeping in view the public welfare.

**1.2** In Chhattisgarh, as on 31 March 2013, there were 18 Government companies<sup>1</sup> and one Statutory corporation<sup>2</sup> (all working). None of these companies was listed in any of the stock exchanges. These PSUs registered a turnover of ₹ 11776.04 crore for 2012-13 as per their latest finalised accounts as of September 2013. This turnover constituted 7.35 *per cent*<sup>3</sup> of the State Gross Domestic Product (GDP) for 2012-13. Major activities of Chhattisgarh State PSUs are concentrated in the power sector. The State PSUs incurred an aggregate loss of ₹ 1876.98 crore in 2012-13 as per their latest finalised accounts. They had employed 20352 employees as of 31 March 2013.

**1.3** During the year 2012-13, no new PSUs were established and no PSU/ Statutory corporation was closed down.

### 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.

**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 the Comptroller and Auditor General of India (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 Chhattisgarh State Warehousing Corporation, a Statutory Corporation, is governed by the Warehousing Corporation Act, 1962. The audit of CSWC is conducted by Chartered Accountants and supplementary audit is done by CAG.

---

<sup>1</sup> Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (CRBEKVNL), Chhattisgarh Rajya Van Vikas Nigam Limited (CRVVNL), Chhattisgarh Nishakt Jan Viit Avam Vikas Nigam (CNJVAVN), Chhattisgarh Infrastructure Development Corporation Limited (CIDC), Chhattisgarh State Industrial Development Corporation Limited (CSIDC), Chhattisgarh Mineral Development Corporation Limited (CMDC), CMDC ICPL Coal Limited (CICL), Chhattisgarh Sondiha Coal Company Limited (CSCCL), CSPGCL AEL Parsa Collieries Limited (CAPCL), Chhattisgarh State Power Distribution Company Limited (CSPDCL), Chhattisgarh State Power Generation Company Limited (CSPGCL), Chhattisgarh State Power Holding Company Limited (CSPHCL), Chhattisgarh State Power Trading Company Limited (CSPTCL), Chhattisgarh State Power Transmission Company Limited (CSPTCL), Chhattisgarh State Beverages Corporation Limited (CSBCL), Chhattisgarh State Civil Supplies Corporation Limited (CSCSCL), Chhattisgarh Medical Services Corporation Limited (CMSCL) and Chhattisgarh Police Housing Corporation Limited (CPHCL.).

<sup>2</sup> Chhattisgarh State Warehousing Corporation (CSWC)

<sup>3</sup> Percentage is based on the figure of State GDP for the year 2012-13.

