

# **CHAPTER I**

## **1. OVERVIEW OF GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS**

## Chapter I

### 1. Overview of Government companies and Statutory corporations

#### 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 the people. In Bihar, the State working PSUs registered a turnover of ₹ 4857.63<sup>1</sup> crore for 2012-13 as per their latest finalised accounts as of September 2013. The major activities of State PSUs are concentrated in Power Sector. The State PSUs incurred a loss of ₹ 1109.82<sup>2</sup> crore in the aggregate as per their latest finalised Accounts. They had 0.16 lakh<sup>3</sup> employees as of 31 March 2013.

**1.2** As on 31 March 2013, there were 71 PSUs as per the details given below and none of them was listed on the stock exchange(s).

**Table No: 1.1**

Type of PSUs	Working PSUs	Non-working PSUs <sup>4</sup>	Total
Government companies <sup>5</sup>	28	40	68
Statutory corporations	3	-	3
<b>Total</b>	<b>31</b>	<b>40</b>	<b>71</b>

**1.3** The above 28 working Government companies include six companies, namely, Bihar State Power (Holding) Company Limited (incorporated on 16 April 2012), Bihar State Power Transmission Company Limited (incorporated on 29 June 2012), Bihar State Power Generation Company Limited (incorporated on 29 June 2012), South Bihar Power Distribution Company Limited (incorporated on 29 June 2012), North Bihar Power Distribution Company Limited (incorporated on 06 July 2012) and Bihar Grid Company Limited (incorporated on 04 January 2013) under the Companies Act, 1956.

#### Audit Mandate

**1.4** Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617 of the Act, 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 not less than 51 *per cent*

<sup>1</sup> Including ₹ 2043.93 crore of erstwhile Bihar State Electricity Board.

<sup>2</sup> Including ₹ 1087.63 crore of erstwhile Bihar State Electricity Board.

<sup>3</sup> As per the details provided by 42 PSUs (including the unallocated manpower of erstwhile BSEB amongst the five companies created on its unbundling).

<sup>4</sup> Non-working PSUs are those which have ceased to carry on their operations.

<sup>5</sup> Includes 619-B companies.

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 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 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 Statutory corporations is governed by their respective legislations. Out of three Statutory corporations, CAG is the sole auditor for the Bihar State Road Transport Corporation (BSRTC). In respect of Bihar State Warehousing Corporation (BSWC) and Bihar State Financial Corporation (BSFC), the audit is conducted by Chartered Accountants and supplemented by CAG.

#### **Investment in State PSUs**

**1.7** As on 31 March 2013, the investment (Capital and Long-Term Loans) in State PSUs was ₹ 8321.80 crore as per details given below:

**Table No:1.2**

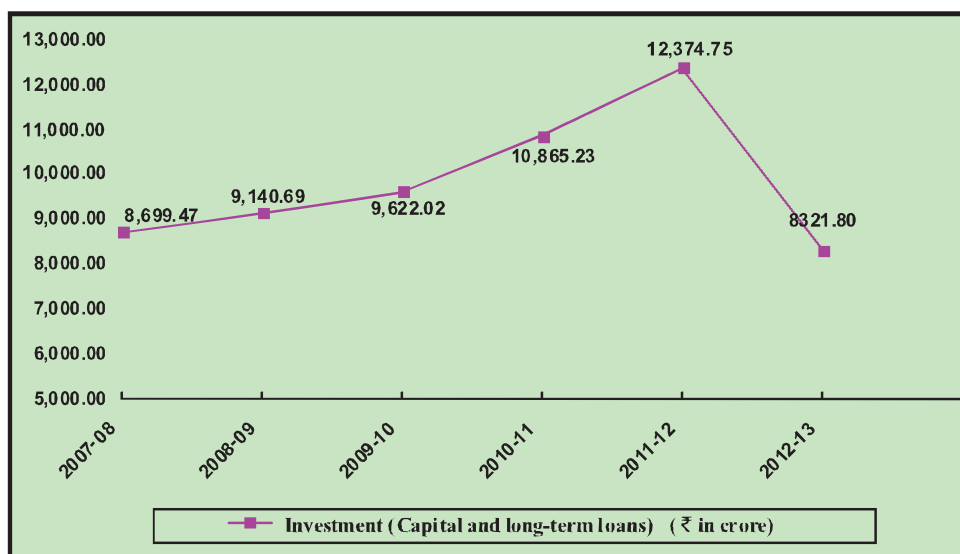
(₹ in crore)

