

Chapter I

1. Overview of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations established to carry out activities of commercial nature while keeping in view welfare of the people. In Odisha, PSUs occupy an important place in the State economy. Working State PSUs registered a turnover of ₹ 15,949.82 crore as per their latest finalised accounts (September 2014) which was equal to 5.53 *per cent* of Gross State Domestic Product (GSDP) of ₹ 2,88,414.31 crore for 2013-14. Major activities of State PSUs are concentrated in Power and Manufacturing sectors. Working PSUs earned aggregate profit of ₹ 1,891.60 crore as per their latest finalised accounts (September 2014). They had 0.20 lakh employees as on 31 March 2014.

1.2 As on 31 March 2014, there were 66 PSUs as per details given below. None of these Companies was listed on Stock Exchange except GRIDCO Limited which has listed (September 2013) its debt securities only with Bombay Stock Exchange Limited.

Type of PSUs	Working PSUs	Non-working PSUs	Total
Government Companies ¹	35 ²	28	63
Statutory Corporations	3	-	3
Total	38	28	66

Audit Mandate

1.3 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 paid up capital is held by Government(s). A Government Company includes a subsidiary of a Government Company. Further, a Company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government Companies and Corporations controlled by Government(s) is treated as if it was a Government Company (deemed Government Company) as per Section 619 B of the Companies Act.

1.4 Accounts of 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 provisions of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619(4) of the Companies Act, 1956.

¹ Includes seven 619 B Companies, of which six are working and one non-working.

² One working Company namely Green Energy Development Corporation of Odisha Limited was incorporated on 18 April 2013.

1.5 Audit of Statutory Corporations is governed by their respective legislations. Out of three Statutory Corporations, CAG is the sole auditor for Odisha State Road Transport Corporation. In respect of Odisha State Warehousing Corporation and Odisha State Financial Corporation, audit is conducted by Chartered Accountants and supplementary audit by the CAG.

Investment in State PSUs

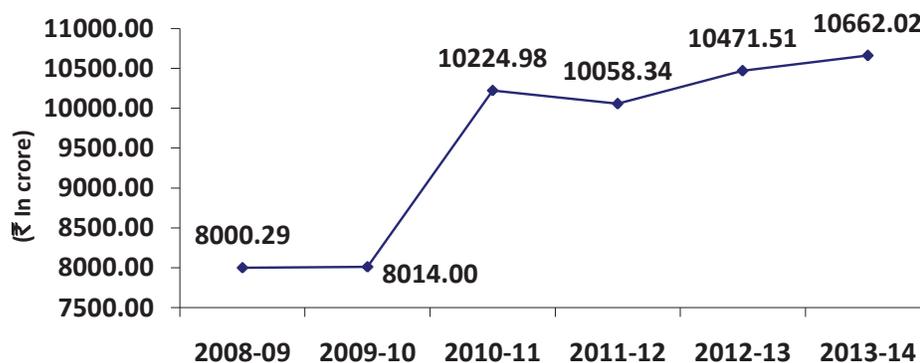
1.6 As on 31 March 2014, investment (capital and long-term loans) in 66 PSUs (including 619 B Companies) was ₹ 10,662.02 crore as per details given in the table below:

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	2,496.38	7,331.80	9,828.18	581.38	135.04	716.42	10,544.60
Non-working PSUs	80.28	37.14	117.42	--	--	--	117.42
Total	2,576.66	7,368.94	9,945.60	581.38	135.04	716.42	10,662.02

(Source: Information submitted by PSUs)

Summarised position of investment in State PSUs is detailed in **Annexure 1**.

