

Chapter-1
Functioning of
State Public Sector
Undertakings

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Functioning 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 keeping in view the welfare of people and occupy an important place in the State economy. As on 31 March 2015, there were 54 PSUs. Of these, one company¹ was listed on the stock exchange(s). During the year 2014-15, one PSU² was incorporated whereas no PSU was closed down. One PSU viz., Punjab Thermal Generation Limited was incorporated during 2013-14³. The details of the State PSUs in Punjab as on 31 March 2015 are given below.

Table 1.1: Total number of PSUs as on 31 March 2015

Type of PSUs	Working PSUs	Non-working PSUs ⁴	Total
Government Companies	27	23	50
Statutory Corporations	4	-	4
Total	31	23	54

The working PSUs registered a turnover of ₹ 52,733.04 crore as per their latest finalised accounts as of 30 September 2015. This turnover was equal to 15.07 *per cent* of State Gross Domestic Product (GDP) for 2014-15. The working PSUs incurred loss of ₹ 5,747.15 crore as per their latest finalised accounts as of 30 September 2015. They had 53380 employees as at the end of March 2015.

Accountability framework

1.2 Audit of Government companies is governed by Section 143 (6) of the Companies Act, 2013 (Act). According to Section 2 (45) of the Act, a Government company is the one in which not less than 51 *per cent* of the paid up capital is held by Government(s) and includes a subsidiary of a Government company. Further, as per Section 139 (5) of the Act, any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is also subject to audit by the Comptroller and Auditor General of India (CAG). Further, CAG if considers necessary, he may, by an order, cause test audit to be conducted of the accounts of such companies under sub-section (7) and provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, shall apply to such test audit. Audit of the

¹ Punjab Communications limited

² Greater Mohali City Bus Services limited

³ Intimation for incorporation of the Company was received during 2014-15.

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

financial statements in respect of the financial years that commenced earlier than 01 April 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

Statutory Audit

1.3 The financial statements of the Government companies (as defined in Section 2 (45) of the Companies Act, 2013) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 139 (5) or (7) of the Companies Act, 2013. These financial statements are also subject to supplementary audit conducted by CAG within sixty days from the date of receipt of the audit report under sub-section (5) as per the provisions of Section 143 (6) of the Companies Act, 2013.

Audit of Statutory corporations is governed by their respective legislations. Out of four statutory corporations, CAG is the sole auditor for the Punjab Scheduled Castes Land Development and Finance Corporation and PEPSU Road Transport Corporation. In respect of Punjab State Warehousing Corporation and Punjab Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit by CAG.

Role of Government and Legislature

1.4 The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG in respect of State Government companies, and Separate Audit Reports in case of Statutory corporations are to be placed before the Legislature within three months of their finalisation or as stipulated in the respective Acts. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Stake of Government of Punjab

1.5 The State Government has huge financial stake in these PSUs. This stake is of mainly three types:

- **Share Capital and Loans-** In addition to the Share Capital Contribution, State Government also provides financial assistance by way of loans to the PSUs from time to time.
- **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees-** State Government also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

Investment in State PSUs

1.6 As on 31 March 2015, the investment (capital and long-term loans) in 54 PSUs was ₹ 22536.71 crore as per details given below.

Table 1.2: Total investment in PSUs

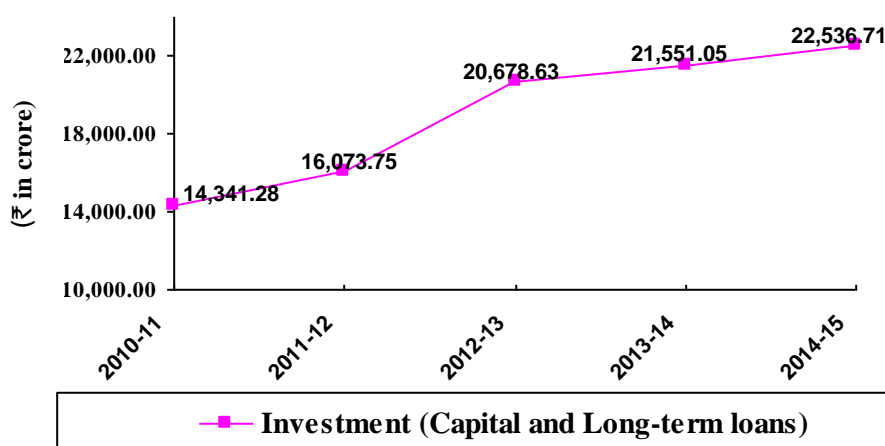
(₹ in crore)