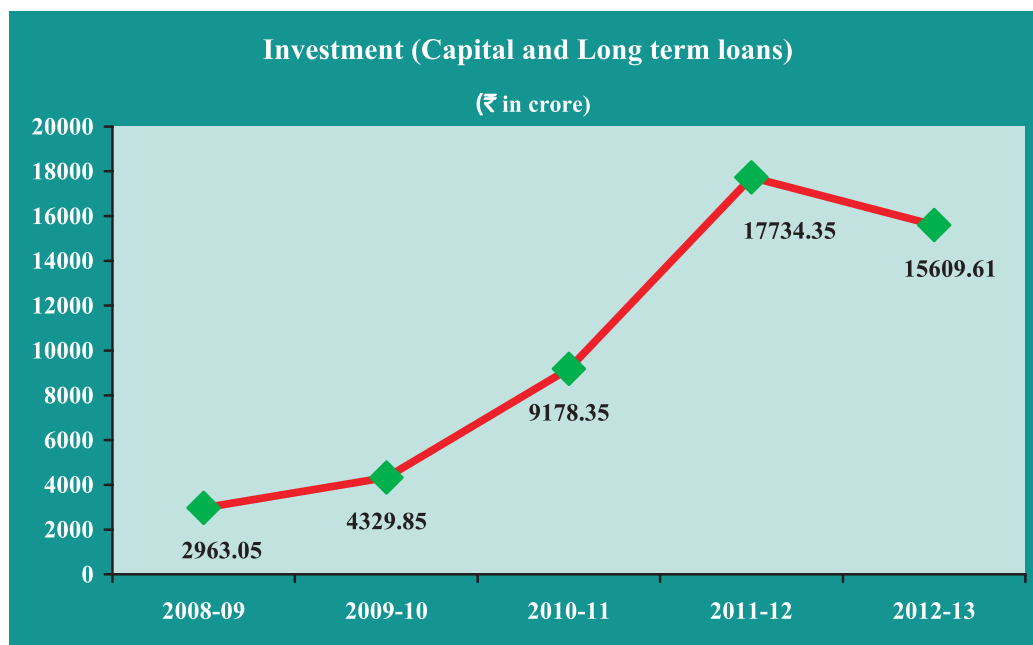
## Investment in State PSUs

1.7 As on 31 March 2013, the investment (Capital and Long-term loans) in 19 PSUs (including one Statutory corporation) was ₹ 15609.61 crore. The details are given in the following table:

Government companies			Statutory corporation			(₹ in crore)
Capital	Long term loans	Total	Capital	Long term loans	Total	Grand total
12449.18	3105.59	15554.77	4.04	50.80	54.84	15609.61

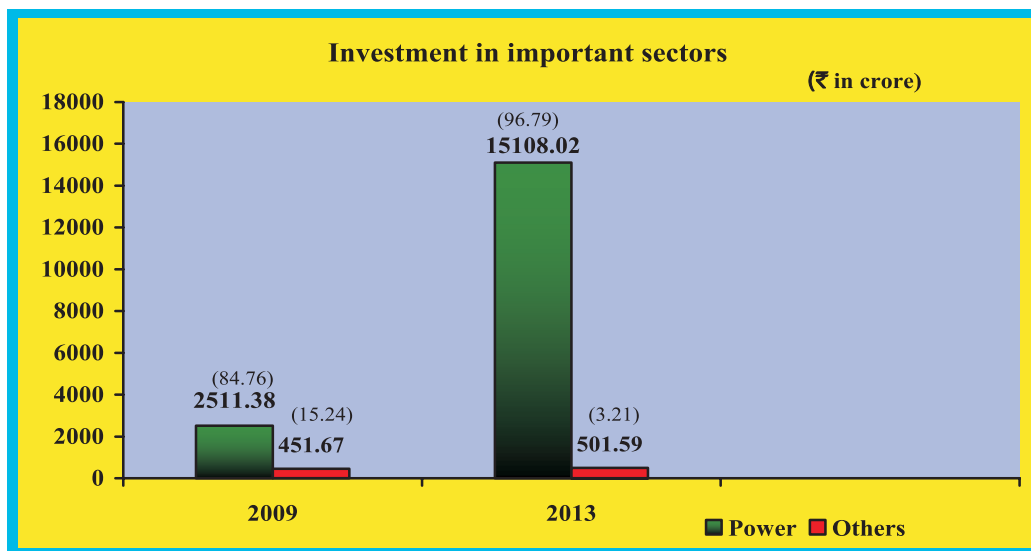
A summarised position of Government investment in State PSUs is detailed in *Annexure-1.1*.

1.8 As on 31 March 2013, out of the total investment of ₹ 15609.61 crore, 79.78 per cent was towards Capital and 20.22 per cent was towards Long-term loans. The investment in the PSUs had grown by 426.81 per cent from ₹ 2963.05 crore in 2008-09 to ₹ 15609.61 crore in 2012-13 as shown below:



It may be seen from the above line graph that during the year 2012-13, there was a decrease of ₹ 2124.74 crore over the previous year in the investment in State PSUs, which was mainly due to repayment of outstanding loan of ₹ 5460.70 crore and increase in capital of ₹ 3267.46 crore in the power sector.

1.9 The investment in various important sectors and percentage thereof to total investment as of 31 March 2009 and 31 March 2013 are indicated in the following bar chart.



(Figure in brackets shows percentage of total investment)

As may be seen from the above chart, the bulk of the investment of the State Government was in the PSUs in the power sector, which increased from ₹ 2511.38 crore during 2008-09 to ₹ 15108.02 crore during 2012-13.