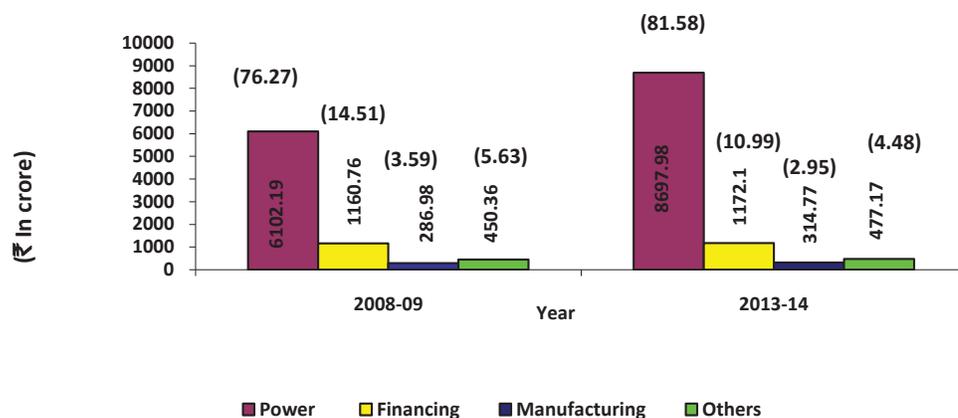
1.7 As on 31 March 2014, of the total investment in State PSUs, 98.90 per cent was in working PSUs and the remaining 1.10 per cent in non-working PSUs. This total investment consisted of 29.62 per cent towards capital and 70.38 per cent in long-term loans. Investment had increased by 33.27 per cent i.e. from ₹ 8,000.29 crore in 2008-09 to ₹ 10,662.02 crore in 2013-14 due to increase in capital and loan in power sector as shown in the graph below:



— Investment (Capital and long-term loans)

(Source: Information submitted by PSUs)

1.8 Investment in various important sectors and percentage thereof at the end of 31 March 2009 and 31 March 2014 are indicated below in the bar chart.



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

(Source: Information submitted by PSUs)

Thrust of PSU investment was mainly in power sector during six years ending 31 March 2014. Share of investment of power sector has marginally increased from 76.27 per cent in 2008-09 to 81.58 per cent in 2013-14. Share of investment of financing sector has decreased from 14.51 per cent in 2008-09 to 10.99 per cent in 2013-14, manufacturing sector from 3.59 per cent in 2008-09 to 2.95 per cent in 2013-14 and other sectors from 5.63 per cent in 2008-09 to 4.48 per cent in 2013-14.

Budgetary outgo, grants/subsidies, guarantees and loans

1.9 Details regarding budgetary outgo towards equity, loans, grants/subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in **Annexure 2**. Summarised details for three years ended 2013-14 are given below.

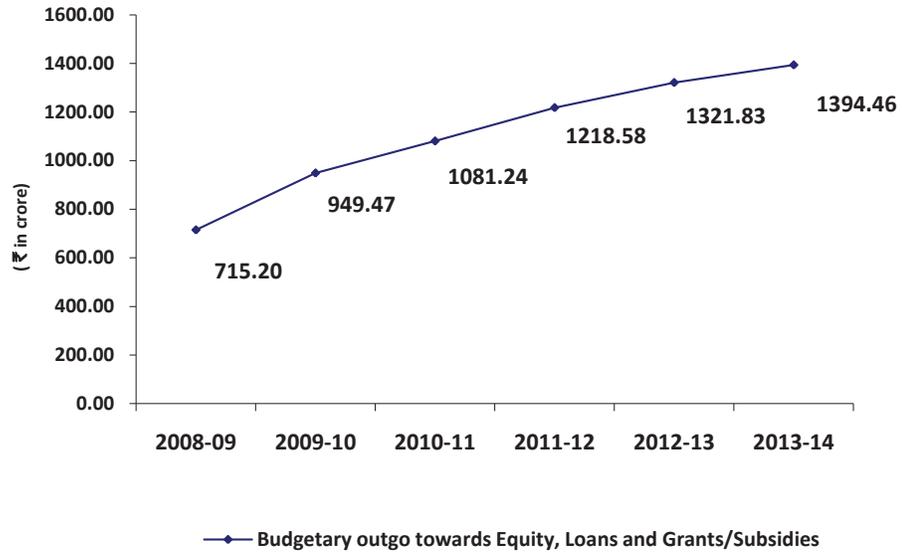
Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	1	43.00	3	61.72	2	58.00
2.	Loans given from budget	1	163.23	--	--	--	--
3.	Grants/Subsidy received	11	1,012.35	11	1,260.11	9	1,336.46
4.	Total outgo (1+2+3)	13	1,218.58	13	1,321.83	10 ³	1,394.46

³ One PSU (Sl. No. B-2 of **Annexure 2**) received equity and grants/ subsidies from the State Government.