Type of PSUs	Government companies			Statutory corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	3376.34	3254.62	6630.96	185.53	776.26	961.79	<b>7592.75</b>
Non-working PSUs	180.79	548.26	729.05	-	-	-	<b>729.05</b>
<b>Total</b>	<b>3557.13</b>	<b>3802.88</b>	<b>7360.01</b>	<b>185.53</b>	<b>776.26</b>	<b>961.79</b>	<b>8321.80</b>

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

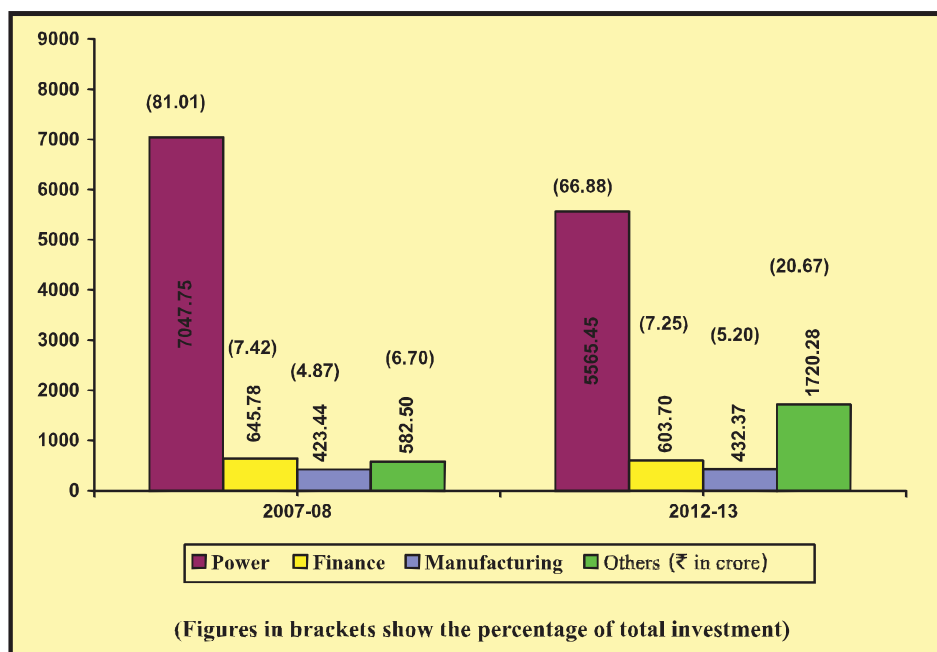
**1.8** As on 31 March 2013, of the total investment in State PSUs, 91.24 per cent was in working PSUs and the remaining 8.76 per cent in non-working PSUs. This total investment consisted of 44.97 per cent towards equity capital and 55.03 per cent in long-term loans. This investment has decreased by 4.34 per cent from ₹ 8699.47 crore in 2007-08 to ₹ 8321.80 crore in 2012-13 as shown in the graph below:

Chart No:1.1



1.9 The investment in various important sectors and percentage thereof at the end of 31 March 2008 and 31 March 2013 are indicated below in the bar chart. The thrust of PSU investment was mainly on the Power Sector during the past six years. However, in the current year, it decreased by 21.03 per cent from ₹ 7047.75 crore in 2007-08 to ₹ 5565.45 crore in 2012-13 due to major adjustment of long term loan consequent upon unbundling of Bihar State Electricity Board in five companies. The investment in other sectors had increased by 66.88 per cent in 2012-13 as compared to 2007-08.