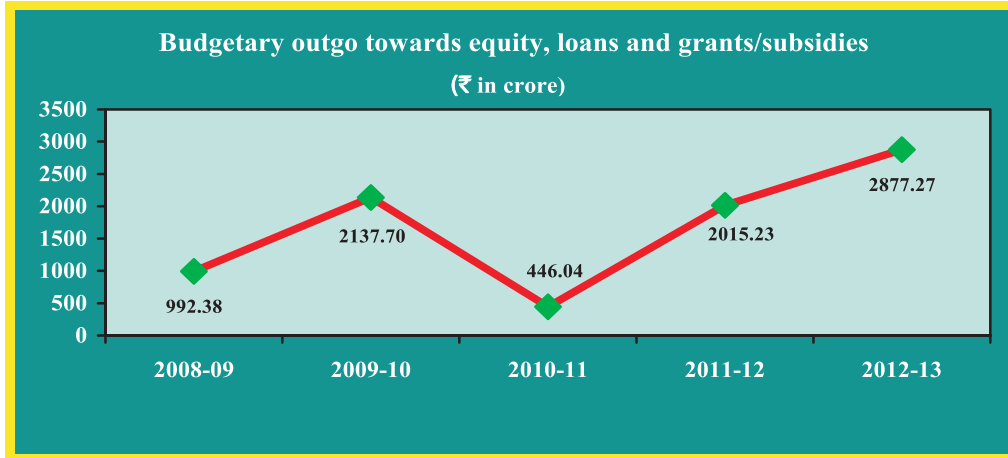
### Budgetary outgo towards equity, grants/subsidies, guarantees and loans

**1.10** The details regarding budgetary outgo by the State Government 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-1.3*. The summarised details for three years ended 2012-13 are given in the following table.

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)
1.	Equity Capital outgo from budget	-	-	-	-	4	903.52
2.	Loans given from budget	1	0.01	1	500.00	3	651.66
3.	Grants/ Subsidy received	7	446.03	7	1515.23	6	1322.09
4.	Total Outgo (1+2+3)	7 <sup>4</sup>	446.04	7 <sup>4</sup>	2015.23	10 <sup>4</sup>	2877.27
5.	Loans converted into equity	-	-	-	-	-	-
6.	Guarantees issued	1	2.33	1	2.50	1	500.00
7.	Guarantee commitment	2	345.61	2	302.84	3	937.61

**1.11** The details regarding budgetary outgo towards equity, loans and grants/ subsidies for the past five years are given in the following graph.

<sup>4</sup> These are the actual number of PSUs which have received budgetary support in the form of equity, loans, grants and subsidy from the State Government during the year



The budgetary outgo towards equity, loans and grants/ subsidies increased from ₹ 992.38 crore (2008-09) to ₹ 2137.70 crore (2009-10). The same had drastically decreased to ₹ 446.04 crore (2010-11) and again increased to ₹ 2015.23 crore and ₹ 2877.27 crore in 2011-12 and 2012-13 respectively. The budgetary outgo of ₹ 2877.27 crore during 2012-13 included support of ₹ 2780.74 crore extended to three PSUs viz. Chhattisgarh State Power Distribution Company Limited, Chhattisgarh State Power Holding Company Limited and Chhattisgarh State Civil Supplies Corporation Limited by way of equity, loans, subsidy and grants of ₹ 639.69 crore, ₹ 900 crore and ₹ 1241.05 crore respectively.

**1.12** The guarantees outstanding increased from ₹ 345.61 crore in 2010-11 to ₹ 937.61 crore in 2012-13. None of the PSUs had paid any guarantee fee/ commission to the State Government during 2012-13.

### Reconciliation with Finance Accounts

**1.13** The figures in respect of equity, loans and guarantees outstanding as per the 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 reconcile the differences. The position in this regard as at 31 March 2013 is stated in the following table:

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	1191.93	6976.91	5784.98
Loans	962.41	359.83	602.58
Guarantees	676.44	937.61	261.17

(Source: Data compiled from Finance Accounts and information furnished by PSUs)

**1.14** We observed that the differences occurred in respect of thirteen<sup>5</sup> PSUs and some of the differences were pending reconciliation since 2004-05. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