5.	Loans converted into equity	--	--	--	--	--	--
6.	Loans written off	2	1.80	2	2.28	2	2.28
7.	Interest/Penal interest written off	--	--	--	--	--	--
8.	Total waiver (6+7)	2	1.80	2	2.28	2	2.28
9.	Guarantees issued	1	290.00	--	--	1	463.50
10.	Guarantee commitment	4	2,373.41	2	2,274.15	1	2,001.37

(Source: Information submitted by PSUs)

1.10 Details regarding budgetary outgo towards equity, loans and grants/subsidies for the past six years are given in a graph below:



(Source: Information submitted by PSUs)

It may be noticed that year-wise budgetary outgo of the State towards equity, loans and grants/subsidy to State PSUs showed increasing trend from 2008-09 and touched the highest figure of ₹ 1,394.46 crore during 2013-14 mainly due to release of subsidy of ₹ 1,283.41 crore to Odisha State Civil Supplies Corporation Limited and equity contribution of ₹ 50 crore to Odisha Power Transmission Corporation Limited.

1.11 As per guidelines (November 2002) of Government of Odisha, State PSUs were liable to pay Guarantee Commission (GC) at the rate of 0.5 per cent per annum on the maximum of guarantee sanctioned irrespective of amount of loan actually availed or outstanding there against. Guarantee commitment by Government at the end of 2013-14 was ₹ 2,001.37 crore against GRIDCO Limited. During 2013-14 three⁴ PSUs paid GC of ₹ 11.63 crore to State Government, while GC of ₹ 18.17 crore was outstanding in respect of three⁵ PSUs.

⁴ Sl Nos. A-2,24 and 25 of Annexure 3

⁵ Sl Nos. 12,24, and 25 of Annexure 3

Absence of accurate figure for investment in PSUs

1.12 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, PSUs concerned and the Finance Department should reconcile the differences. The position in this regard as at 31 March 2014 is stated below:

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	2,482.94	2,406.15	76.79
Loans	Not Available	3,713.80	---
Guarantees	1,626.77	2,001.37	374.60

1.13 It was observed that differences occurred in respect of 26 PSUs⁶ and some of the differences were pending reconciliation since many years. Although office of the Principal Accountant General (PAG) had time to time written to the Administrative Departments of the State PSUs concerned highlighting issue of long pending differences for early reconciliation, no significant progress was, however, noticed. The Government and the PSUs may take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

1.14 Financial results of PSUs, financial position and working results of working Statutory Corporations are detailed in **Annexures 3, 4 and 5** respectively. A ratio of working State PSUs turnover to GSDP shows extent of PSUs activities in State economy. Table below provides details of turnover of working PSUs and GSDP for the period 2008-14.

(₹ in crore)						
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Turnover ⁷	8,093.78	8,573.26	9,320.78	11,450.16	11,294.70	15,949.82
Percentage of increase in turnover to previous year	11.52	5.92	8.72	22.85	-1.36	41.22
GSDP	1,22,165	1,50,946.38	1,86,356	2,26,236.14	2,58,744.09	2,88,414.31
Percentage of increase in GSDP to previous year	14.75	23.56	23.46	21.40	14.37	11.47
Percentage of turnover to GSDP	6.63	5.68	5.00	5.06	4.37	5.53

(Source: Annual Accounts of PSUs and data from Government)

