

**Chapter-1**  
**Overview of**  
**State Public Sector**  
**Undertakings**

## Chapter-1

### Overview of State Public Sector Undertakings

#### Introduction

**1.1** The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. In Punjab, the State PSUs occupy an important place in the State economy. The investment in the PSUs as on 31 March 2014 stood at ₹ 21,551.05 crore. Major activities of the Punjab State PSUs are concentrated in power, transport, agriculture and finance sectors.

**1.2** As on 31 March 2014, there were 52 PSUs. Of these, only one Company, Punjab Communications Limited, was listed (January 1995) on the stock exchange.

**1.3** During the year 2013-14, no new PSU was established or closed down.

#### Audit mandate

**1.4** Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. 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, 1956.

**1.5** The accounts of the State Government companies are audited by the statutory auditors, appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956, in addition 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. CAG is the sole auditor for the Punjab Scheduled Castes Land Development & Finance Corporation (PSCLD & FC) and PEPSU Road Transport Corporation (PRTC). In respect of the Punjab State Warehousing Corporation (PSWC) and Punjab Financial Corporation (PFC), the statutory audit is conducted by the Chartered Accountants and supplementary audit by CAG.

**Investment in the State PSUs**

1.7 As on 31 March 2014, investment in the 52 PSUs was ₹ 21,551.05 crore as detailed below:

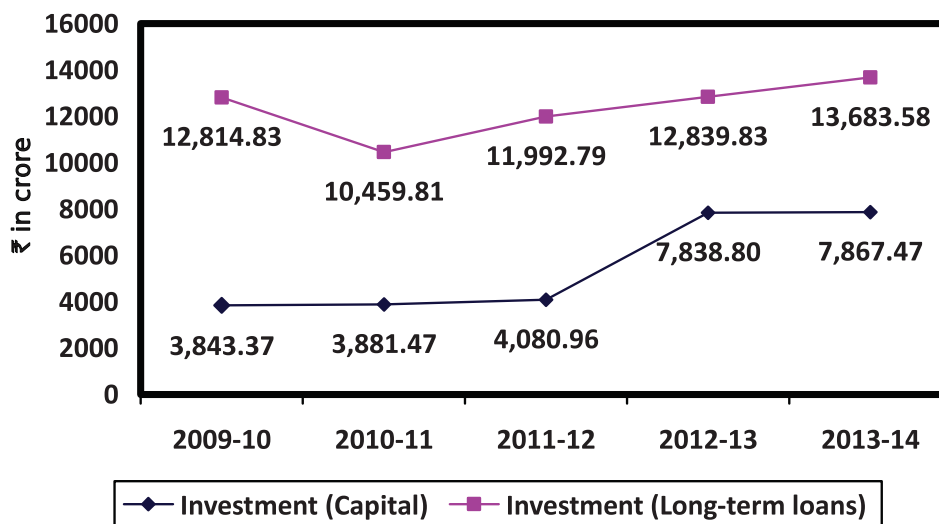
**Table 1.1**

(Amount: ₹ in crore)

PSUs		Nos.	Capital	Long term loans	Total
Working PSUs	Government companies	25	7,401.78	13,294.60	20,696.38
	Statutory corporations	4	440.74	353.83	794.57
<b>Total</b>		<b>29</b>	<b>7,842.52</b>	<b>13,648.43</b>	<b>21,490.95</b>
Non-working PSUs	Government companies	23	24.95	35.15	60.10
	Statutory corporations	-	-	-	-
<b>Total</b>		<b>23</b>	<b>24.95</b>	<b>35.15</b>	<b>60.10</b>
<b>Grand Total</b>		<b>52</b>	<b>7,867.47</b>	<b>13,683.58</b>	<b>21,551.05</b>