Chart No:1.2



**Budgetary outgo, Grants/subsidies, Guarantees and Loans**

**1.10** The details regarding Budgetary outgo towards Equity, Loans, Grant/ Subsidies, in respect of State PSUs are given in *Annexure- 2*. The summarised details are given below for three years ended 2012-13.

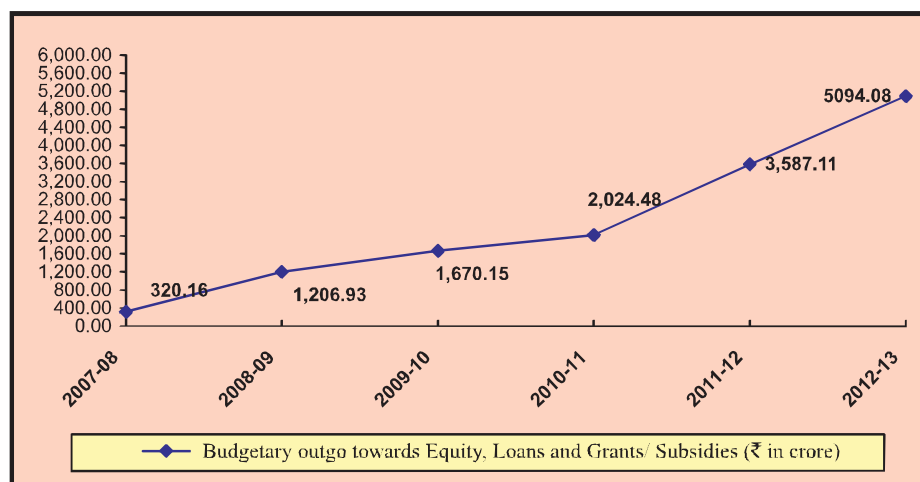
**Table No: 1.3**

(₹ in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	3	41.29	2	2.00	4	1481.94
2.	Loans outgo from budget	3	879.69	4	1,464.87	4 <sup>6</sup>	677.17 <sup>7</sup>
3.	Grants/Subsidy outgo	3	1,103.50	1	2,120.24	6 <sup>8</sup>	2934.97 <sup>9</sup>
4.	Total outgo <sup>10</sup>	7	2,024.48	6	3,587.11	11	5094.08
5.	Interest/Penal interest written off	-	-	-	-	-	-
6.	Guarantees issued	1	194.58	-	-	-	-
7.	Guarantee Commitment	1	31.85	1	3.47	2	73.06

**1.11** The details regarding budgetary outgo towards Equity, Loans and Grants/ Subsidies for past six years are given in a graph below:

**Chart No: 1.3**



The budgetary support in the form of Equity, Loans and Grants/ Subsidies by the State Government during the years 2007-08 to 2012-13 had been showing an increasing trend. The budgetary support increased from ₹ 320.16 crore in 2007-08 to ₹ 5094.08 crore in 2012-13. Out of ₹ 5094.08 crore, the Power

<sup>6</sup> It includes erstwhile Bihar State Electricity Board.

<sup>7</sup> It includes loan received by erstwhile Bihar State Electricity Board.

<sup>8</sup> It includes erstwhile Bihar State Electricity Board.

<sup>9</sup> It includes subsidy received by erstwhile Bihar State Electricity Board.

<sup>10</sup> Total outgo represents the total budgetary support to actual number of companies in form of equity, loans and grant/subsidy during the year.

Sector (including erstwhile Bihar State Electricity Board) received ₹ 5058.68 crore (99.31 per cent of total budgetary support received from State Government) during the year 2012-13. At the end of the year, Guarantees on Loans aggregating ₹ 73.06 crore were outstanding against two<sup>11</sup> PSUs. Guarantee commission of ₹ 8.87 lakh was payable to the State Government by Bihar State Financial Corporation since 1982-83.