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	7443.53	14238.80	21682.33	471.16	323.12	794.28	22476.61
Non-working PSUs	24.95	35.15	60.10	-	-	-	60.10
Total	7468.48	14273.95	21742.43	471.16	323.12	794.28	22536.71

Source: Annual accounts of PSUs

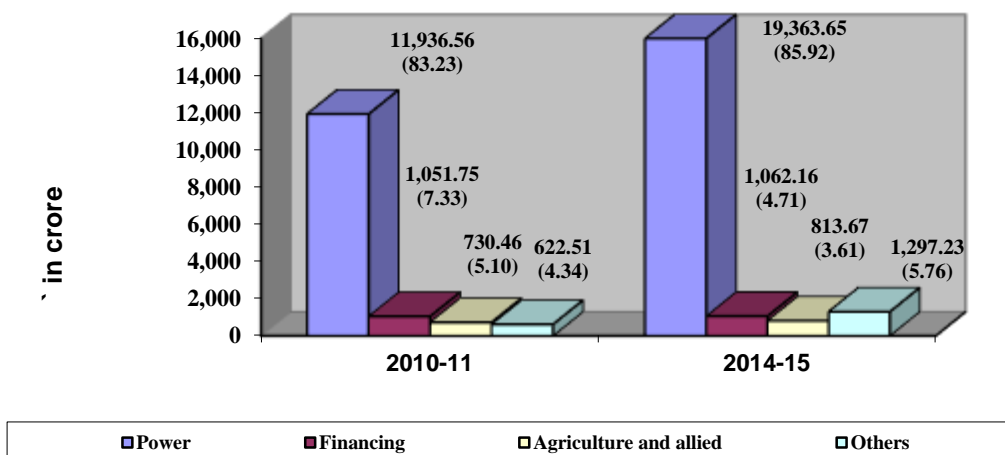
As on 31 March 2015, of the total investment in State PSUs, 99.73 per cent was in working PSUs and the remaining 0.27 per cent in non-working PSUs. This total investment consisted of 35.23 per cent towards capital and 64.77 per cent in long-term loans. The investment has grown by 57.15 per cent from ₹ 14341.28 crore in 2010-11 to ₹ 22536.71 crore in 2014-15 as shown in the graph below.

Chart 1.1: Total investment in PSUs



1.7 The investment in four significant sectors and percentage thereof at the end of 31 March 2011 and 31 March 2015 are indicated below in the bar chart. The thrust of PSU investment was mainly in power sector which increased from 83.23 per cent to 85.92 per cent during 2010-11 to 2014-15.

Chart 1.2: Sector wise investment in PSUs



Special support and returns during the year

1.8 The State Government provides financial support to PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and interest waived in respect of State PSUs are given below for three years ended 2014-15.

Table 1.3: Details regarding budgetary support to PSUs

(₹ in crore)

Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	2	15.91	2	22.35	3	72.07
2.	Loans given from budget	2	38.75	1 ⁵	15.00	-	-
3.	Grants/Subsidy from budget	5	3689.21	6	3129.82	4	3027.35
4.	Total Outgo (1+2+3)	7⁶	3743.87	8	3167.17	6	3099.42
5.	Waiver of loans and interest	-	-	-	-	-	-
6.	Guarantees issued	9	35379.50	7	28895.45	9	31271.89
7.	Guarantee Commitment	11	44899.21	11	44012.74	11	49058.42