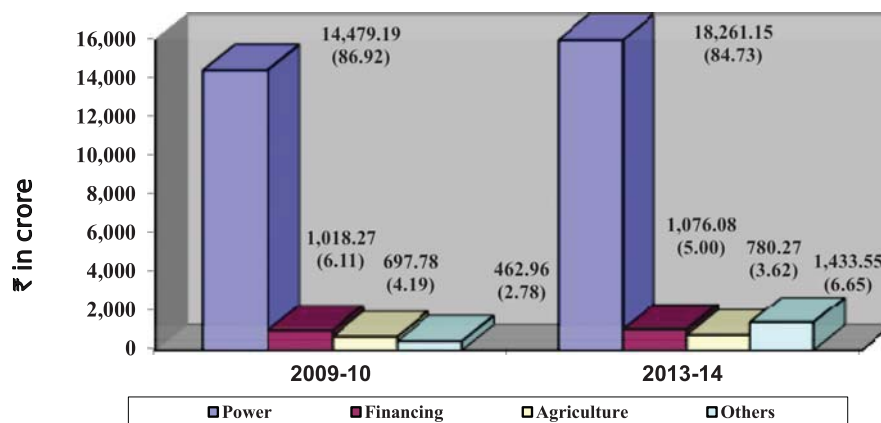
Details of Government investment in each of the State PSUs are given in *Annexure 1*.

1.8 As on 31 March 2014, 99.72 per cent of the total investment in the State PSUs was in working PSUs and the remaining 0.28 per cent in non-working PSUs. The investment consisted of 36.51 per cent as capital and 63.49 per cent as long-term loans. The capital investment has grown by 104.70 per cent from ₹ 3,843.37 crore in 2009-10 to ₹ 7,867.47 crore in 2013-14 whereas the loan investment has grown by 6.78 per cent from ₹ 12,814.83 crore in 2009-10 to ₹ 13,683.58 crore in 2013-14 as shown in the graph below:



1.9 The investment in important sectors and percentage thereof at the end of 31 March 2010 and 31 March 2014 are indicated below in the bar chart. The thrust of PSUs investment in the State was mainly in power sector. Its

percentage share in overall investments remained almost constant. It was 86.92 per cent in 2009-10 and 84.73 per cent in 2013-14.



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

**1.10** The details regarding budgetary outgo from the State Government towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of the State PSUs are given in *Annexure 3*. The summarised position is given below for three years ended 2013-14:

**Table 1.2**

(Amount: ₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital	1	1.67	2	15.91	2	22.35
2.	Loans given to the PSUs	-	-	2	38.75	1 <sup>1</sup>	15.00
3.	Grants/Subsidy to the PSUs	3	3,309.55	5	3,689.21	6	3,129.82
4.	Total Outgo (1+2+3)	4 <sup>2</sup>	3,311.22	7 <sup>2</sup>	3,743.87	8 <sup>2</sup>	3,167.17
5.	Guarantees issued	8	26,123.95	9	35,379.50	7	28,895.45
6.	Cumulative Guarantee Commitment	10	35,565.07	11	44,899.21	11	44,012.74

**1.11** The amount of guarantee commitment as on 31 March 2013 was ₹ 44,899.21 crore (11 PSUs) which decreased to ₹ 44,012.74 crore (11 PSUs) as on 31 March 2014.

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. During the year, the PSUs paid guarantee fee of ₹ 236 crore (including ₹ 199.70 crore pertaining to previous years) out of ₹ 303.39 crore payable,

<sup>1</sup> PEPSU Road Transport Corporation @ 12 per cent per annum

<sup>2</sup> Actual number of PSUs which received budgetary support

leaving a balance of ₹ 67.39 crore. The defaulters were Punjab State Power Corporation Limited (PSPCL) (₹ 40.76 crore) and Punjab State Industrial Development Corporation Limited (PSIDC) (₹ 26.63 crore).

### Reconciliation with Finance Accounts

**1.12** The figures in respect of equity, loans and guarantees outstanding as per the records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2014 is given below:

**Table 1.3**

Outstanding in respect of	Amount as per Finance Accounts (Provisional)	Amount as per records of PSUs	(₹ in crore)
			Difference
Equity	3,486.56	7,729.47	4,242.91
Loans	1,650.82	371.14	1,279.68
Guarantees	44,012.74	44,012.74	-