### Reconciliation with Finance Accounts

**1.12** 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 on 31 March 2013 is stated below.

**Table No:1.4**

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts <sup>12</sup>	Amount as per records of PSUs	Difference
Equity	526.34	2006.30	1479.96
Loans	17031.95	2813.72	14218.23
Guarantees	987.88	73.06	914.82

**1.13** The Principal Accountant General (Audit) had taken up (October 2011) the issue with the Chief Secretary and the Finance Secretary with the latest reminder in June 2013 to the Principal Secretary, Finance Department, Government of Bihar, to reconcile the differences after examination. However, this has not yet been done (September 2013). 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 all the PSUs are given in *Annexure-3*. The financial position and working results of Statutory corporations are detailed in *Annexure 4 and 5* respectively.

**1.15** As per latest finalised Accounts, out of 31 working PSUs, 15 PSUs earned Profit of ₹ 135.74 crore and 10 PSUs incurred Loss of ₹ 1222.18<sup>13</sup> crore. Out of the remaining six PSUs, one PSU submitted its first Accounts which consisted of only pre-operating expenses and five PSUs<sup>14</sup> had not finalised its first Accounts (September, 2013). The major contributors of Profit

<sup>11</sup> Bihar State Backward Classes Finance and Development Corporation and Bihar State Minorities Financial Corporation Limited.

<sup>12</sup> The information is in respect of 39 PSUs (out of 71 PSUs) as appearing in Finance Accounts.

<sup>13</sup> This figure includes losses incurred by erstwhile BSEB for the period April 2012 to October 2012 amounting to ₹ 1087.63 crore.

<sup>14</sup> Bihar State Power (Holding) Company Limited, Bihar State Power Transmission Company Limited, Bihar State Power Generation Company Limited, South Bihar Power Distribution Company Limited and North Bihar Power Distribution Company Limited.

were Bihar State Road Development Corporation Limited (₹ 37.36 crore), Bihar State Educational Infrastructure Development Corporation Limited (₹ 24.15 crore) and Bihar State Beverages Corporation Limited (₹ 12.42 crore). The major losses were incurred by erstwhile Bihar State Electricity Board (₹ 1087.63 crore) as per the finalised accounts for the period from April 2012 to October 2012 and Bihar State Road Transport Corporation (₹ 105.89 crore) as per their latest finalised accounts.

**1.16** A review of latest three years Audit Reports of CAG shows that the State working PSUs incurred controllable losses to the tune of ₹ 2495.44 crore and infructuous investment of ₹ 52.23 crore. Year-wise details from Audit Reports are stated below.

**Table No: 1.5**

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	Total
Controllable losses as per CAG's Audit Report	1,539.24	852.42	103.78	2495.44
Infructuous Investment	28.94	21.48	1.81	52.23

**1.17** The above losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses could be much more. The above table indicates the need for effective management and control and ensuring accountability in the functioning of PSUs.

**1.18** The State Government had not formulated any Dividend Policy for PSUs to pay a minimum Dividend so as to ensure return on its investments. As per their latest finalised Accounts, 15 PSUs earned an aggregate Profit of ₹ 135.74 crore. However, out of 15 companies, only two companies viz. Bihar State Beverages Corporation Limited and Bihar State Warehousing Corporation proposed a dividend of ₹ one crore and ₹ 0.30 crore respectively.

#### **Arrears in finalisation of Accounts**

**1.19** 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 2013.

**Table No: 1.6**

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
1.	Number of Working PSUs	23	25	25	26	31 <sup>15</sup>
2.	Number of Accounts finalised during the year	15	17	34	23	26
3.	Number of Accounts in arrears	205	213	186	191	196
4.	Average arrears per PSU (3/1)	8.91	8.52	7.44	7.35	6.32
5.	Number of Working PSUs with arrears in Accounts	23	25	23	25	29
6.	Extent of arrears (years)	1 to 20	1 to 21	1 to 21	1 to 22	1 to 23

**1.20** Out of 31 working PSUs, only two<sup>16</sup> companies had finalised their accounts for the year 2012-13 and remaining 29 PSUs had arrears of 196 Accounts as of 30 September 2013. The Accounts of 29 PSUs were in arrears for periods ranging from one year to 23 years. The average of arrears per PSU had declined from 8.91 per PSU in 2008-09 to 6.32 per PSU in 2012-13. The reasons for arrears in Accounts were delays in preparation/certification of Accounts, delays in holding of Annual General Meeting and shortage of manpower.