<sup>5</sup> CRBEKVN, CSVVNL, CNJAVN, CIDC, CSIDC, CMDC, CSPDCL, CSPGCL, CSPTCL, CSBCL, CSCSCL, CMSCL and CSWC



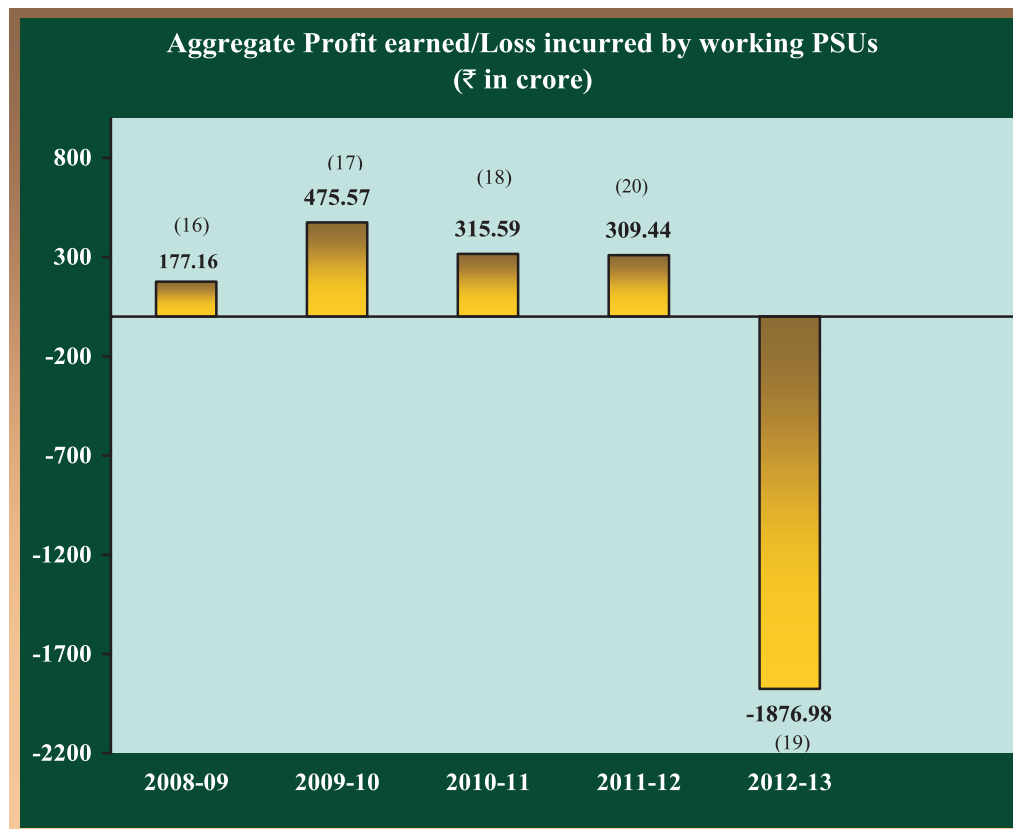
## Performance of PSUs

**1.15** The financial results of PSUs and financial position and working results of working Statutory corporation are detailed in *Annexure - 1.2, 1.5* and *1.6* respectively. The ratio of PSUs turnover to State GDP shows the extent of PSUs activities in the State economy. The following table provides the details of working PSUs' turnover and State GDP for the period 2008-09 to 2012-13.

(₹ in crore)					
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Turnover <sup>6</sup>	4773.05	5449.33	8804.03	14200.21	11776.04
State GDP <sup>7</sup>	80698.41	107848.23	129717.54	135536.34	160187.71
Percentage of Turnover to State GDP	5.91	5.05	6.79	10.48	7.35

The percentage of turnover of State PSUs to the State GDP had increased from 5.91 in 2008-09 to 7.35 in 2012-13.

**1.16** The aggregate profit earned/loss incurred by State working PSUs during the period 2008-09 to 2012-13 is given in the following bar chart.



(Figure in brackets shows the number of working PSUs in the respective years based on latest finalised accounts)

The aggregate profit of ₹ 309.44 crore earned by the State PSUs in 2011-12 turned into aggregate loss of ₹ 1876.98 crore in 2012-13 due to heavy loss

<sup>6</sup> Turnover as per the latest finalised accounts as of 30 September 2013

<sup>7</sup> The State GDP in respect of 2012-13 is advance estimate

incurred by Chhattisgarh State Power Distribution Company Limited (₹ 2012.27 crore).

