



**Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
for the year ended March 2013**

**The Report has been laid on the table of the State
Legislature Assembly on 23-06-2014**



Government of Odisha

**Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
for the year ended March 2013**

Government of Odisha
Report No. 1 of the year 2014

TABLE OF CONTENTS

| Particulars | Reference to | |
|--|------------------|--------------|
| | Paragraph(s) | Page(s) |
| Preface | | v |
| Overview | | vii-x |
| Chapter I | | |
| Overview of State Public Sector Undertakings | 1 | 1-14 |
| Introduction | 1.1 and 1.2 | 1 |
| Audit Mandate | 1.3 to 1.5 | 1-2 |
| Investment in State PSUs | 1.6 to 1.8 | 2-3 |
| Budgetary outgo, grants/subsidies, guarantees and loans | 1.9 to 1.11 | 3-4 |
| Absence of accurate figure for investment in PSUs | 1.12 and 1.13 | 5 |
| Performance of PSUs | 1.14 to 1.19 | 5-7 |
| Arrears in finalisation of accounts | 1.20 to 1.25 | 8-9 |
| Winding up of non-working PSUs | 1.26 to 1.28 | 9 |
| Accounts comments and Internal Audit | 1.29 to 1.34 | 10-12 |
| Recoveries at the instance of audit | 1.35 | 12 |
| Status of placement of Separate Audit Reports | 1.36 | 12-13 |
| Disinvestment, Privatisation and Restructuring of PSUs | 1.37 | 13 |
| Reforms in Power Sector | 1.38 and 1.39 | 13-14 |
| Chapter II | | |
| Performance Audit relating to Government Companies | 2 | |
| GRIDCO Limited | | |
| Activities of GRIDCO Limited including Power Purchase Agreements with Independent Power Producers | 2.1 | 15-40 |
| Executive Summary | - | 15-16 |
| Introduction | 2.1.1 | 16 |
| Role of the Company in Odisha Power Sector | 2.1.2 | 16-17 |
| Organisational set up | 2.1.3 | 17 |
| Audit Objectives | 2.1.4 | 17 |
| Audit Criteria | 2.1.5 | 18 |
| Scope and Methodology of Audit | 2.1.6 | 18 |
| Audit Findings | 2.1.7 to 2.1.47 | 18-39 |
| Financial Position and Working Results | 2.1.8 | 19 |
| Planning | 2.1.9 | 20 |
| Budgetary Control | 2.1.10 | 20 |
| Power Procurement | 2.1.11 | 21 |
| Procurement of Power from Independent Power Producers | 2.1.12 to 2.1.18 | 21-24 |
| Operationalisation of PPAs with IPPs | 2.1.19 to 2.1.22 | 24-26 |
| Procurement of Power from State Power Utilities | 2.1.23 to 2.1.25 | 26-28 |
| Procurement of Power from Captive Generating Plants | 2.1.26 to 2.1.29 | 28-30 |
| Purchase of Power from Renewable Energy Sources | 2.1.30 to 2.1.33 | 30-31 |

| Particulars | Reference to | |
|--|-------------------|--------------|
| | Paragraph(s) | Page(s) |
| Sale of Power | 2.1.34 | 31-32 |
| Financial Management | 2.1.35 to 2.1.39 | 33-35 |
| Implementation of Capital Expenditure Programme | 2.1.40 | 35-36 |
| Power Trading through Indian Energy Exchange | 2.1.41 | 36-37 |
| Bilateral Power Trading | 2.1.42 | 37 |
| Man Power Management | 2.1.43 | 37-38 |
| Information Technology Issues | 2.1.44 | 38 |
| Monitoring | 2.1.45 | 38-39 |
| Internal Control | 2.1.46 | 39 |
| Internal Audit | 2.1.47 | 39 |
| Acknowledgement | | 39 |
| Conclusion | | 40 |
| Recommendations | | 40 |
| The Industrial Development Corporation of Odisha Limited, IDCOL Kalinga Iron Works Limited and IDCOL Ferro Chrome and Alloys Limited | | |
| Activities of The Industrial Development Corporation of Odisha Limited and its two subsidiaries viz. IDCOL Kalinga Iron Works Limited (IKIWL) & IDCOL Ferro Chrome and Alloys Limited (IFCAL) | 2.2 | 41-68 |
| Executive Summary | -- | 41-42 |
| Introduction | 2.2.1 | 42 |
| Organisational Set up | 2.2.2 | 42 |
| Scope of Audit | 2.2.3 | 43 |
| Audit Objectives | 2.2.4 | 43 |
| Audit Criteria | 2.2.5 | 43 |
| Audit Methodology | 2.2.6 | 44 |
| Financial Position and Working Results | 2.2.7 | 44-45 |
| Audit Findings | 2.2.8 to 2.2.66 | 45-67 |
| Planning and Performance | 2.2.9 | 45-46 |
| Mining Activities | 2.2.10 to 2.2.25 | 46-53 |
| Production and Sale of Finished Products | 2.2.26 to 2.2.51 | 53-63 |
| Financial Management | 2.2.52 to 2.2.55 | 63-65 |
| Monitoring by Top Management | 2.2.56 and 2.2.57 | 65 |
| Internal Control | 2.2.58 to 2.2.64 | 65-67 |
| Internal Audit | 2.2.65 | 67 |
| Audit Committee | 2.2.66 | 67 |
| Acknowledgement | -- | 67 |
| Conclusion | -- | 67-68 |
| Recommendations | -- | 68 |