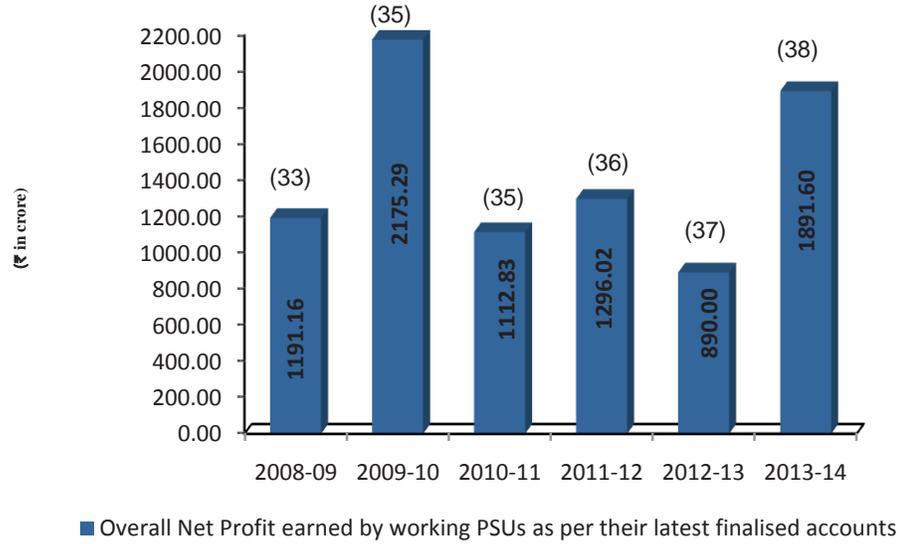
Turnover of PSUs did not increase in proportion to corresponding increase in GSDP except in 2011-12 and 2013-14. Turnover in 2013-14 increased by 41.22 per cent due to substantial increase in turnover of four⁸ PSUs.

⁶ Including 8 non-working PSUs

⁷ Turnover of working State PSUs as per the latest finalised accounts as of 30 September 2014

⁸ SI Nos. A-21,22,24 and 33 of **Annexure 3**

1.15 Profit earned by working State PSUs during 2008-14 is given below.



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

From above it can be seen that working PSUs earned overall profit in all the years which ranged between ₹ 890 crore and ₹ 2,175.29 crore during 2009-14. Out of 38 working PSUs, 27 PSUs earned profit of ₹ 1,945.53 crore and seven PSUs incurred loss of ₹ 53.93 crore as per their latest accounts finalised during October 2013 to September 2014. One working PSU i.e., Odisha State Civil Supplies Corporation Limited prepared its accounts on 'no profit no loss' basis while three⁹ Companies have not yet started their operation/commercial production. Major contributors to profit were The Odisha Mining Corporation Limited (₹ 1,449.95 crore), Odisha Power Generation Corporation Limited (₹ 183.82 crore), Odisha State Beverages Corporation Limited (₹ 97.81 crore) and GRIDCO Limited (₹ 41.93 crore). Heavy losses were incurred by Orissa Rural Housing and Development Corporation Limited (₹ 31.71 crore) and IDCOL Ferro Chrome and Alloys Limited (₹ 12.85 crore).

1.16 Losses of PSUs were mainly attributable to deficiencies in financial management, planning, implementation of projects, running their operations and monitoring. A review of latest three years' Audit Reports of the CAG showed that working State PSUs incurred losses to the tune of ₹ 13,185.05 crore and made infructuous investment of ₹ 17.37 crore. Year-wise details from Audit Reports are stated in the following table:

(Amount: ₹ in crore)

Particulars	2011-12	2012-13	2013-14	Total
Net Profit	1,296.02	890.00	1,891.60	4,077.62
Controllable losses as per the CAG's Audit Report	4,492.46	7,071.64	1,620.95	13,185.05
Infructuous investment	2.44	12.60	2.33	17.37