As per the latest accounts finalised as on 30 September 2013, out of 19 working PSUs<sup>8</sup>, 12 PSUs<sup>9</sup> earned total profit of ₹ 214.53 crore and five<sup>10</sup> PSUs incurred total loss of ₹ 2091.51 crore. One<sup>11</sup> PSU earned no profit no loss. The remaining one<sup>12</sup> PSU did not finalise its first account. The major contributors to profit were Chhattisgarh Rajya Van Vikas Nigam Limited (₹ 27.81 crore), Chhattisgarh State Power Transmission Company Limited (₹ 101.38 crore) and Chhattisgarh State Warehousing Corporation (₹ 29.05 crore). Losses were mainly incurred by Chhattisgarh State Power Distribution Company Limited (₹ 2012.27 crore) and Chhattisgarh State Civil Supplies Corporation Limited (₹ 78.88 crore).

**1.17** The losses incurred by PSUs are mainly attributable to deficiencies in financial management, planning, implementation of projects, running their operations and monitoring. The current Audit Report of CAG shows that the State PSUs incurred losses to the tune of ₹ 204.13 crore\* which were controllable with better management. Year wise details of Profit/ Loss of working PSUs and results of test check in audit as reported in the Audit Reports are as follows:

(₹ in crore)				
Particulars	2010-11	2011-12	2012-13	Total
Net Profit (+)/ loss (-) of working PSUs	315.59	309.44	(-) 1876.98	(-) 1251.95
Controllable losses as per CAG's Audit Report	2096.95	1958.08	204.13	4259.16
Infructuous investments	0	44.12	0	44.12

\* Paragraph numbers – 2.10, 2.14, 2.17, 2.28, 3.2, 3.3 and 3.5 to 3.9

**1.18** The above losses pointed out in the Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses may be much more. The above table shows that with better management, 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 the need for professionalism and accountability in the functioning of PSUs.

**1.19** Other key parameters pertaining to State PSUs, as per their latest finalised accounts, are given in the following table.

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Return on Capital Employed (per cent)	14.38	12.09	5.10	5.59	(-)11.93
Debt (₹ in crore)	2861.68	4249.60	5258.06	8576.28	3156.39
Turnover <sup>13</sup> (₹ in crore)	4773.05	5449.33	8804.03	14200.21	11776.04
Debt/ Turnover Ratio	0.60:1	0.78:1	0.60:1	0.60:1	0.27:1
Interest Payments (₹ in crore)	180.99	213.31	353.87	618.38	395.46
Accumulated Profit/ Loss (-) (₹ in crore)	836.89	1808.06	2052.21	2002.78	(-) 3136.26

<sup>8</sup> CRBEKVN, CRVVNL, CNJAVN, CIDC, CSIDC, CMDC, CICL, CSCCL, CAPCL, CSPDCL, CSPGCL, CSPHCL, CSPTCL, CSPTCL, CSBCL, CSCSCL, CMSCL, CPHCL and CSWC

<sup>9</sup> CRBEKVN, CRVVNL, CNJAVN, CIDC, CSIDC, CMDC, CSPGCL, CSPHCL, CSPTCL, CSBCL, CMSCL and CSWC

<sup>10</sup> CSCCL, CAPCL, CSPDCL, CSPTCL and CSCSCL

<sup>11</sup> CICL

<sup>12</sup> CPHCL

<sup>13</sup> Turnover of working PSUs as per the latest finalised accounts as of 30 September 2013

**1.20** Return on Capital Employed decreased from 14.38 *per cent* in 2008-09 to (-) 11.93 *per cent* in 2012-13 and though the accumulated profit of the State PSUs had increased from ₹ 836.89 crore in 2008-09 to ₹ 2002.78 crore in 2011-12, the same turned into accumulated loss of ₹ 3136.26 crore in 2012-13. This indicated the deteriorating operational performance of PSUs. The Debt turnover ratio decreased from 0.60:1 in 2008-09 to 0.27:1 in 2012-13.