In order to enable PSUs to obtain financial assistance from Banks and Financial Institutions, State Government gives guarantee under Punjab Fiscal Responsibility and Budget Management Act, 2003 subject to the limits prescribed by the Constitution of India, for which a guarantee fee is charged. The State Government charged guarantee fee at the rate of $\frac{1}{8}$ per cent in case of PSUs engaged as procuring agencies and 0.5 to 2 per cent from the other PSUs. The guarantee commitment increased to ₹ 49058.42 crore during 2014-15 from ₹ 44012.74 crore in 2013-14. Further, during the year, five PSUs paid guarantee fee of ₹ 28.15 crore (excluding ₹ 40.67 crore pertaining to previous years) out of ₹ 141.45 crore payable,

⁵ PEPSU Road Transport Corporation (PRTC) @ 12 per cent per annum

⁶ Actual number of PSUs which received budgetary support.

leaving a balance of ₹ 72.63 crore. The major defaulters were Punjab State Power Corporation Limited (PSPCL) (₹42.49 crore) and Punjab State Industrial Development Corporation Limited (PSIDC) (₹26.63 crore).

Reconciliation with Finance Accounts

1.9 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 2015 is stated below.

Table 1.4: Equity, loans, guarantees outstanding as per finance accounts vis a vis records of PSUs

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	3609.48	7801.54	4192.06
Loans	1580.78	359.33	1221.45
Guarantees	49058.42	49058.42	-

Audit observed that the differences occurred in respect of 15 PSUs and some of the differences were pending reconciliation since 1985-86. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Arrears in finalisation of accounts

1.10 The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year i.e. by September end in accordance with the provisions of Section 96 (1) the Companies Act, 2013. Failure to do so may attract penal provisions under Section 99 of the Companies Act, 2013. 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 as of 30 September 2015.

Table 1.5: Position relating to finalisation of accounts of working PSUs

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1.	Number of Working PSUs	31	31	31	29	31
2.	Number of accounts finalised during the year	28	29	31	26	35 ⁷
3.	Number of accounts in arrears	39 ⁸	41	41	42 ⁹	38
4.	Number of Working PSUs with arrears in accounts	24	24	24	26	25
5.	Extent of arrears (numbers in years)	1 to 4	1 to 5	1 to 4	1 to 4	1 to 4

The PSUs having arrears of accounts need to take effective measures for early clearance of backlog and make the accounts up-to-date. The PSUs should also

⁷ It represents 32 accounts of working Companies and three accounts of Statutory Corporation

⁸ Excluding 13 accounts of three Companies which became non-working during the year.

⁹ Excluding 4 accounts of two Companies which became non-working during the year.

ensure that atleast one year's accounts are finalised so as to restrict further accumulation of arrears. In respect of Statutory Corporations, one¹⁰ had arrears of account for three years and three had arrears of account for one year.

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 half yearly by the Principal Accountant General (Audit), Punjab, of the arrears in finalisation of accounts, adequate remedial measures were not taken. As a result of this, the net worth of these PSUs could not be assessed in audit.

1.11 The State Government had invested ₹ 3439.76 crore in seven PSUs (equity: ₹ 99.33 crore, and grants/subsidy ₹ 3340.43 crore) during the years for which accounts have not been finalised as detailed in *Annexure I*. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not. Thus, Government's investment in such PSUs remained outside the control of State Legislature.

1.12 In addition to above, there were arrears in finalisation of accounts by non-working PSUs. Out of 23 non-working PSUs, eight¹¹ were in the process of liquidation whose accounts were in arrears for 1 to 37 years. One non-working company viz. PCL Telecom Limited has been dissolved (January 2012) by the orders of Punjab and Haryana High Court. Of the remaining 14 non-working PSUs, 12 had arrears of accounts ranging from one to 24 years.