⁹ Sl. Nos.A-20,29 and 32 of Annexure 3

1.17 Some other key parameters pertaining to State PSUs are given below:

(Amount: ₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Return on Capital Employed (<i>per cent</i>)	15.14	20.21	9.78	15.80	13.62	14.44
Debt	5,573.22	5,549.32	7,588.39	7,469.11	7,703.16	7,503.98
Turnover ¹⁰	8,093.78	8,573.26	9,320.78	11,450.16	11,294.70	15,949.82
Debt/Turnover ratio	0.69:1	0.65:1	0.81:1	0.65:1	0.68:1	0.47:1
Interest payment	402.59	358.19	361.09	970.85	976.32	1,160.85
Accumulated profit/(loss)	1,269.44	2,135.60	2,339.35	2,254.85	1,561.36	2,763.57

(Source: Information submitted by PSUs)

1.18 Above parameters showed mixed trend in financial position of the PSUs. Percentage of return on capital employed ranged between 9.78 (2010-11) and 20.21 (2009-10). Return on capital employed increased to 14.44 *per cent* in 2013-14 as against 13.62 *per cent* in 2012-13 mainly due to earning profit of ₹ 41.93 crore by GRIDCO Limited during 2012-13 as against loss of ₹ 936.81 crore in 2011-12. Debt turnover ratio decreased from 0.68:1 in 2012-13 to 0.47:1 in 2013-14 due to increase in turnover and decrease in debt as compared to previous year. As against accumulated profit of ₹ 1,269.44 crore in 2008-09, PSUs registered an accumulated profit of ₹ 2,763.57 crore in 2013-14 which indicates the improved performance of the PSUs.

1.19 State Government formulated (December 2011) a dividend policy under which all profit making PSUs are required to pay a minimum dividend of 20 *per cent* on equity or a minimum of 20 *per cent* of post tax profit whichever is higher and in case of mining and power sector PSUs, minimum dividend should be 30 *per cent* of post tax profit. As per their latest finalised accounts, 27¹¹ PSUs earned an aggregate post tax profit of ₹ 1,214.86 crore of which 7¹² PSUs declared/paid dividend of ₹ 521.57 crore.

Arrears in finalisation of accounts

1.20 Annual accounts of Companies for every financial year are required to be finalised within six months from 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 to be finalised, audited and presented to Legislature as per provisions of their respective Acts. Following table provides details of progress made by working PSUs in finalisation of accounts by September 2014.

¹⁰ Turnover of working PSUs as per the latest finalised accounts as of 30 September of respective years

¹¹ Sl. Nos. A-1,2,3,4,5,6,7,8,9,11,12,13,14,15,18,21,22,23,24,25,26,27,31 & 34 and B-1,2 & 3 of **Annexure 3**

¹² Sl. Nos. A- 1,4,6,21,25,26 and B-3 of **Annexure 3**

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Number of working PSUs	35	35	36	37	38
2.	Number of accounts finalised during the year	46	39	30	35	38
3.	Number of accounts in arrears	43	39	45	47	47
4.	Average arrears per PSU (3/1)	1.23	1.11	1.25	1.27	1.24
5.	Number of working PSUs with arrears in accounts	27	25	29	30	27
6.	Extent of arrears	1 to 5 years	1 to 5 years	1 to 4 years	1 to 5 years	1 to 6 years

1.21 From the table, it may be seen that there was no considerable improvement in clearance of arrears as average arrear per PSU stood at 1.24 during 2013-14. Large number of 47 accounts relating to 27 working PSUs were in arrears as on 30 September 2014. Thus, concrete steps should be taken by the PSUs for preparation of accounts as per statutory requirements with special focus on clearance of arrears in a time bound manner. Government, however, was pursued for finalisation of arrear accounts in a time bound manner.

1.22 In addition to above, there were also arrears in finalisation of accounts by non-working PSUs. Out of 28 non-working PSUs, 17¹³ had gone into liquidation process. Remaining 11 non-working PSUs had arrears of accounts for 13 to 43 years.

1.23 As on September 2014, State Government has invested ₹ 3,592.39 crore (Equity: ₹ 66.00 crore and grants/subsidy: ₹ 3,526.39 crore) in 7 PSUs during the years for which accounts have not been finalised (**Annexure 6**).