**1.13** 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.

### Performance of the PSUs

**1.14** The summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised are given in *Annexure 2*. Out of 29 working PSUs<sup>3</sup> for which the accounts were received upto 30 September 2014, 12 PSUs earned profit of ₹ 498.42 crore and 12 PSUs incurred loss of ₹ 758.92 crore. Three<sup>4</sup> working PSUs prepared their accounts on 'no profit no loss' basis and two<sup>5</sup> working PSUs are yet to start commercial activities. The major contributors to profit were seven PSUs viz. Punjab State Power Corporation Limited (PSPCL) (₹ 260.55 crore), Punjab State Transmission Corporation Limited (PSTCL) (₹ 158.66 crore), Punjab Financial corporation (PFC) (₹ 16.69 crore), Punjab State Forest Development Corporation Limited (₹ 16.99 crore), Punjab State Container and Warehousing Corporation Limited (₹ 13.24 crore), Punjab Small Industries and Export Corporation Limited (₹ 15.08 crore) and Punjab Genco Limited (₹ 12.07 crore). Heavy losses were incurred by four PSUs viz. Punjab State Grains Procurement Corporation Limited (PUNGRAIN) (₹ 413.86 crore), Punjab State Warehousing Corporation (PSWC) (₹ 267.86 crore), Punjab State Industrial Development Corporation Limited (₹ 43.27 crore) and Pepsu Road Transport Corporation (₹ 10.97 crore).

<sup>3</sup> For the year 2009-10 (three PSUs); 2010-11 (one PSU); 2011-12 (five PSUs); 2012-13 (seventeen PSUs) and 2013-14 (three PSUs)

<sup>4</sup> Punjab Police Housing Corporation Limited, Punjab Police Security Corporation Limited and Punjab Municipal Infrastructure Development Company

<sup>5</sup> Punjab Agro Power Corporation Limited and Gidderbaha Power Corporation Limited

A review of the three years Audit Reports of the Comptroller and Auditor General shows that the state PSUs incurred controllable losses/ avoidable expenditure of ₹ 5,929.30 crore and infructuous investments of ₹ 6.27 crore which were controllable with better management.

**Table 1.4**

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	Total
Controllable losses/ avoidable expenditure as per CAG's Audit Report	737.93	3,285.09	1,906.28	5,929.30
Infructuous Investment	6.27	Nil	Nil	6.27

**1.15** The State Government had formulated (April 1999) a policy under which all PSUs are required to pay a minimum return of four *per cent* on the funds invested by the State Government. Further it has directed (July 2011) to 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, 12 PSUs earned an aggregate profit of ₹ 498.42 crore of which four PSUs declared a dividend of ₹ 3.59 crore at the rate ranging from four *per cent* to hundred *per cent*. The remaining 8 PSUs did not declare dividend despite earning profits of ₹ 453.49 crore.

#### Arrears in finalisation of accounts

**1.16** 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 the case of Statutory corporations, their accounts are to be 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 the working PSUs in finalisation of accounts by 30 September 2014:

**Table 1.5**

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Number of Working PSUs	31	31	31	31	29
2.	Number of accounts finalised during the year	33	28	29	31	26 <sup>6</sup>
3.	Number of accounts in arrears	49 <sup>7</sup>	39 <sup>8</sup>	41	41	42 <sup>9</sup>
4.	Average arrears per PSU (3/1)	1.58	1.26	1.32	1.32	1.45
5.	Number of Working PSUs with arrears in accounts	23	24	24	24	26
6.	Extent of arrears (years)	1 to 6	1 to 4	1 to 5	1 to 4	1 to 4

<sup>6</sup> It represents 22 accounts of working companies and 4 accounts of statutory corporations.

<sup>7</sup> Excluding six accounts of two companies which became non-working during the year.

<sup>8</sup> Excluding 13 accounts of three companies which became non-working during the year.

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

**1.17** The average number of accounts in arrears *per* working PSU decreased from 1.58 in 2009-10 to 1.45 in 2013-14. The PSUs having arrears of accounts need to take effective measures for early clearance of backlog and make the accounts up-to-date.

**1.18** In addition to the above, there were arrears in finalisation of the accounts of the non-working PSUs. Out of 23 non-working PSUs, seven<sup>10</sup> had gone into liquidation process. One non-working Company viz PCL Telecom Limited has been dissolved (January 2012) by the orders of Punjab and Haryana High Court. The remaining 15 non-working PSUs had arrears of accounts ranging from one to 23 years.

**1.19** The State Government had invested ₹ 3,451.22 crore (Equity ₹ 38.26 crore, loans ₹ 15 crore and grants/subsidy: ₹ 3,397.96 crore) in nine PSUs during the years for which accounts were not finalised as detailed in *Annexure 4*. In the absence of finalisation of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not. Thus, Government's investment in such PSUs remained outside the scrutiny of the State Legislature. Further, delay in finalisation of the accounts may result in risk of fraud and leakage of public money, apart from violation of the provisions of the Companies Act, 1956.

**1.20** 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 bi-annually by the Pr. Accountant General (Audit) Punjab, of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this, the net worth of these PSUs could not be assessed in audit.

