

# Chapter - I

## CHAPTER - I

### 1. 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 a commercial nature while keeping in view the public welfare of people and occupy an important place in the State economy. As on 31 March 2015, in Chhattisgarh there were 21 PSUs, including 20 companies<sup>1</sup> and one Statutory corporation<sup>2</sup> (all working). None of these PSUs was listed in any of the stock exchanges. During the year 2014-15, one PSU i.e. Chhattisgarh Road Development Corporation Limited (CRDCL) was established and no PSU/ Statutory corporation was closed down. The details of the State PSUs in Chhattisgarh as on 31 March 2015 are given in *Table - 1.1*.

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

Type of PSUs	Working PSUs	Non-working PSUs <sup>3</sup>	Total
Government companies <sup>4</sup>	20	-	20
Statutory corporation	1	-	1
<b>Total</b>	<b>21</b>	<b>-</b>	<b>21</b>

The working PSUs registered a turnover of ₹ 15510.96 crore as per their latest finalised accounts as of 30 September 2015. This turnover was equal to 7.38 *per cent* of State Gross Domestic Product (GDP) for 2014-15. The working PSUs incurred loss of ₹ 1232.64 crore as per their latest finalised accounts as of 30 September 2015. They had employed 20239 employees as at the end of March 2015.

<sup>1</sup> (i) Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (CRBEKVNL), (ii) Chhattisgarh Rajya Van Vikas Nigam Limited (CRVVNL), (iii) Chhattisgarh Nishakt Jan Vitt AvamVikas Nigam (CNJVAVN), (iv) Chhattisgarh Infrastructure Development Corporation Limited (CIDC), (v) Chhattisgarh State Industrial Development Corporation Limited (CSIDC), (vi) Chhattisgarh Mineral Development Corporation Limited (CMDC), (vii) CMDC ICPL Coal Limited (CICL), (viii) Chhattisgarh Sondiha Coal Company Limited (CSCCL), (ix) CSPGCL AEL Parsa Collieries Limited (CAPCL), (x) Chhattisgarh State Power Distribution Company Limited (CSPDCL), (xi) Chhattisgarh State Power Generation Company Limited (CSPGCL), (xii) Chhattisgarh State Power Holding Company Limited (CSPHCL), (xiii) Chhattisgarh State Power Trading Company Limited (CSPTCL), (xiv) Chhattisgarh State Power Transmission Company Limited (CSPTCL), (xv) Chhattisgarh State Beverages Corporation Limited (CSBCL), (xvi) Chhattisgarh State Civil Supplies Corporation Limited (CSCSCL), (xvii) Chhattisgarh Medical Services Corporation Limited (CMSCL), (xviii) Chhattisgarh Police Housing Corporation Limited (CPHCL), (xix) Raipur Nagar Nigam Transport Limited (RNNTL) and (xx) Chhattisgarh Road Development Corporation Limited (CRDCL).

<sup>2</sup> Chhattisgarh State Warehousing Corporation (CSWC)

<sup>3</sup> Non-working PSUs are those which have ceased to carry on their operations.

<sup>4</sup> Government PSUs includes other Companies referred to in Section 139 (5) and 139 (7) of the Companies Act 2013.

State PSUs does not include the Chhattisgarh State Electricity Regulatory Commission (CSERC), an autonomous body, of which the Comptroller and Auditor General of India (CAG) is the sole auditor.

## Accountability framework

**1.2** The process of audit of Government companies is governed by respective provisions of Section 139 and 143 of the Companies Act, 2013 (Act). According to Section 2 (45) of the Act, “Government company” means any company in which not less than fifty one *per cent* of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary company of such a Government company.

Further, as per sub-Section 7 of Section 143 of the Act, the CAG may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if considers necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19 A of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments is subject to audit by the CAG. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 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 Act who shall submit a copy of the Audit Report to the CAG which, among other things, including financial statements of the Company under Section 143 (5) of the Act. These financial statements are subject to supplementary audit conducted by CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

Audit of Chhattisgarh State Warehousing Corporation (CSWC), a Statutory Corporation, is governed by the Warehousing Corporation Act, 1962. The audit of CSWC is conducted by Chartered Accountants and supplementary audit is done 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 corporation is to be placed before the Legislature under Section 394 of the Act or as stipulated in the respective Act. 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 Chhattisgarh