1.24 Administrative Departments overseeing the activities of these entities have also to ensure that accounts are finalised and adopted by PSUs within the prescribed period. The Accountant General highlighted (May 2013 and August 2013) the position of accounts to the Chief Secretary of Government of Odisha emphasising the need to expedite the clearance of backlog of accounts in a time bound manner. No significant progress was, however, noticed in this direction. As a result of this actual net worth of these PSUs could not be assessed.

1.25 It is, therefore, recommended that Government should monitor and ensure timely finalisation of accounts with special focus on arrears and comply with provisions of the Companies Act, 1956.

¹³ Sl. Nos.C-1,3,4,5,6,7,9,10,12,14,15,18,19,20,24,25 and 26 of **Annexure 3**

Winding up of non-working PSUs

1.26 There were 28 non-working PSUs (all Companies) as on 31 March 2014. Of these, 17 PSUs were under liquidation process. Number of non-working Companies at the end of each year during the past five years is given below:

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Number of non-working Companies	33	30	28	28	28

Non-working PSUs are required to be closed down as their continuance is a cost to exchequer with no purpose. During 2013-14 one¹⁴ non-working PSU incurred an expenditure of ₹ 0.04 crore towards establishment expenditure, salary etc. Such expenditure was financed by State Government by way of grants.

1.27 Details of closure stages in respect of non-working PSUs are given below:

Sl. No.	Particulars	Number of Company
1.	Total number of non-working PSUs	28
2.	Of (1) above, the number under	
(a)	Liquidation by Court	10 ¹⁵
(b)	Voluntary winding up	7 ¹⁶
(c)	Closure i.e., closing orders/instructions issued but liquidation process not yet started	11

1.28 Companies which have taken the route of winding up by Court orders are under liquidation for a period ranging from 7 to 22 years. Process of voluntary winding up under the Companies Act is faster and needs to be adopted/ pursued vigorously. Government may take an early decision regarding winding up of 11 non-working PSUs and expedite the liquidation process.

Accounts comments and Internal Audit

1.29 Thirty one working Companies forwarded 35 audited accounts to the PAG during October 2013 to September 2014. The audit reports of Statutory Auditors appointed by the CAG and the supplementary audit of the CAG indicate that quality of maintenance of accounts needs to be improved. Details of aggregate money value of comments of Statutory Auditors and the CAG for last three years are as follows:

¹⁴ Sl. Nos. C-1 of Annexure 6

¹⁵ Sl. Nos. C-3,5,6,7,9,18,19,20,25 and 26 of Annexure 3

¹⁶ Sl. Nos. C-1,4,10,12,14,15 and 24 of Annexure 3

(Amount: ₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	6	616.09	12	687.10	14	1,493.65
2.	Increase in loss	6	969.20	4	46.66	5	92.57
3.	Non-disclosure of material facts	11	515.03	15	4,734.18	13	2,305.58
4.	Errors of classification	4	6.75	2	0.06	Nil	Nil

1.30 During 2013-14, Statutory Auditors had given qualified certificates for all 35 accounts. Compliance of the Accounting Standards (AS) by Companies remained poor as there were 61 instances of non-compliance with AS in 24 accounts during the year.

1.31 Some of the important comments are stated below:

Odisha Power Transmission Corporation Limited (2012-13)

- Write back of interest liability on State Government Bond in absence of specific instruction from the Government towards waiver of interest resulted in overstatement of Reserve & Surplus and understatement of Other Long Term Liabilities (interest accrued and due on borrowings-bonds of Government of Odisha) by ₹ 130 crore.

The Odisha Mining Corporation Limited (2013-14)

- Valuation of closing stock of 5,52,031 MT iron ore at Daitari Mines, Baliparbat Stockyard at ₹ 212 per MT instead of ₹ 429.76 per MT resulted in understatement of Current Assets (Inventory) and Profit for the year by ₹ 12.02 crore each.
- Non-provision of amount payable towards Site Specific Wildlife Conservation Plan demanded by Forest Authorities during 2010-11 to 2012-13 in respect of four mines resulted in understatement of Other Current Liabilities and overstatement of Profit for the year by ₹ 9.31 crore each.