Table 1.6: Position relating to arrears of accounts in respect of non-working PSUs

No. of non-working PSUs	Period for which accounts were in arrears	No. of years for which accounts were in arrears
1	1991-92 to 2014-15	24
1	1992-93 to 2014-15	23
1	1995-96 to 2014-15	20
1	2001-02 to 2014-15	14
1	2002-03 to 2014-15	13
1	2006-07 to 2014-15	9
2	2012-13 to 2014-15	3
2	2013-14 to 2014-15	2
2	2014-15	1

Placement of Separate Audit Reports

1.13 The position depicted below shows the status of placement of Separate Audit Reports (SARs) issued by the CAG (up to 30 September 2015) on the accounts of Statutory Corporations in the Legislature.

¹⁰ Punjab Scheduled Castes Land Development and Finance Corporation.

¹¹ Companies at Sl. No. C-2,7,8,10,11,13,14 and 23 of *Annexure 2*

Table 1.7: Status of placement of SARs in Legislature

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/Present Status
1.	Punjab Financial Corporation	2011-12	2012-13	03 February 2014
2.	Punjab Scheduled Castes Land Development and Finance Corporation	2011-12	-	-
3.	PEPSU Road Transport Corporation	2011-12	2012-13	20 May 2014
4.	Punjab State Warehousing Corporation	2012-13	-	-

Impact of non-finalisation of accounts

1.14 As pointed out above (Table 1.7), the 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 relevant statutes. In view of the above state of arrears of accounts, the actual contribution of PSUs to the State GDP for the year 2014-15 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that:

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

Performance of PSUs as per their latest finalised accounts

1.15 The financial position and working results of working Government companies and Statutory Corporations are detailed in *Annexure 2*. 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 a period of five years ending 2014-15.

Table 1.8: Details of working PSUs turnover vis-a vis State GDP

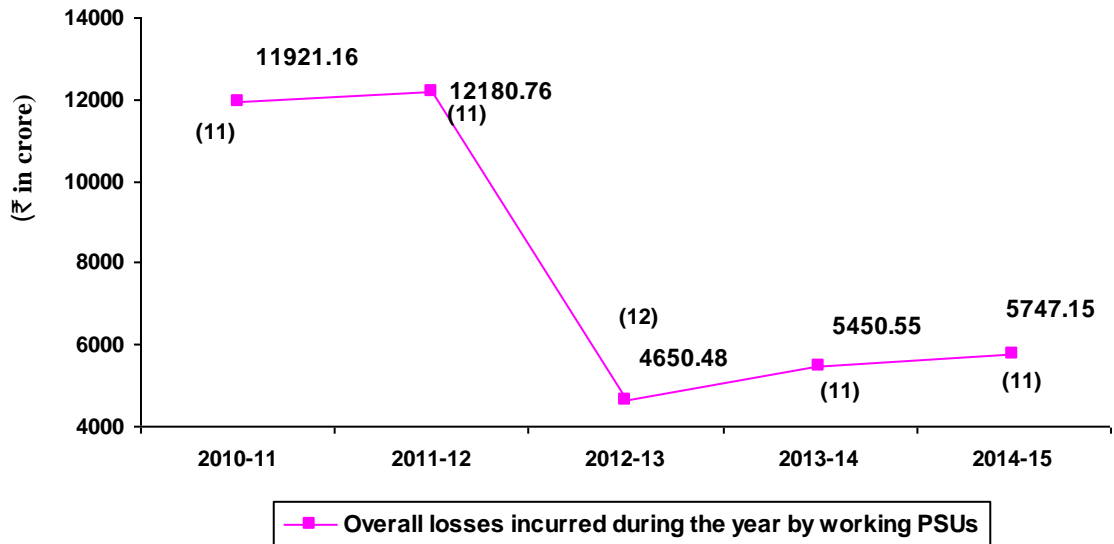
Particulars	(₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Turnover ¹²	24,431.81	29,841.98	37,090.63	44,746.29	52,733.04
State GDP	2,26,204	2,56,374	2,85,119	3,17,556	3,49,826
Percentage of Turnover to State GDP	10.80	11.64	13.01	14.09	15.07

¹² Turnover as per the latest finalised accounts as of 30 September 2015.

The turnover of State PSUs to the State GDP in percentage terms increased from 10.80 in 2010-11 to 15.07 in 2014-15. The turnover of PSUs did not increase in proportion to increase in State GDP.