**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

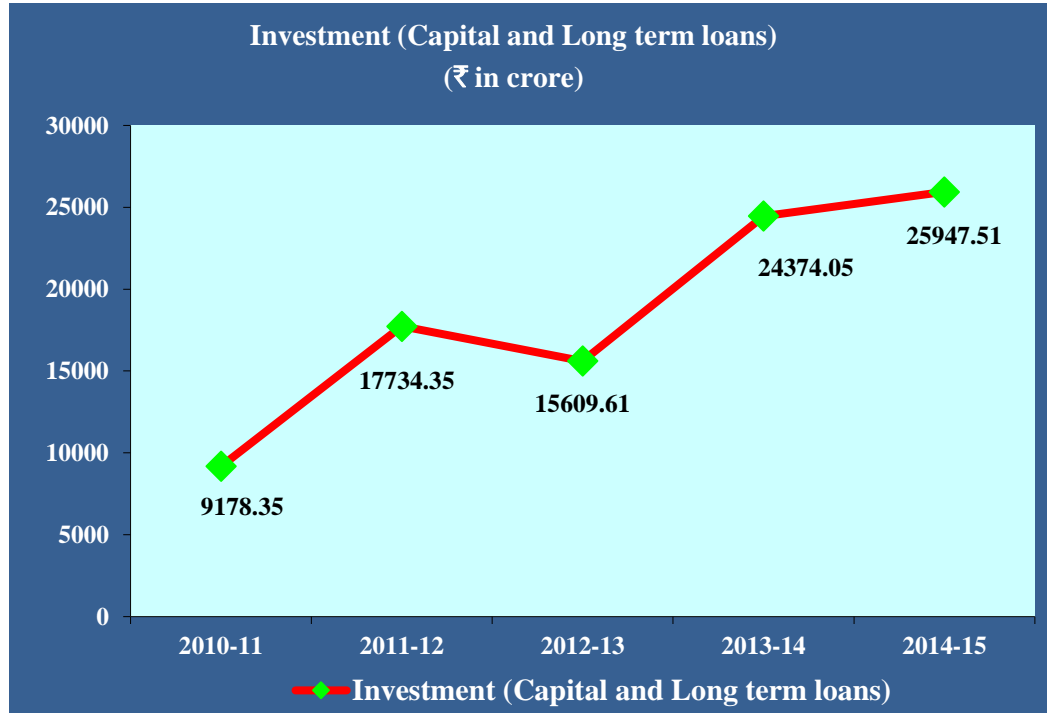
**1.6** As on 31 March 2015, the investment (capital and long-term loans) in 21 PSUs was ₹ 25947.51 crore as detailed in *Table - 1.2*.

**Table - 1.2: Total investment in PSUs**

Government companies			Statutory corporation			(₹ in crore)
Capital	Long term loans	Total	Capital	Long term loans	Total	Grand Total
12341.36	13519.78	25861.14	4.04	82.33	86.37	25947.51

As on 31 March 2015 of the total investment in State PSUs, 47.58 per cent was towards Capital and 52.42 per cent towards Long-term loans. The investment has grown by 182.70 per cent from ₹ 9178.35 crore in 2010-11 to ₹ 25947.51 crore in 2014-15 as shown in *Chart - 1.1*.