**1.21** In view of the above mentioned state of arrears, it is recommended that:

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

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

**1.22** Of the 23 non working PSUs (all Companies) as on 31 March 2014, seven are under liquidation / winding up process. The number of non-working companies during the last past five years were 19 (2009-10), 22 (2010-11), 22

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<sup>10</sup> Companies at Sl. No. C-2, 8, 10, 11, 13, 14 and 23 of *Annexure 2*

(2011-12), 21 (2012-13) and 23 (2013-14). The non-working PSUs are required to be closed down as their existence is not going to serve any purpose.

**1.23** The stages of closure in respect of the non-working PSUs are as follows:

**Table 1.6**

Sl. No.	Particulars	Number
1.	Total numbers of non-working PSUs	23
2.	Of (1) above, the number under	
(a)	Voluntary winding up (liquidator appointed)	7
(b)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started.	7 <sup>11</sup>

**1.24** One non-working Company namely PCL Telecom Limited was dissolved (January 2012) by the orders of Punjab and 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 5 to 31 years.

The Government companies which are inoperative or defunct later on and desirous of getting their names struck off from the Register of Companies maintained by the Registrar of Companies could opt for Fast Track Exit mode under Section 560 of the Companies Act, 1956. The Government may take a decision regarding winding up of the remaining eight non-working PSUs which have become defunct. The Government (Directorate of Disinvestment)<sup>12</sup> may expedite the process of closing down of the non-working companies.

#### Accounts comments

**1.25** Eighteen working companies forwarded their 22 accounts to Audit during the year 2013-14. Of these, 16 accounts of 13 Companies were selected for supplementary audit. Similarly, four working Statutory corporations forwarded their four accounts to Audit during the year 2013-14<sup>13</sup>. Of these, two accounts of statutory corporations (PSCLD&FC and PRTC) pertained to sole audit by CAG. The audit reports of statutory auditors appointed by CAG and the supplementary/ sole 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 the statutory auditors and CAG are given below:

<sup>11</sup> Companies at Sl. No. C- 1, 6, 12, 15, 16, 17 & 18 of *Annexure 2*.

<sup>12</sup> A cell established for disinvestment of State Government equity in State PSUs/ Subsidiaries and for restructuring/privatisation, etc. of these PSUs.

<sup>13</sup> October 2013 to 30 June 2014



**Table 1.7**

(Amount: ₹ in crore)

Sl. No.	Effect of audit comment	Companies				Corporations			
		2012-13		2013-14		2012-13		2013-14	
		No. of instances	Amount	No. of instances	Amount	No. of instances	Amount	No. of instances	Amount
1.	Decrease in Profit	3	1,498.83	3	450.45	1	0.47	-	-
2.	Increase in Loss	5	1,204.08	5	17,082.61	4	173.81	2	185.92
3.	Decrease in Loss	-	-	-	-	-	-	-	-
4.	Non disclosure of material facts	6	16,950.10	9	14,816.61	5	16.72	6	17.05
5.	Errors of classification	7	1,693.07	8	211.49	3	235.11	1	1.55
	<b>Total</b>		<b>21,346.08</b>		<b>32,561.16</b>		<b>426.11</b>		<b>204.52</b>

**1.26** During the year, the statutory auditors had given unqualified certificates for seven accounts, qualified certificates for 14 accounts, adverse certificates (which mean that accounts do not reflect a true and fair position) for one account. Qualifications by Statutory auditors had the effect of increasing the loss of PWRMDCL<sup>14</sup> and PAFCL<sup>15</sup> by ₹ 16.10 crore and ₹ 706.21 crore respectively. During the year, two accounts of Statutory corporations (PFC and PSWC) received qualified certificates.