1.16 Overall losses incurred by State working PSUs during 2010-11 to 2014-15 are given below in the graph.

Chart 1.3 : Profit/ losses of working PSUs



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

The summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised are given in *Annexure 2*. During the period from October 2014 to September 2015, 32¹³ accounts were received in respect of 24 working companies. Of these 11 accounts reflected profit of ₹ 683.07 crore and 15 accounts reflected loss of ₹ 863.64 crore. Three¹⁴ accounts were prepared on ‘no profit no loss’ basis and for three¹⁵ accounts in respect of two PSUs profit and loss account were not prepared. One¹⁶ working PSU has not prepared its first accounts. The major contributors to profit were Punjab State Transmission Corporation Limited (PSTCL) (₹ 380.52 crore), Punjab State Power Corporation Limited (PSPCL) (₹ 249.31 crore), Punjab Financial Corporation (PFC) (₹ 30.26 crore), Punjab State Container and Warehousing Corporation Limited (₹ 16.74 crore), Punjab Genco Limited (₹ 12.51 crore), Punjab Small Industries and Export Corporation Limited (₹ 6.79 crore) and Punjab State Forest Development Corporation Limited (₹ 3.11 crore). Heavy losses were incurred by Punjab State Grains Procurement Corporation Limited (₹ 491.17 crore), Punjab State Warehousing

¹³ For the year 2010-11 (three accounts); 2011-12 (two accounts); 2012-13 (five accounts); 2013-14 (16 accounts) and 2014-15 (six accounts).

¹⁴ Punjab Police Housing Corporation Limited, Punjab Police Security Corporation Limited and Punjab Municipal Infrastructure Development Company

¹⁵ Punjab Agro Power Corporation Limited and Punjab Thermal Generation Limited.

¹⁶ Greater Mohali City Bus Service Limited incorporated on 26 December 2014.

Corporation (PSWC) (₹ 277.04 crore), Punjab State Industrial Development Corporation Limited (PSIDC) (₹ 42.35 crore), and PEPSU Road Transport Corporation (PRTC) (₹ 11.11 crore).

1.17 Some other key parameters of PSUs are given below.

Table 1.9: Key Parameters of State PSUs

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Return on Capital Employed (<i>Per cent</i>)	4.69	5.13	3.73	11.00	13.28
Debt	10459.81	11992.79	12839.83	13683.58	14597.07
Turnover ¹⁷	24431.81	29841.98	37090.63	44746.29	52733.04
Debt/ Turnover Ratio	0.43:1	0.40:1	0.35:1	0.30:1	0.28:1
Interest Payments	2925.97	3408.29	4522.37	5918.58	6442.72
Accumulated losses	12192.08	12492.46	5011.15	5870.08	6236.66

(₹ in crore)

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

The percentage of return on capital employed of all PSUs increased from 4.69 in 2010-11 to 5.13 in 2011-12 but decreased to 3.73 in 2012-13. It, however, increased to 11.00 *per cent* in 2013-14 and further increased to 13.28 in 2014-15.

The ratio of the debts to the turnover which was 43 *per cent* in 2010-11 decreased gradually and reached 28 *per cent* in 2014-15.

1.18 The State Government had formulated (April 1999) a dividend policy under which all PSUs are required to pay a minimum return of four *per cent* on the paid up share capital contributed by the State Government. Further it has directed (July 2011) all the PSUs to pay a minimum return of five *per cent* on the funds invested by the State Government. As per their latest finalised accounts, 11 PSUs earned an aggregate profit of ₹ 703.14 crore and four PSUs declared a dividend of ₹ 3.91 crore at the rate ranging from four *per cent* to hundred *per cent*. The remaining seven PSUs did not declare dividend despite earning profit of ₹ 670.25 crore.

Winding up of non-working PSUs

1.19 There were 23 non-working PSUs (all Companies) as on 31 March 2015. Of these, eight PSUs have commenced liquidation process.