**Chart - 1.1**



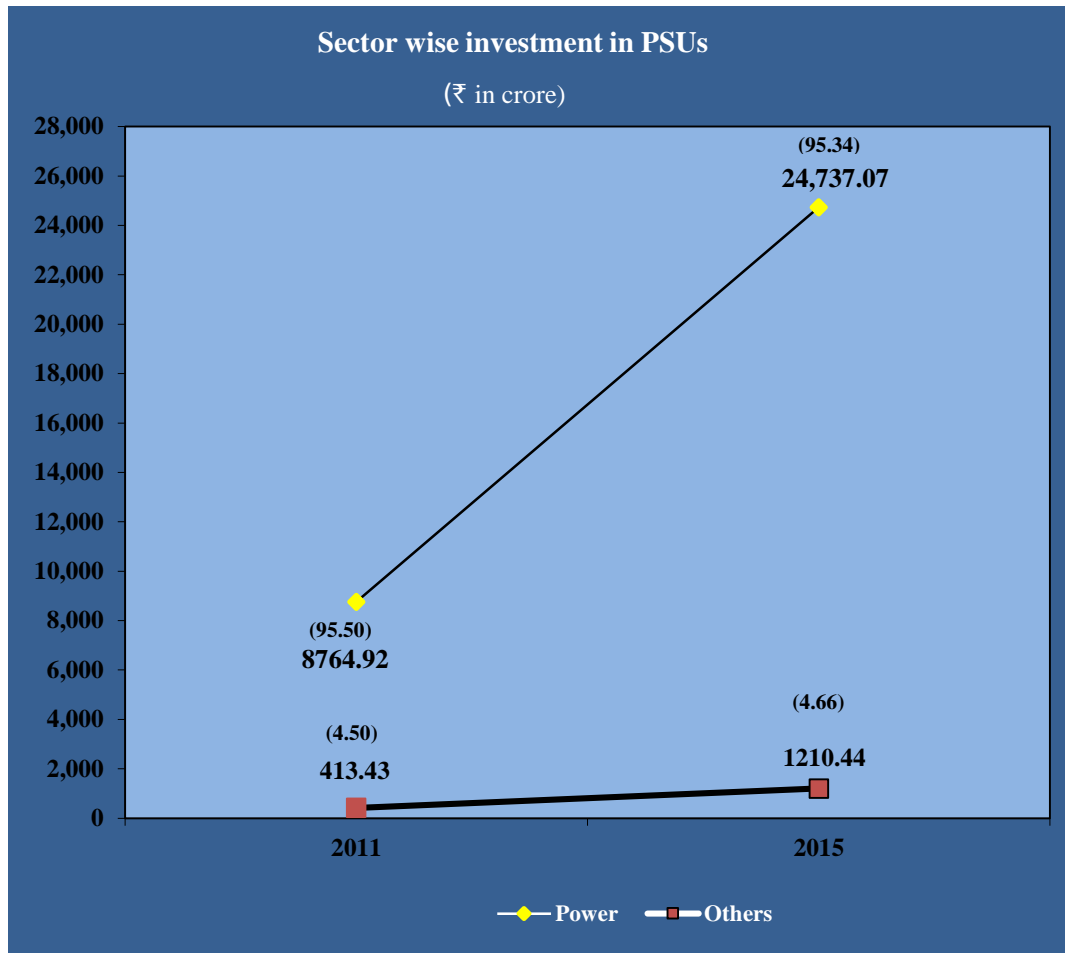
**1.7** The sector wise summary of investments in the State PSUs as on 31 March 2015 is given in **Table - 1.3**.

**Table - 1.3: Sector-wise investment in PSUs**

Name of Sector	Government companies	Statutory corporation	Total	Investment (₹ in crore)
Agriculture and allied	2	-	2	27.15
Finance	1	-	1	31.00
Infrastructure	3	-	3	33.66
Mining	4	-	4	106.76
Power	5	-	5	24737.07
Services	5	1	6	1011.87
<b>Total</b>	<b>20</b>	<b>1</b>	<b>21</b>	<b>25947.51</b>

The investment in various important sectors and the percentage thereof at the end of 31 March 2011 and 31 March 2015 are indicated in the **Chart - 1.2**. The thrust of PSU investment was mainly in power sector which increased from ₹ 8764.92 crore to ₹ 24737.07 crore during 2010-11 to 2014-15.

Chart - 1.2



(Figures in brackets show percentage of total investment)

During the past five years the investment in this sector is showing an increasing trend. It grew by 182.23 per cent (from 2010-11 to 2014-15) mainly due to the investment made by the Government in equity and loans obtained by PSUs of power sector from Power Finance Corporation Limited/Rural Electrification Corporation Limited for their new projects/ development/upgradation works.