Odisha Hydro Power Corporation Limited (2013-14)

- Non-accounting of interest of ₹ 100.37 crore for the period 2011-14 on the outstanding energy bills receivable resulted in understatement of Current Assets (Trade Receivables), Other Income and Profit for the year by ₹ 100.37 crore each.

Agricultural Promotion and Investment Corporation of Odisha Limited (2011-12)

- The authenticity and accuracy of Fixed Deposits of ₹ 81.41 crore with Banks and accrued interest of ₹ 3.73 crore thereon could not be verified in absence of Fixed Deposit Certificates and bank confirmations.

Odisha Lift Irrigation Corporation Limited (2011-12)

- Accounting of interest earned and accrued on short term deposits made out of Grant-in-aid received from Government of Odisha under various schemes for execution of LI projects as own income resulted in understatement of Long Term Liabilities (Credit for Government Grant Unspent) and overstatement of Other Income (Interest) and Profit for the year by ₹ 24.83 crore each.

1.32 Similarly, three working Statutory Corporations forwarded three accounts to the PAG during October 2013 to September 2014. Of these, account of Odisha State Road Transport Corporation pertains to sole audit by CAG and supplementary audit conducted for other two accounts. Details of aggregate money value of comments of Statutory Auditors and the CAG for the last three years are given below:

(Amount: ₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	4	17.99	3	16.59	2	12.46
2.	Non-disclosure of material facts	1	0.35	3	42.90	2	25.25

During the year, all three accounts received were given qualified certificates. Compliance of Accounting Standards (AS) by Statutory Corporations remained poor as there were four instances of non-compliance with AS in two accounts during the year.

1.33 Some of the important comments in respect of accounts of Statutory Corporations are stated below:

Odisha State Warehousing Corporation (2012-13)

- Non-provision of depreciation on godowns & warehouses at the rate of 3.34 *per cent* as prescribed for factory building instead of the rate applicable for building at 1.63 *per cent* resulted in overstatement of accumulated depreciation by ₹ 7.51 crore (including current year depreciation by ₹ 1.01 crore) and understatement of Fixed Assets and Accumulated Profits by ₹ 7.51 crore (including current year profit by ₹ 1.01 crore) each.

Odisha State Financial Corporation (2013-14)

- Non-provision of outstanding interest on Loan in lieu of Share Capital from SIDBI up to March 2008 consequent upon adoption of accrual system of accounting and the same being not considered by SIDBI for waiver even after lapse of five years resulted in overstatement of Other Assets and Profits for the year by ₹ 5.53 crore each.

Odisha State Road Transport Corporation (2011-12)

- Non accountal of lease rental for the period December 2009 to March 2012 receivable on the leased out land at Bhubaneswar, Keonjhar, Dhenkanal and Cuttack resulted in understatement of Non-operating Revenue, Other Current Assets and Net Surplus by ₹ 1.20 crore each.

1.34 Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/ internal audit systems in the Companies audited in accordance with the directions issued by the CAG under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by Statutory Auditors on possible areas for improvement in internal audit/ internal control system in respect of 27 companies¹⁷ for the year 2013-14 are given below:

Sl. No.	Nature of comments made by Statutory Auditors	Number of Companies where recommendations were made	Reference to serial number of the Companies as per Annexure 3
1.	Non-fixation of minimum/ maximum limits of store and spares	09	A-2, 5, 6, 11, 13, 19, 21, 26 and 27
2.	Absence of internal audit system commensurate with the nature and size of business of the company	19	A-2, 3, 5, 6, 7, 9, 11, 12, 13, 16, 17, 18, 19, 22, 23, 24, 31, 33 and 35
3.	Non-maintenance of cost record	5	A-2, 7, 13, 15 and 21
4.	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	20	A-1, 2, 3, 5, 9, 11, 13, 14, 15, 16, 18, 19, 21, 22, 24, 27, 28, 33, 34 and 35

Recoveries at the instance of audit

1.35 During 2013-14 Audit pointed out recovery of ₹ 68.91 crore of which though Managements accepted ₹ 5.25 crore for recovery, no recovery was effected as of 30 September 2014. Out of recoveries pointed out in earlier years, ₹ 2.41 crore was recovered during the year.