Since the non-working PSUs are not contributing to the State economy and meeting the intended objectives, therefore, these PSUs are required to be closed down. During 2014-15, non-working PSUs incurred an expenditure of ₹ 0.46 crore towards salary and establishment expenditure. This expenditure was met through the sale of assets of these PSUs and other resources viz. borrowings from common pool fund of PSUs under liquidation, interest on investments etc.

¹⁷ Turnover of working PSUs as *per* the latest finalised accounts as of 30 September.

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

Table 1.10: Closure of Non working PSUs

Sl. No.	Particulars	Companies
1.	Total No. of non-working PSUs	23
2.	Of (1) above, the No. under	
(a)	Liquidation by Court (liquidator appointed)	-
(b)	Voluntary winding up (liquidator appointed)	8
(c)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started.	7

One non-working Company, namely PCL Telecom Limited, was dissolved (January 2012) by the orders of Punjab & Haryana High Court. The companies which have taken the route of voluntary winding up under the Companies Act are under liquidation for a period ranging from 2 months¹⁸ to 32 years. During the year 2014-15, no company was finally wound up. The Government may take a decision regarding winding up of the remaining seven non-working PSUs which have become defunct. The Government (Directorate of Disinvestment)¹⁹ may expedite the process of closing down of the non-working companies.

Accounts Comments

1.21 Twenty four working companies forwarded their 32 audited accounts to Principal Accountant General (PAG) during the year 2014-15. Of these, 24 accounts of 21 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.

Table 1.11: Impact of audit comments on working Companies

(Amount ₹ in crore)

Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of instances	Amount	No. of instances	Amount	No. of instances	Amount
1.	Decrease in profit	3	1498.83	3	450.45	7	3313.96
2.	Increase in profit	-	-	-	-	1	4.30
3.	Increase in loss	5	1204.08	5	17082.61	3	102.65
4.	Non-disclosure of material facts	6	16950.10	9	14816.61	9	166.29
5.	Errors of classification	7	1693.07	8	211.49	11	1271.36

During the year, the statutory auditors gave unqualified certificates for 14 accounts, qualified certificates for 16 accounts, adverse certificates (i.e. accounts do not reflect a true and fair position) for two accounts.

¹⁸ Electronic Systems Punjab Limited ordered to be wound up and Official Liquidator has been appointed (January 2015) by orders of Punjab & Haryana High Court.

¹⁹ A cell established for disinvestment of State Government equity in State PSUs/ Subsidiaries and for restructuring/privatisation, etc. of these PSUs.

Qualifications by Statutory auditors had the effect of decreasing the profit of PSPCL by ₹ 248.12 crore and PSTCL by ₹ 24.57 crore for the year 2012-13. In addition to the above after taking into consideration the effect of CAG's qualifications in respect of PSPCL profit for the year 2012-13 worked out (after Statutory Auditors qualification) of ₹ 12.43 crore would turn into a loss of ₹ 1,219.42 crore. Similarly, qualification by Statutory auditors and CAG also had the effect of turning the reported profit in PUNSUP²⁰ into a loss of ₹ 1,762.88 crore for the year 2012-13. The compliance of companies with the Accounting Standards remained poor, there were 26 instances of non-compliance in seven accounts during the year.

1.22 Similarly, three working Statutory Corporations forwarded their three accounts to PAG during the year 2014-15.

Of these, one account of Statutory Corporation (PRTC) pertained to sole audit by CAG which was under Audit as on 30 September 2015. Of the remaining two accounts (PSWC and PFC), supplementary audit was conducted. 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.

Table 1.12 : Impact of audit comments on Statutory Corporations

(Amount ₹ in crore)

Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of instances	Amount	No. of instances	Amount	No. of instances	Amount
1.	Decrease in profit	1	0.47	-	-	-	-
2.	Increase in loss	4	173.81	2	185.92	-	-
3.	Non-disclosure of material facts	5	16.72	6	17.05	-	-
4.	Errors of classification	3	235.11	1	1.55	-	-

During the year, two accounts of Statutory corporations (PFC and PSWC) received qualified certificates.