### Special support and returns during the year

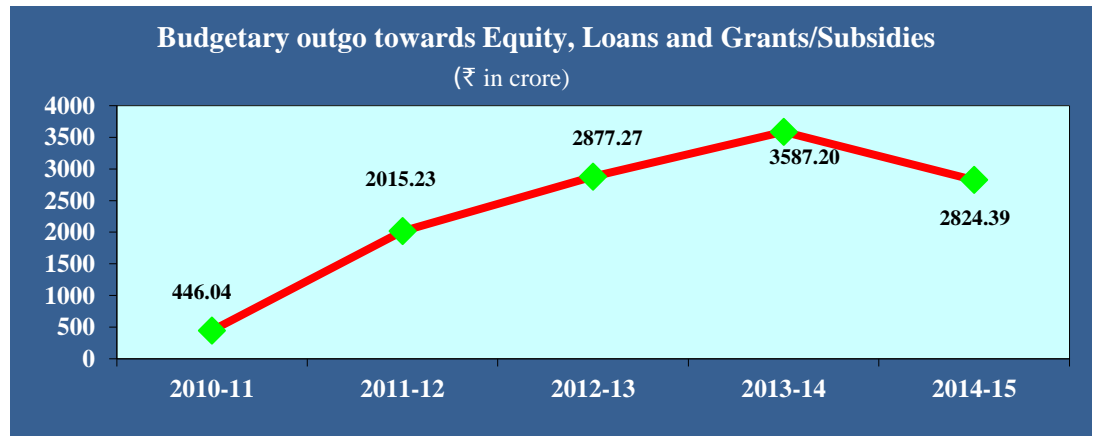
**1.8** The State Government provides financial support to PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and interest waived in respect of State PSUs for the three years ended 2014-15 are given in the *Table - 1.4*.

**Table - 1.4: Details regarding budgetary support to PSUs**

SN	Particulars	2012-13		2013-14		2014-15	
		No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)
1.	Equity Capital outgo from budget	4	903.52	2	22.45	1	4.90
2.	Loans given from budget	3	651.66	3	556.78	1	16.87
3.	Grants/ Subsidy received	6	1322.09	8	3007.97	9	2802.62
<b>4.</b>	<b>Total Outgo (1+2+3)</b>	<b>10</b>	<b>2877.27</b>	<b>11</b>	<b>3587.20</b>	<b>11</b>	<b>2824.39</b>
5.	Waiver of loans and interest	-	-	-	-	-	-
6.	Guarantees issued	1	500.00	1	500.00	2	526.00
7.	Guarantee commitment	3	736.08	3	867.70	3	744.73

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for the past five years are given in the **Chart - 1.3**.

**Chart - 1.3**



The budgetary outgo towards equity, loans and grants/subsidies drastically increased from ₹ 446.04 crore in 2010-11 to ₹ 3587.20 crore in 2013-14 and thereafter it declined to ₹ 2824.39 crore in 2014-15. The budgetary outgo of ₹ 2824.39 crore during 2014-15 included support of ₹ 2465.81 crore extended to two PSUs viz. Chhattisgarh State Civil Supplies Corporation Limited and Chhattisgarh State Power Distribution Company Limited by way of subsidy and grants of ₹ 1800.00 crore and ₹ 665.81 crore respectively.

The guarantees outstanding increased from ₹ 736.08 crore in 2012-13 to ₹ 744.73 crore in 2014-15. None of the PSUs had paid any guarantee fee/ commission to the State Government during 2014-15.

### Reconciliation with Finance Accounts

**1.9** The figures in respect of equity, loans and guarantees outstanding as per records of the 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 at 31 March 2015 is stated in the **Table - 1.5**.

**Table - 1.5: 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	1667.78	6812.79	5145.01
Loans	458.75	16.87	441.88
Guarantee	748.40	744.73	3.67

We observed that the differences occurred in respect of nine PSUs<sup>5</sup> and some differences were pending reconciliation since 2004-05. Though the differences between the amounts reflected in the Finance Accounts and as per the records of the PSUs were reported in the Audit Reports of earlier years, no corrective action was taken by the State Government. 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) of the Act. Failure to do so, may attract penal provisions under Section 99 of the Act. Similarly, in case of Statutory corporation the account is finalised, audited and presented to the Legislature as per the provisions of the respective Act.

The *Table - 1.6* provides the details of progress made by PSUs in finalisation of accounts as of 30 September 2015.

**Table - 1.6: Position relating to finalisation of accounts of working PSUs**

SN	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1.	Number of PSUs	18	20 <sup>6</sup>	19	20	21 <sup>7</sup>
2.	Number of accounts finalised during the year	15	16	24	21	24
3.	Number of accounts in arrears	38	41	36	37 <sup>8</sup>	34
4.	Number of PSUs with arrears in accounts	15	15	15	15	17
5.	Extent of arrears (years)	1 to 5	1 to 6	1 to 7	1 to 7	1 to 6

<sup>5</sup> CRVNL, CSIDC, CSPDCL, CSPGCL, CSPHCL, CSPTCL, CSCSCL, CPHCL and CSWC.