**1.27** Some of the important comments in respect of the accounts of companies and Statutory corporations finalised during the year 2013-14 are tabulated below:

**Table 1.8**

Name of the Company	Year of account	Gist of the comment
Punjab Genco Limited	2012-13	Non provision of confirmed income tax liability of ₹3.16 crore resulted in understatement of extraordinary items, overstatement of profit before tax and Reserves and Surplus.
PWRMDCL	2011-12	Capital work in progress included expenditure of ₹ 58.92 crore which resulted in overstatement of Capital Work in Progress and understatement of Tangible Assets by ₹ 55.98 crore each and loss for the year by ₹ 2.94 crore (on account of depreciation).
PAFCL	2011-12	Claims receivables incorrectly included ₹ 25.81 crore shown recoverable from Food Corporation of India (FCI) which resulted in overstatement of claims recoverable and Reserves and Surplus by ₹ 25.81 crore.
PUNGRAIN	2011-12	<ul style="list-style-type: none"> <li>• Closing stock of article included gunny bales valuing ₹ 21.71 crore wrongly taken excess by the Company which resulted in overstatement of Inventories by ₹ 21.71 crore and understatement of loss for the year to the same extent.</li> <li>• The closing stock of grains included element of carry over charges of ₹ 15.15 crore in the closing stock of wheat not in dispatchable condition. This resulted in overstatement of</li> </ul>

<sup>14</sup> Punjab Water Resources Management and Development Corporation Limited

<sup>15</sup> Punjab Agro Foodgrains Corporation Limited

		Inventories and understatement of Reserves and Surplus by like amount. <ul style="list-style-type: none"> <li>The closing stock of grains did not include cost of transportation charges amounting to ₹ 17.94 crore resulting in understatement of Inventories and overstatement of Reserves and Surplus by like amount.</li> </ul>
<b>Name of Statutory corporation</b>	<b>Year of account</b>	<b>Gist of the comment</b>
PSWC	2012-13	<ul style="list-style-type: none"> <li>overstatement of Current Assets and understatement of loss by ₹ 20.56 crore due to inclusion of difference of guarantee fee paid to the State Government and that being reimbursed by Government of India for which claim was not raised.</li> <li>Overstatement of Current Assets and understatement of loss by ₹ 15 crore due to treating the adhoc payment of ID cess as 'Advance to Punjab Infrastructure Development Board' pertaining to the period September 2008 to March 2012 on account of increase in rate of ID cess from 2 to 3 <i>per cent.</i></li> </ul>
PSCLD & FC	2011-12	Non provision of 2nd and 3rd instalment of pay arrears of 5th Pay Commission report for the period 1-1-2006 to 31-7-2009 resulted in understatement of Current Liabilities and loss for the year by ₹1.51 crore.

**1.28** The statutory auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. The major comments made by the statutory auditors on possible improvement in the internal audit/ internal control system in respect of sixteen<sup>16</sup> companies the accounts of which were received during the year 2013-14 are given in the following table.

**Table 1.9**

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies in respect of which 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.	5	A-2, A-7, A-8, A-15 and A-17
2.	Absence of internal audit system commensurate with the nature and size of business of the company.	6	A-6, A-7, A-8, A-16, A-19 and A-25
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.	9	A-1, A-6, A-7, A-8, A-12, A-16, A17, A20 and A-24
4.	Non existence of system of proper documentation of software programme / no approved IT plan.	12	A-1, A-2, A-6, A-7, A-8, A-11, A-12, A-15, A-16, A-17, A-20 and A-25.

<sup>16</sup> Companies at Sl. No. A-1, 2, 3, 6, 7, 8, 11, 12, 13, 15, 16, 17,19, 20, 24 and 25 in *Annexure 2*

5.	Non computerisation of operations	9	A-6, A-7, A-8, A-11, A-15, A-17, A-20, A-24 and A-25
6.	Non existence of Audit committee.	8	A-2, A-6, A-7, A-8, A-11, A-12, A-20 and A-25
7.	No clear cut credit policy	9	A-6, A-7, A-8, A-12, A-13, A-15, A-16, A-17 and A-25

### Recoveries at the instance of Audit

**1.29** During the course of audit in 2013-14, recoveries of ₹ 13.44 crore were pointed out to the Management of 7 PSUs out of which recoveries of ₹ 13.38 crore were admitted by PSUs. Against this, an amount of ₹ 2.08 crore was recovered during the year 2013-14.

### Status of placement of Separate Audit Reports

**1.30** 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 1.10**

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
1.	Punjab Financial Corporation	2011-12	2012-13	03 February 2014
2.	Punjab Scheduled Castes Land Development & Finance Corporation	2009-10	2010-11	07 June 2013
			2011-12	23 May 2014
3.	PEPSU Road Transport Corporation	2011-12	-	-
4	Punjab State Warehousing Corporation	2011-12	2012-13	03 February 2014

No reasons were advanced by the Government for delay in placement of SARs in the Legislative Assembly. Delay in placement of SARs weakens the legislative control over the Statutory corporations and dilutes the latter's financial accountability. The Government needs to ensure prompt placement of SARs in the legislature.