**1.21** In addition to above, there were also arrears in finalisation of Accounts by non-working PSUs. Out of 40 non-working PSUs, seven were in the process of liquidation as of 31 March 2013. Of the remaining 33 non-working PSUs, the extent of arrears of accounts was from 16 to 34 years.

**1.22** The State Government had invested ₹ 5217.72 crore (Equity: ₹ 1579.10 crore, Loans: ₹ 2237.65 crore, Grants: ₹ 199.04 crore and others: ₹ 1201.93 crore) in 33 PSUs during the years for which Accounts had not been finalised as detailed in *Annexure- 6*. In the absence of finalised Accounts and their subsequent audit, it could not be ensured whether the Investments and Expenditure incurred had been properly accounted for and the purpose for which the amount was invested had been achieved. Thus, 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.

**1.23** 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. The Principal Accountant General/Accountant General brought (October 2013) the position of arrears of Accounts to the notice of the concerned administrative departments and officials of the Government. No significant remedial measures were, however, taken. As a result of this, the net worth of these PSUs could not be assessed in audit.

<sup>15</sup> It includes five new Power Sector companies which commenced their business from November 2012.

<sup>16</sup> Bihar State Road Development Corporation Limited and Bihar Grid Company Limited.



**1.24** In view of above state of arrears, it is recommended that the Government should expedite the clearance of arrears in finalisation of Accounts and monitor the timely finalisation of Accounts in conformity with the provisions of the Companies Act, 1956.

#### **Winding up of non-working PSUs**

**1.25** There were 40 non-working PSUs (all companies) as on 31 March 2013. Of these, seven PSUs were under liquidation process as on 31 March 2013. During 2012-13, one<sup>17</sup> non-working PSU incurred an expenditure of ₹ 0.14 crore towards salary, wages, establishment expenditure, etc.

**1.26** The stages of closure in respect of non-working PSUs as on 31 March 2013 are given below:

**Table No: 1.7**

Sl. No.	Particulars	Companies	Statutory corporations	Total
1.	Total No. of non-working PSUs	40	-	40
2.	Of (1) above, the number under			
(a)	Liquidation by Court (Liquidator appointed)	4 <sup>18</sup>	-	4
(b)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started.	3 <sup>19</sup>	-	3

**1.27** During the year 2012-13, no PSU 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 13 years. The process of voluntary winding up under the Companies Act, 1956 is much faster and needs to be adopted/ pursued vigorously. It is recommended that the Government should take 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.

#### **Accounts Comments and Internal Audit**

**1.28** Thirteen working companies<sup>20</sup> forwarded their 21 Accounts to the Accountant General during the year 2012-13<sup>21</sup>. Of these, 17 Accounts of the companies were selected for supplementary audit. The Audit Reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicated that the quality of maintenance of Accounts needs to be improved

<sup>17</sup> Bihar State Fruits & Vegetables Development Corporation Limited.

<sup>18</sup> Kumardhubi Metal Casting and Engineering Limited, Bihar State Leather Industries Development Corporation Limited, Bihar State Finished Leathers Corporation Limited and Bihar State Small Scale Industries Corporation Limited.

<sup>19</sup> Bihar State Handloom and Handicrafts Corporation Limited, Bihar State Pharmaceuticals and Chemicals Development Corporation Limited and Bihar State Textiles Corporation Limited.

<sup>20</sup> Sl. No. A1,A6,A8,A10,A11,A12,A13,A16,A23,A24,A25,A26 and A28 of Annexure-3.

<sup>21</sup> From October 2012 to September 2013.

substantially. The details of aggregate monetary implications of comments of Statutory Auditors and CAG are given below.