<sup>6</sup> CSEB not considered as arrears of accounts and CPHCL incorporated on 14 December 2011 is also not considered to be in arrears as their first accounts were prepared for 15 months period. However, in respect of CMSCL two accounts have been considered as arrears because the Company has prepared two accounts separately - one for the period from 7 October 2010 to 31 March 2011 and another for the period from 1 April 2011 to 31 March 2012.

<sup>7</sup> CRDCL incorporated on 11 November 2014

<sup>8</sup> Three accounts for the years 2011-12 to 2013-14 are yet to be received from RNNTL.



It can be observed that the number of accounts in arrears has decreased from 38 in 2010-11 to 34 in 2014-15.

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 stipulated period. We informed the concerned administrative departments and officials of the Government of the arrears in finalisation of accounts. In addition, the Accountant General took up the matter with the Chief Secretary twice during the current financial year (April 2015 and September 2015) for liquidating the arrears of accounts. However, no significant improvement has been noticed.

**1.11** The State Government had invested ₹ 759.67 crore in eight PSUs (Loans: ₹ 516.88 crore in three PSUs and Grants: ₹ 242.79 crore in five PSUs ) during the years for which accounts have not been finalised as detailed in *Annexure - 1.1*. 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. Further, the present net worth of these PSUs could not be assessed in the absence of finalisation of accounts. Thus Government's investment in such PSUs remained outside the control of State Legislature.

### Placement of Separate Audit Reports

**1.12** The position depicted in *Table - 1.7* below shows the status of placement of Separate Audit Reports (SAR) issued by the CAG (up to 30 September 2015) on the accounts of Chhattisgarh State Warehousing Corporation in the State Legislature.

**Table - 1.7: Status of placement of SARs in Legislature**

SN	Name of Statutory corporation	Year up to which SAR placed in Legislature	Year for which SAR not placed in Legislature	
			Year of SAR	Date of issue to the Government
1.	Chhattisgarh State Warehousing Corporation	2012-13	2013-14	13.02.2015

(Source: Data compiled from the information furnished by the corporation)

### Impact of non-finalisation of accounts

**1.13** As pointed out above (Paragraph 1.10 and 1.11), 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/corporation 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**

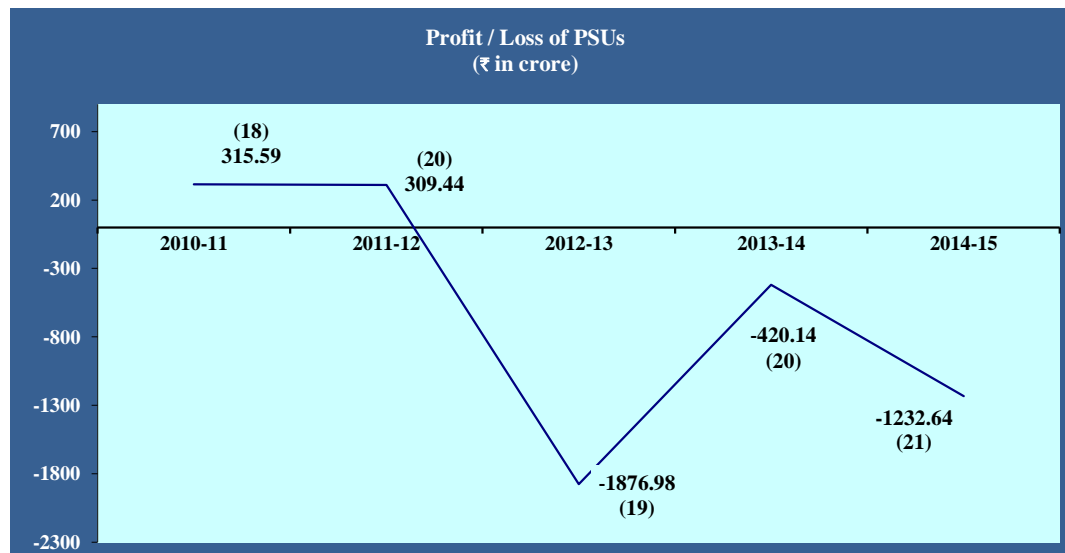
**1.14** The financial position and working results of Government companies and Statutory corporation are detailed in *Annexure - 1.2*. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. *Table - 1.8* provides the details of PSU turnover and State GDP for a 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 <sup>9</sup>	8804.03	14200.21	11776.04	13734.46	15510.96
State GDP	119419.76	144112.20	165641.20	185682.48	210191.79
Percentage of Turnover to State GDP	7.37	9.85	7.11	7.40	7.38

The percentage of PSU turnover to State GDP was almost remained constant during 2010-15 except in 2011-12.