**1.21** The State Government had not formulated any dividend policy for payment of minimum return on the paid-up share capital contributed by the State Government. As per their latest finalised accounts, 12 PSUs earned profit aggregating ₹ 214.53 crore of which only two PSUs<sup>14</sup> declared dividend of ₹ 2.97 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 corporation, 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 2013.

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Number of Working PSUs	16 <sup>15</sup>	17 <sup>16</sup>	18 <sup>17</sup>	20 <sup>18</sup>	19
2.	Number of accounts finalised during the year	9	16	15	16	24
3.	Number of accounts in arrears	36	36	38	41	36
4.	Average arrears per PSU (3/1)	2.57	2.25	2.24	2.16	1.89
5.	Number of Working PSUs with arrears in accounts	13	15	15	15	15
6.	Extent of arrears (years)	1 to 5	1 to 6	1 to 5	1 to 6	1 to 7

**1.23** The number of accounts in arrears of the PSUs had increased over the years from 36 accounts in respect of 13 PSUs in 2008-09 to 41 in 2011-12 in respect of 15 PSUs and it has decreased to 36 accounts in 2012-13 in respect of 15 PSUs.

**1.24** The State Government had invested ₹ 4795.29 crore (Equity: ₹ 903.52 crore, Loans: ₹ 1120.78 crore, Grants: ₹ 320.63 crore and Subsidy: ₹ 2450.36 crore) in 10 PSUs during the years for which accounts have not been finalised as detailed in *Annexure-1.4*. In the absence of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the

<sup>14</sup> CRVVNL and CSWC

<sup>15</sup> Including CSPHCL and CSPTCL incorporated on 30 December 2008 and not considered to be in arrears as their first accounts were prepared for 15 months period

<sup>16</sup> Including CSEB, which was unbundled into five companies with effect from 1 January 2009 as per the State Government Gazette Notification dated 19 December 2008. The name of CSEB has been included in the Chapter for reconciliation purposes as CSEB, having pendency upto 2008-09 in finalisation of accounts.

<sup>17</sup> CSEB not considered as arrears of accounts

<sup>18</sup> CSEB not considered as arrears of accounts and CPHCL incorporated on 14 December 2011 is also not considered to be in arrears as their first accounts were prepared for 15 months period. However in respect of CMSCL two accounts have been considered as arrears because the Company has prepared two accounts separately - one for the period from 7 October 2010 to 31 March 2011 and another for the period from 1 April 2011 to 31 March 2012

purpose for which the amount was invested had been achieved. Thus, the Government's investment in such PSUs remained 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 we informed the concerned administrative departments and officials of the Government of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this, we could not assess the net worth of these PSUs. We had also taken up (September 2013) the matter of arrears in accounts with the Chief Secretary to expedite clearance of the backlog of arrears in accounts in a time bound manner.

**1.26** In view of the above state of arrears, it is recommended that the Government should monitor and ensure timely finalisation of accounts in conformity with the provisions of the Companies Act, 1956.

### Accounts Comments and Internal Audit

**1.27** Fourteen working companies forwarded their 23 audited accounts to the Accountant General during the period from 1 October 2012 to 30 September 2013. Out of these, 13 companies<sup>19</sup> 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. The details of aggregate money value of comments of statutory auditors and CAG are as follows:

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1.	Decrease in Profit	3	1027.92	8	1024.43	6	9.41
2.	Increase in Loss	1	0.36	-	-	4	42.66
3.	Increase in Profit	2	3.66	-	-	4	10.90
4.	Decrease in Loss	-	-	1	6469.24	3	129.49
5.	Non-disclosure of material facts	1	15.62	-	-	-	-

**1.28** During the year 2012-13, the statutory auditors had given unqualified certificates for eight accounts and qualified certificates for 15 accounts. The compliance by companies with the Accounting Standards (AS) was generally satisfactory as there were only nine instances of non-compliance with AS-15<sup>20</sup>, three instances with respect to AS-2<sup>21</sup> and AS-28<sup>22</sup> and one instance

<sup>19</sup> CRBEKVNL, CRVVNL, CIDC, CMDC, CSPGCL, CSPTCL, CSBCL, CICL, CSPDCL, CSCSCL, CSPHCL, CMSCL and CSPTrCL

<sup>20</sup> AS-15: Accounting for Retirement Benefits in the Financial Statement of Employers

<sup>21</sup> AS-2: Valuation of Inventories

<sup>22</sup> AS-28: Impairment of Assets.

with respect to AS-1<sup>23</sup>, AS-9<sup>24</sup>, AS-21<sup>25</sup>, AS-23<sup>26</sup> and AS-27<sup>27</sup> during the year.