Status of placement of Separate Audit Reports

1.36 Following table shows status of placement of various Separate Audit Reports (SARs) issued by the CAG on accounts of Statutory Corporations in Legislature by the Government.

¹⁷ Sl Nos. – A-1,2,3,5,6,7,9,11,12,13,14,15,16,17,18,19,21,22,23,24,26,27,28,31,33,34 and 35 of Annexure 3

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.	Odisha State Financial Corporation	2012-13	2013-14	16 September 2014	Non-adoption of SAR in Annual General Meeting
2	Odisha State Warehousing Corporation	2011-12	2012-13	25 July 2014	Non-holding of Annual General Meeting
3.	Odisha State Road Transport Corporation	2010-11	2011-12	01 August 2014	Not furnished by Management/ Department

Delay in placement of SAR dilutes the financial accountability of Statutory Corporations. Government should ensure prompt placement of SARs of the Corporations in the Legislature.

Disinvestment, Privatisation and Restructuring of PSUs

1.37 Government of Odisha under Public Enterprise Restructuring Programme identified 35 PSUs for closure (13), privatisation (13) and restructuring (9) during 2005-07. It was noticed that at the end of March 2014, 2¹⁸ PSUs were closed, 3¹⁹ PSUs were privatised and 1²⁰ PSU adopted restructuring/reform activities. Out of the balance 29²¹ PSUs (Working: 18 and Non-working:11) action is in progress for closure of 11 PSUs, privatisation of 9 PSUs, restructuring of 8 PSUs and for the balance 1 PSU, information was not furnished by Public Enterprises Department.

Reforms in Power Sector

1.38 Under the Orissa Electricity Reform Act, 1995, Odisha Electricity Regulatory Commission (OERC) was formed in August 1996 with the objective of rationalisation of electricity tariff, for advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. During 2013-14, OERC issued 80 orders (20 on Annual Revenue Requirements and Tariff related matters and 60 on others). OERC had submitted its accounts for 2012-13 under Section 104 of the Electricity Act, 2003. Audit of the accounts of OERC had been undertaken by the CAG under Section 19 (3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 104(2) of the Electricity Act, 2003.

1.39 Memorandum of Understanding (MoU) was signed (June 2001) between Union Ministry of Power and State Government as a joint

¹⁸ Orissa Timber and Engineering Works and General Engineering and Scientific Works

¹⁹ Hirakud Industrial Works Limited, IDCOL Cement Limited and IDCOL Rolling Mills Limited.

²⁰ Odisha State Road Transport Corporation

²¹ Sl Nos.A- 2, 3, 4, 5, 6, 7,12, 13, 14, 17, 18, 19, 21 ,30, 32, 33 & 34; B- 1; and C- 7, 9, 13, 16, 18, 19, 20, 21, 22, 27 & 28 of **Annexure 3**

commitment for implementation of Reforms Programme in the power sector with identified milestones. The progress achieved so far in respect of important milestones is stated in the following table:

Sl. No.	Particulars	Milestone	Achievement as at March 2014
1.	Hundred <i>per cent</i> metering of all consumers	December 2005	94.53 <i>per cent</i> consumers metered
2.	Hundred <i>per cent</i> metering of all distribution feeders	March 2009	Metering completed upto 44.18 <i>per cent</i>
3.	Transmission and distribution losses will not exceed 34 <i>per cent</i> , which have to be brought down to 20 <i>per cent</i>	2009-10	Transmission and Distribution losses in 2013-14 were 36.51 <i>per cent</i>
4.	Hundred <i>per cent</i> electrification of all villages	March 2012	92.19 <i>per cent</i> villages were electrified

(Source: Information submitted by Department of Energy)