### Disinvestment, privatisation and restructuring of PSUs

**1.31** 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 2013-14, the disinvestment in the three PSUs viz. PSIDC's shareholding in Punjab Alkalies and Chemicals Limited, Punjab Agro Juices Limited and Punjab Information & Communication Technology Corporation Limited's shareholding in Punjab Communications Limited was under the consideration of the Government but no final decision was taken.

## General

### 1.32 Follow-up Action on Audit Reports

**1.32.1** The Audit Reports of the Comptroller and Auditor General of India represent the culmination of the process of scrutiny, starting with initial inspection of accounts and records maintained in various offices and departments of the Government. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The State Finance Department issued instructions (August 1992) to all the administrative departments to submit detailed notes, duly vetted by Audit indicating the corrective/remedial action taken or proposed to be taken on paragraphs and reviews included in the Audit Reports, within three months of their presentation to the Legislature, without waiting for any notice or call from the Committee on Public Undertakings (COPU).

The Audit Reports for the years 2002-03 to 2012-13 featuring 234 paragraphs/reviews relating to PSUs under the administrative control of 11 departments were placed in the State Legislature on the dates indicated in the following table. Replies in respect of 61 paras/reviews were awaited from seven departments of the State Government as of 30 September 2014.

**Table 1.11**

Year of the Audit Report (PSUs)	Date of Presentation	Total no. of paragraphs/ reviews in the Audit Report	Number of paragraphs/ reviews for which detailed notes were not received.
2002-03	June 2004	23	1
2003-04	March 2005	22	3
2004-05	March 2006	23	3
2005-06	March 2007	28	2
2006-07	March 2008	25	5
2007-08	March 2009	24	9
2008-09	March 2010	22	8
2009-10	March 2011	18	4
2010-11	March 2012	15	11
2011-12	March 2013	19	15
2012-13	July 2014	15	Not yet due
<b>Total</b>		<b>234</b>	<b>61</b>

The departments largely responsible for non-submission of detailed notes were Power, Finance, Agriculture, Food and Supplies, Industries and Transport.

#### *Action Taken Notes on Reports of Committee on Public Undertaking (COPU)*

**1.32.2** As per Rule 25 of the Internal Working Rules of COPU, Punjab Legislative Assembly, replies to the recommendations in the form of Action

Taken Notes (ATNs) are to be submitted by the administrative department of the PSU within six months from the date of placement of Report of COPU in the State Legislature. The following table indicates the delay in furnishing replies to paragraphs which have appeared in the report of COPU in the form of ATNs as on 30 September 2014.

**Table 1.12**

<b>Report no. of COPU</b>	<b>Date of presentation to the Legislature</b>	<b>No. of paragraphs for which ATN is awaited</b>
84 <sup>th</sup>	24 March 2008	2
89 <sup>th</sup>	6 March 2009	4
95 <sup>th</sup>	18 March 2011	5
98 <sup>th</sup>	25 March 2011	3
99 <sup>th</sup>	21 March 2013	6
102 <sup>nd</sup>	21 March 2013	8
104 <sup>th</sup>	6 March 2014	8
105 <sup>th</sup>	7 March 2014	10

***Response to Inspection Reports, Draft Paras and Reviews***

**1.32.3** Audit observations noticed during audit are communicated to the heads of PSUs and concerned departments of the State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through respective heads of departments within a period of four weeks. Inspection Reports issued up to March 2014 showed that 2,932 paragraphs relating to 956 Inspection Reports pertaining to 41 PSUs were outstanding at the end of 30 September 2014.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Principal Secretary/ Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. 20 draft paragraphs and two performance audit reports were forwarded to the various State Government departments during April 2014 to September 2014. Of these 19 draft paragraphs and one performance audit report had not been replied so far (September 2014).

It is recommended that the Government should ensure that: (a) procedure exists for action against the officials who fail to send replies to inspection reports/draft paragraphs/reviews as per the prescribed time schedule; (b) action to recover loss/outstanding advances/overpayment is taken within prescribed period and (c) the system of responding to audit observations is revamped.

**1.33 Coverage of this Report**

This Report contains 17 paragraphs and two performance audits i.e. "Working of Punjab State Warehousing Corporation" and "Micro Hydel Projects in Punjab" involving financial effect of ₹ 1,906.28 crore.