Response of the Government to Audit

Performance Audits and Paragraphs

1.23 For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2015, two performance audits and 18 compliance audit paragraphs were issued to the Principal Secretaries/ Secretaries of the respective Departments with request to furnish replies within six weeks. However, replies in respect of one performance audit and 16 compliance audit paragraphs were awaited from the State Government (30 September 2015).

²⁰ Punjab State Civil Supplies Corporation Limited

Follow up action on Audit Reports

Replies outstanding

1.24 The Report of the Comptroller and Auditor General (CAG) of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The State Finance Department, Government of Punjab issued (August 1992) instructions to all Administrative Departments to submit replies/explanatory notes to paragraphs/reviews included in the Audit Reports of the CAG of India within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the COPU.

Table No.1.13: Explanatory notes not received (as on 30 September 2015)

Year of the Audit Report (Commercial /PSU)	Date of placement of Audit Report in the State Legislature	Total Performance audits (PAs) and Paragraphs in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2008-09	March 2010	3	19	-	6
2009-10	March 2011	2	16	-	4
2010-11	March 2012	2	13	1	6
2011-12	March 2013	2	17	1	11
2012-13	July 2014	3	12	3	9
2013-14	March 2015	2	17	2	16
Total		14	94	7	52

From the above, it could be seen that out of 94 paragraphs/ 14 performance audits, explanatory notes to 52 paragraphs/ 7 performance audits in respect of six departments, which were commented upon, were awaited (30 September 2015).

Discussion of Audit Reports by COPU

1.25 The status as on 30 September 2015 of Performance Audits and paragraphs that appeared in Audit Reports (PSUs) and discussed by the Committee on Public Undertakings (COPU) was as under.

Table No.1.14: Reviews/Paras appeared in Audit Reports vis a vis discussed as on 30 September 2015

Period of Audit Report	Number of reviews/ paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2008-09	3	19	1	4
2009-10	2	16	-	4
2010-11	2	13	-	3
2011-12	2	17	-	-
2012-13	3	12	-	-
2013-14	2	17	-	-
Total	14	94	1	11

Compliance to Reports of Committee on Public Undertakings (COPU)

1.26 Action Taken Notes (ATN) to 67 paragraphs pertaining to 8 Reports of COPU presented to the State Legislature between March 2008 and March 2015 had not been received (30 September 2015) as indicated below:

Table No.1.15 : Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total no. of recommendations in COPU Report	No. of recommendations where ATNs not received
2007-08	1	8	2
2008-09	1	6	2
2010-11	2	9	8
2012-13	2	14	14
2013-14	2	18	18
2014-15	3	23	23
Total	11	78	67

These Reports of COPU contained recommendations in respect of paragraphs pertaining to six departments, which appeared in the Reports of the CAG of India for the years 2001-02 to 2011-12.

It is recommended that the Government may ensure: (a) sending of replies to inspection reports/ draft paragraphs/ performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule; (b) recovery of loss/ outstanding advances/ overpayments within the prescribed period; and (c) revamping of the system of responding to audit observations.

Disinvestment, Restructuring and Privatisation of PSUs

1.27 The State Government established (July 2002) the Directorate of Disinvestment under the Department of Finance, with the function relating to disinvestment of State Government equity held in Public Sector Undertakings and their subsidiaries/promoted companies and restructuring/ privatisation etc. of the PSUs. During the year 2014-15, disinvestment in three PSUs was under the consideration of the Government. The Government of Punjab decided not to disinvest Punjab Agro Juices Limited. No PSU was completely disinvested by the Directorate during the year 2014-15.

1.28 Coverage of this Report

This Report contains 18 paragraphs and two performance audits i.e. “Procurement, Storage and Custom Milling of Paddy in Punjab Agro Foodgrains Corporation Limited” and “Purchase and Inventory Control in Punjab State Power Corporation Limited” involving financial effect of ₹844.86 crore. The managements of five Companies/ Corporations did not reply to three paragraphs having financial effect of ₹23.57 crore. Similarly, Government of Punjab did not give replies to 16 paragraphs having financial effect of ₹240.36 crore.