**1.29** Some of the important comments in respect of accounts of companies finalised during 2012-13 are as follows:

**Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (2007-08)**

- Prior Period Expenditure and payment to and provision for employees, were understated by ₹ 95 lakh and ₹ 62 lakh and Profit was overstated by ₹ 1.57 crore due to non-provision of amount towards pay arrears payable upto 31 March 2008 on account of implementation of Sixth Pay Commission recommendations effective from 1 January 2006.

**Chhattisgarh State Power Distribution Company Limited (2010-11)**

- Current Liabilities and Provisions and Loss were understated by ₹ 1.02 crore due to non provision towards Unscheduled Interchange Charges bills for the month of March 2011 paid in April 2011 to Western Regional Power Committee.

**Chhattisgarh State Power Distribution Company Limited (2011-12)**

- The Net Loss for the year and Other Current Liabilities were understated by ₹ 9.40 crore as the company had not accounted for the bilateral transactions with Madhya Pradesh Poorva Kshetra Vidyut Vitran Company Limited (MPPKVVCL) in its accounts since November 2000 to 2011-12.
- Short provision of surcharge payable to CSPTCL had resulted in understatement of cost of power purchase as well as loss for the year by ₹ 6.49 crore with corresponding understatement of Other Current Liabilities to the same extent.
- Other Current Liabilities and Loss for the period 2011-12 was understated by ₹ 0.54 crore due to non provision of the demand raised by Income Tax Department between November 2011 and December 2012 towards interest on short deduction/late deposit of tax deducted at Source pertaining to the previous years 2007-08 to 2010-11.
- The Company's claim of ₹ 8.98 crore on Madhya Pradesh Power Management Company Limited (MPPMC) towards recovery of Reactive Energy Charges upto 31 March 2012, which was disputed by MPPMC before Central Electricity Regulatory Commission, had not been disclosed in the notes to accounts.

**Chhattisgarh State Power Transmission Company Limited (2010-11)**

- The Net Loss and Deferred Tax Liabilities were overstated by ₹ 80.22 lakh due to incorrect application of Income Tax rate i.e. 33.99 per cent instead of 33.21 per cent.

---

<sup>23</sup> AS-1: Disclosure of Accounting Policies

<sup>24</sup> AS-9: Revenue Recognition

<sup>25</sup> AS-21: Consolidated Financial Statements

<sup>26</sup> AS-23: Accounting for Investments in Associates in Consolidated Financial Statements

<sup>27</sup> AS-27: Financial Reporting of Interests in Joint Ventures

**Chhattisgarh State Power Generation Company Limited (2010-11)**

- Non-provision of ₹ 2.00 crore (₹ 1.96 crore pertaining to prior period i.e. before 1 April 2010 and ₹ 0.04 crore pertaining to March 2011) being water charges payable to Water Resources Department as on 31 March 2011, had resulted in understatement of current liabilities by ₹ 2.00 crore, Prior Period Expenditure by ₹ 1.96 crore and consequent understatement of loss to the extent of ₹ 2.00 crore.
- Current Liabilities and loss were understated to the extent of ₹ 55.51 lakh due to non-provision of Royalty payable to South Eastern Coal Field Limited (SECL) for the period from March 2007 to August 2007, but paid in August 2011.
- Current Liabilities, Prior Period Expenditure and Loss were understated by ₹ 7.02 crore due to non provision of surface transportation charges payable to SECL against coal supplied from Kusmunda Mines for the period March 2007 to August 2007 because the Company had accepted the liability as per Minutes of the Meeting held on 26 February 2011.
- Provision for Electricity Duty and Cess and Sundry Debtors were understated by ₹ 57.05 crore due to non-provision of Electricity Duty payable to the State Government at the rate of two paise per unit of energy transmitted to Chhattisgarh State Power Distribution Company Limited.
- Provision for Electricity Duty and Cess and Loss were understated by ₹ 14.69 crore due to non provision of penal interest payable at the rate of 24 *per cent per annum* to the State Government on account of non-payment of Electricity Duty on energy transmitted to Chhattisgarh State Power Distribution Company Limited, as per requirement of Section 5 (2) of the Madhya Pradesh Electricity Duty Act, 1949 for the period from 1 January 2009 to 31 March 2011.
- Provision for Electricity Duty and Cess and Loss were understated by ₹ 1.47 crore due to short provision of Electricity Duty and Energy Development Cess on auxiliary consumption payable to the State Government as on 31 March 2011.