**Table No: 1.8**

(₹ in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in Profit	4	5.59	6	64.86	5	8.76
2.	Increase in Loss	9	17.17	4	17.19	7	7.28
3.	Non-disclosure of material facts	Nil	Nil	1	3.71	1	2.70

**1.29** During the year, the Statutory Auditors had given qualified certificates for 21 Accounts finalised by 13 companies. The compliance to the Accounting Standards by the companies remained poor as there were 15 instances of non-compliance with the Accounting Standard in seven<sup>22</sup> Accounts during the year.

**1.30** Some of the important comments in respect of Accounts of companies finalised during the year 2012-13 are stated below:-

**Bihar State Building Construction Corporation Limited (2011-12)**

For construction of buildings, the Company received funds from Building Construction Department, Government of Bihar. The Company was required to hand over the building after its completion and reduce the non-current liabilities by the cost of buildings handed over. The works which were in progress and not handed over should have been shown as work-in-progress under non-current assets. The Company, however, reduced the non-current liabilities by the value of works which were in progress amounting to ₹ 10.22 crore. This resulted in under statement of non-current assets and non-current liabilities to the extent of ₹ 10.22 crore.

**Bihar State Road Development Corporation Limited (2011-12)**

Short term provision included ₹ 45.83 crore as provision for Income Tax for the year 2009-10 to 2011-12. However, actual Income Tax payable for the above period was ₹ 39.28 crore only and therefore excess provisions of ₹ 6.55 crore should have been written back in the accounts.

Non write-back has resulted into understatement of profit by ₹ 6.55 crore, overstatement of "Short Term provision" by ₹ 45.83 crore and "Short Term Loans and Advances" by ₹ 39.28 crore.

**Bihar Urban Infrastructure Development Corporation Limited (2011-12)**

The Company executed the work valuing ₹ 17.15 crore during the year 2011-12. As per Government of Bihar order and AS-9, the Company was entitled to revenue amounting to ₹ 1.54 crore as centage plus contingency.

<sup>22</sup> Sl. No. in Annexure-3 are A1,A6, A8,A11,A13,A16 and A28.

However, the Company had taken revenue of ₹ 6.59 crore in its accounts as centage plus contingency.

This has resulted in overstatement of Revenue from operation, Profit for the period and understatement of Other Long Term Liability by ₹ 5.05 crore.

#### **Bihar Medical Services & Infrastructure Corporation Limited (2011-12)**

The other income of Company included ₹ 1.64 crore earned on the fund (₹ 65.67 crore) of State Health Society (SHS) received by the Company in April 2011 by mistake and it was returned by the Company excluding interest to SHS in September 2012. Since the Company had earned interest on the fund of SHS, the credit thereof should have been given to that fund. The Company, however, had treated it as its own income which resulted in overstatement of other income, Profit for the year and understatement of current liabilities to the extent of ₹ 1.64 crore.

**1.31** Similarly, three working Statutory corporations forwarded three Accounts to PAG/AG during the year 2012-13. The Accounts of Bihar State Financial Corporation and Bihar State Warehousing Corporation<sup>23</sup> were selected for audit. The Audit Reports of Statutory Auditors and the audit of CAG indicate that the quality of maintenance of Accounts needs to be improved substantially. The details of aggregate monetary implications of comments of Statutory auditors and CAG are given below.

**Table No: 1.9**

(₹ in crore)

Sl. No.	Particulars	2010-11		2011-12		2012-13	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in profit	2	17.34	1	0.33	1	0.19
2.	Increase in loss	2	9,267.22	1	1,888.94	-	Nil
3.	Non-disclosure of material facts	Nil	Nil	Nil	Nil	1	2.70
4.	Errors of classification	1	7.85	Nil	Nil	Nil	Nil

**1.32** Significant comment in respect of Accounts of one Statutory corporation viz. Bihar State Financial Corporation finalised during the year 2012-13 is stated below:

#### **Bihar State Financial Corporation (2011-12)**

Contingent Liabilities of ₹ 66.53 crore did not include ₹ 4.05 crore being the amount demanded by Income Tax department against which one third, i.e. ₹ 1.35 crore was deposited by the Corporation and the case was pending

<sup>23</sup> Audit completed but Comments not finalised.

before Income Tax Appellate Authority. Thus, contingent liability with proper disclosure was required to be made in the accounts.