| Particulars | Reference to | |
|---|--------------|--------------|
| | Paragraph(s) | Page(s) |
| Chapter III | | |
| Compliance Audit Observations | 3 | 69-91 |
| Odisha State Beverages Corporation Limited | | |
| Depot Management | 3.1 | 69-78 |
| Undue benefit to retailers | 3.2 | 78-79 |
| The Odisha Mining Corporation Limited | | |
| Unwarranted excess production of iron ore | 3.3 | 79-81 |
| Infructuous expenditure | 3.4 | 81-82 |
| Non-availment of CENVAT credit | 3.5 | 82-83 |
| Odisha Hydro Power Corporation Limited | | |
| Loss of revenue | 3.6 | 83-84 |
| Improper release of funds | 3.7 | 84-85 |
| Short realisation of revenue | 3.8 | 86 |
| The Industrial Development Corporation of Odisha Limited | | |
| Unintended benefit to the bidder | 3.9 | 87-88 |
| Odisha State Seeds Corporation Limited | | |
| Extra financial burden on procurement of paddy seeds | 3.10 | 88-89 |
| General | | |
| Follow-up action on Audit Reports | 3.11 | 89-91 |

Annexures

| No. | Particulars | Reference to | |
|-----|--|---------------|---------|
| | | Paragraph(s) | Page(s) |
| 1. | Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2013 in respect of Government Companies and Statutory Corporations | 1.6 | 93-99 |
| 2. | Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised | 1.14 and 1.34 | 100-105 |
| 3. | Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2013 | 1.9 | 106-108 |
| 4. | Statement showing investment made by State Government in PSUs, whose accounts are in arrears | 1.23 | 109-110 |
| 5. | Statement showing financial position of Statutory Corporations | 1.14 | 111-112 |
| 6. | Statement showing working results of Statutory Corporations | 1.14 | 113-114 |
| 7. | Statement showing Financial Position and Working Results of GRIDCO Limited | 2.1.8 | 115 |
| 8. | Statement showing the Budget Estimate vis-à-vis Actual for 2008-09 to 2012-13 | 2.1.10 | 116-117 |
| 9. | Statement showing execution of PPAs with IPPs | 2.2.12 | 118-119 |
| 10. | Statement showing Financial Position and Working Results | 2.2.7 | 120-122 |
| 11. | Statement showing details of production, sales and closing stock of lump, CLO and fines during 2008-13 | 2.2.15 | 123 |
| 12. | Statement showing utilisation of furnaces by IFCAL during 2008-13 | 2.2.39 | 124 |
| 13. | Statement showing Paragraphs/Reviews/Performance Audits for which Explanatory Notes were not received as on 30 September 2013 | 3.11.1 | 125 |
| 14. | ATNs outstanding from Government on Recommendations of COPU as of 30 September 2013 | 3.11.2 | 126 |
| 15. | Statement showing department-wise outstanding Inspection Reports as on 30 September 2013 | 3.11.3 | 127 |
| 16. | Statement showing department-wise Draft Paragraphs reply to which are awaited as on 31 December 2013 | 3.11.4 | 128 |
| | Glossary of Abbreviations | | 129-130 |