**1.15** Overall profit/losses earned/incurred by State PSUs during 2010-11 to 2014-15 is given in the *Chart - 1.4*.

**Chart - 1.4**

(Figures in brackets shows the number of PSUs in the respective year based on latest audited accounts)

<sup>9</sup> Turnover as per the latest finalised accounts as of 30 September.

The aggregate profit of ₹ 315.59 crore earned by the State PSUs in 2010-11 turned into aggregate loss of ₹ 1876.98 crore in 2012-13 due to heavy loss (₹ 2012.27 crore) incurred by Chhattisgarh State Power Distribution Company Limited (CSPDCL). In 2014-15 there was an aggregate loss of ₹ 1232.64 crore. During the year, out of 21 working PSUs, 12 PSUs<sup>10</sup> earned total profit of ₹ 111.55 crore and six PSUs<sup>11</sup> incurred total loss of ₹ 1344.19 crore. One PSU<sup>12</sup> earned neither profit nor loss. The remaining two PSUs<sup>13</sup> did not finalise their first accounts. The major contributors to profit were Chhattisgarh State Warehousing Corporation (₹ 41.40 crore), Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (₹ 20.53 crore) and Chhattisgarh Rajya Van Vikas Nigam Limited (₹ 16.84 crore). Losses were mainly incurred by Chhattisgarh State Power Generation Company Limited (₹ 683.96 crore), Chhattisgarh State Power Distribution Company Limited (₹ 630.42 crore) and Chhattisgarh State Power Transmission Company Limited (₹ 28.38 crore).

**1.16** Some other key parameters of PSUs are given in the *Table - 1.9*.

**Table - 1.9: Key parameters of State PSUs**

Particulars	(₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Return on Capital Employed ( <i>Per cent</i> )	5.10	5.59	-	-	-
Debt	5258.06	8576.28	3156.39	12033.56	13602.11
Turnover <sup>14</sup>	8804.03	14200.21	11776.04	13734.46	15510.96
Debt/Turnover Ratio	0.60	0.60	0.27	0.88	0.88
Interest Payments	353.87	618.38	395.46	415.87	697.83
Accumulated Profit /(-)Loss	2025.21	2002.78	(-3136.26)	(-3627.12)	(-4780.58)

Return on Capital Employed during 2010-11 and 2011-12 was 5.10 *per cent* and 5.59 *per cent* respectively and in the subsequent years there was no return as the PSUs suffered losses. The accumulated profit of the State PSUs of ₹ 2025.21 crore in 2010-11 has turned into accumulated loss of ₹ 4780.58 crore in 2014-15 which was mainly due to losses incurred by Chhattisgarh State Power Distribution Company Limited and Chhattisgarh State Power Generation Company Limited. This indicated the deteriorating operational performance of PSUs. The Debt turnover ratio increased from 0.60:1 in 2010-11 to 0.88:1 in 2014-15 showing that turnover has not increased in the proportion in which debt has increased during this period.

**1.17** The State Government had not formulated any dividend policy for payment of minimum return on the paid-up share capital contributed by it. As per their latest finalised accounts, 12 PSUs earned profit aggregating ₹ 111.55 crore of which only two PSUs (Chhattisgarh Rajya Van Vikas Nigam Limited and Chhattisgarh State Warehousing Corporation) declared dividend of ₹ 2.48 crore.

<sup>10</sup> CRBEKVNL, CRVVNL, CNJVAVN, CIDC, CSIDC, CSPHCL, CSPTTr.CL, CSBCL, CSCSCL, CMSCL, CPHCL and CSWC

<sup>11</sup> CMDC, CSCCL, CAPCL, CSPDCL, CSPGCL and CSPTCL

<sup>12</sup> CICL

<sup>13</sup> RNNTL and CRDCL

<sup>14</sup> Turnover of PSUs as per their latest finalised accounts as of 30 September 2015.