**1.33** The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including Internal controls/ Internal audit systems in the companies that are audited by them in accordance with the directions issued by the CAG under Section 619(3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of important comments made by the Statutory Auditors on possible improvement in the Internal controls/Internal audit system in respect of 12 companies<sup>24</sup> for the year 2011-12 and 13 companies<sup>25</sup> for the year 2012-13 are given below:

**Table No: 1.10**

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	05	A-1, A-8, A-28,C-4, C- 17
2.	Absence of Internal audit system commensurate with the nature and size of business of the Company	05	A-12, A-23, A-25, A-26, C-4
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	10	A-1, A-8, A-10,A-11, A-13, A-16, A-25, A-28, C-4,C-17

#### Recoveries at the instance of Audit

**1.34** During the course of propriety audit in 2012-13, recoveries of ₹ 12.18 crore were pointed out to erstwhile Bihar State Electricity Board, of which, an amount of ₹ 5.56 crore were admitted by erstwhile Bihar State Electricity Board. An amount of ₹ 2.25 crore pertaining to the period prior to 2011-12 was recovered during the year 2012-13.

<sup>24</sup> Serial Number A-3, A-4, A-6, A-8, A-9, A-11, A-12, A-16, A-17, A-18, A-20 and C-17 as per Annexure 3.

<sup>25</sup> Serial Number A-1,A-8, A-10, A-11, A-12, A-13,A-16, A-23, A-25,A-26,A-28,C-4 and C-17 as per Annexure 3.

**Status of placement of Separate Audit Reports**

**1.35** 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.

**Table No: 1.11**

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	2010-11	2011-12	19 December 2012	Reasons for non-placement of SARs were not made available by the Government.
2.	Bihar State Warehousing Corporation	2007-08	2008-09	28 February 2011	
3.	Bihar State Financial Corporation	2010-11	2011-12	23 March 2013	
4.	Bihar State Road Transport Corporation	1973-74	1974-75 to 2002-03(29) Details 1991-92 1992-93 1993-94 1994-95 1995-96 1996-97 1997-98 1998-99 1999-2000 2000-01 2001-02 2002-03	9 June 1997 2 September 1998 2 September 1998 4 December 1998 18 April 2000 19 March 2004 19 October 2004 12 April 2005 07 October 2005 24 September 2007 26 October 2007 25 January 2010	

Delay in placement of SARs weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. The issue of delay in placement of SARs before the State Legislature was brought to the notice of Chief Minister, Bihar by the CAG in December 2010. There was no improvement in respect of placement of SARs of Bihar State Road Transport Corporation. The Principal Accountant General/ Accountant General also brought the issue to the attention of the Principal Secretary, Finance Department, Government of Bihar (May 2011) with the latest reminder in December 2012. The Government should ensure prompt placement of SARs in the State Legislature.

**Disinvestment, Privatisation and Restructuring of PSUs**

**1.36** The State Government did not undertake the exercise of disinvestment of any of its PSUs during 2012-13. However, the State Government restructured Bihar State Electricity Board by unbundling into five new companies vide notification no. 17 dated 30 October 2012 under "The Bihar State Electricity Reforms Transfer Scheme, 2012". Further, 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 PSUs was taken in September 2005. The implementation, however, has been done only in the case of five PSUs<sup>26</sup> (September 2013).

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<sup>26</sup> Bihar Rajya Beej Nigam Limited, Bihar State Hydroelectric Power Corporation Limited, Bihar State Tourism Development Corporation Limited, Bihar State Warehousing Corporation and Bihar State Mineral Development Corporation Limited.