**Chhattisgarh State Power Generation Company Limited (2011-12)**

- Profit was overstated by ₹ 1.10 crore due to non accountal of interest accrued but not due on loan of ₹ 200 crore availed from PFC as on 31 March 2012.

**Chhattisgarh Rajya Van Vikas Nigam Limited (2011-12)**

- Other Current Liabilities was understated by ₹ 5.91 crore and Profit was overstated to the same extent due to non-provision of lease rent amounting to ₹ 5.91 crore which the Company had agreed to pay to the State Government at the rate of ₹ 50 per hectare of land transferred by the State Government to the Company.

**1.30** Similarly, the Chhattisgarh State Warehousing Corporation forwarded accounts for the year 2011-12 to the Accountant General during the year 2012-13. The Statutory Auditor has given qualified certificate on the accounts



and the accounts of the Corporation was selected for supplementary audit. The details of aggregate money value of comments of Statutory Auditors and CAG on the Corporation is as follows:

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1	Increase in profit	-	-	-	-	1	0.81
2	Decrease in profit	2	3607.91	2	1056.20	-	-
3	Non-disclosure of material facts	1	1.93	-	-	-	-
	<b>Total</b>		<b>3609.84</b>		<b>1056.20</b>		<b>0.81</b>

**1.31** The important comment in respect of accounts of the Chhattisgarh State Warehousing Corporation for the year 2011-12 is as follows:

- Erroneous adjustment of Deferred Tax of ₹ 83.17 lakh instead of ₹ 15.78 lakh had resulted in understatement of Provision for Deferred Tax and overstatement of Profit by ₹ 67.39 lakh.

#### Recoveries at the instance of audit

**1.32** During the course of audit in 2012-13, recoveries of ₹ 78.21 crore were pointed out to the Management of various PSUs of which ₹ 5.55 crore was admitted and the same was recovered during the year 2012-13.

#### Status of placement of Separate Audit Reports

**1.33** The following table shows the status of placement of Separate Audit Report (SAR) issued by the CAG on the accounts of Statutory corporation in the State Legislature.

Sl. No.	Name of Statutory corporation	Year for which SAR placed in Legislature		
		Year of SAR	Date of issue to the Government	Date of placement in legislature
1.	Chhattisgarh State Warehousing Corporation	2011-12	21.02.2013	16.07.2013

(Source: Data compiled from the information furnished by corporation)

#### Reforms in Power Sector

**1.34** The process of unbundling of Chhattisgarh State Electricity Board was completed as per the Electricity Act, 2003. The Board was unbundled into five companies<sup>28</sup> with effect from 1 January 2009.

**1.35** The State has formed the Chhattisgarh State Electricity Regulatory Commission (CSERC) in May 2004 under Section 82 of the Electricity Act, 2003 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licences. During 2012-13, CSERC issued 12 orders on annual revenue requirements and 47 other orders.

**1.36** A Memorandum of Understanding (MoU) was signed in May 2000 between the Union Ministry of Power and the State Government of Madhya Pradesh as a joint commitment for implementation of reforms programme in

<sup>28</sup> CSPDCL, CSPGCL, CSPHCL, CSPTCL and CSPTCL



the power sector with identified milestones. However, no MoU was signed between the Union Ministry of Power and the State of Chhattisgarh after formation of the latter in November 2000 bifurcating the erstwhile State of Madhya Pradesh under the Madhya Pradesh Reorganisation Act. Hence, the implementation of reforms programme and achievement of identified milestones could not be assessed.