## Accounts Comments

**1.18** Sixteen companies forwarded their 23 audited accounts to the Accountant General during the period from 1 October 2014 to 30 September 2015. Of these, 13 companies<sup>15</sup> 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 in *Table - 1.10*.

**Table - 1.10: Impact of audit comments on working Companies**

SN	Particulars	2012-13		2013-14		2014-15	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1.	Decrease in Profit	6	9.41	7	3.70	9	26.35
2.	Increase in Loss	4	42.66	3	216.54	4	6.09
3.	Increase in Profit	4	10.90	4	0.90	5	150.74
4.	Decrease in Loss	3	129.49	4	1448.49	1	360.86
5.	Non-disclosure of material facts	1	1.74	3	1065.51	6	527.54
6.	Error in classification	4	216.94	1	34.01	6	77.76

During the year, the Statutory Auditors had given unqualified certificates for four accounts, qualified certificates for 18 accounts and adverse certificate (which means that accounts do not reflect a true and fair position) for one account. The compliance of companies with Accounting Standards remained poor as there were 35 instances of non-compliance in 15 accounts during the year.

**1.19** Similarly, the Chhattisgarh State Warehousing Corporation forwarded its accounts for the year 2013-14 to the Accountant General during the year 2014-15. The Statutory Auditors have given qualified certificate on the accounts and the accounts of the Corporation was selected for supplementary audit. The details of aggregate money value of comments of Statutory Auditor and CAG on the Corporation is given in *Table - 1.11*.

**Table - 1.11: Impact of audit comments on Statutory Corporation**

SN	Particulars	2012-13		2013-14		2014-15	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1	Increase in profit	1	0.81	-	-	1	0.53
2	Decrease in profit	-	-	1	0.20	1	0.82

<sup>15</sup> CRBEKVNL, CRVVNL, CNJVAVN, CIDC, CSIDC, CMDC, CSCCL, CICL, CSPDCL, CSPGCL, CSPTCL, CSBCL and CSCSCL

## Response of the Government to Audit

### Performance Audits and Paragraphs

**1.20** For the Report of the Comptroller and Audit General of India for the year ended 31 March 2015, one performance audit, one long paragraph and 12 compliance audit paragraphs involving six departments were issued to the Additional Chief Secretaries/ Principal Secretaries of the respective Departments with request to furnish replies within six weeks. However, replies in respect of one performance audit and eight compliance audit paragraphs were awaited from State Government (October 2015).

## Follow up action on Audit Reports

### Replies outstanding

**1.21** The Report of the Comptroller and Auditor General (CAG) of India represents the culmination of the process of audit scrutiny. According to the Rules of procedure for the internal working of the Committee on Public Undertakings (COPU), the Administrative Departments were to initiate, *suo moto* action on all Audit Paragraphs and performance audits featuring in the Comptroller and Auditor General's Audit Report (ARs) regardless of whether these are taken up for examination by COPU or not. They were also to furnish explanatory notes, indicating the remedial action taken or proposed to be taken by them within six months of the presentation of the ARs to the State Legislature. The replies/ explanatory notes awaited as on 30 September 2015 are given in **Table - 1.12**.

**Table - 1.12: 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	26.03.2010	1	5	-	2
2013-14	26.03.2015	1	11	1	4
<b>Total</b>		<b>2</b>	<b>16</b>	<b>1</b>	<b>6</b>

From the above, it could be seen that out of 18 paragraphs/ performance audits, explanatory notes to seven paragraphs/ performance audit in respect of five departments, which were commented upon, were awaited (September 2015).

### Discussion of Audit Reports by COPU

**1.22** The status as on 30 September 2015 of performance audits and paragraphs that appeared in Audit Reports (Civil & Commercial) and Audit Reports (PSUs) and discussed by COPU is as given in **Table - 1.13**.

**Table - 1.13: Performance Audits/ Paragraphs appeared in Audit Reports vis-a-vis discussed as on 30 September 2015**

Period of Audit Report	Number of Performance Audits (PAs)/ Paragraphs					
	Appeared in Audit Report		Paras discussed		Paras pending for discussion	
	PAs	Paragraphs	PAs	Paragraphs	PAs	Paragraphs
2008-09	1	5	1	3	-	2
2010-11	1	8	1	2	-	6
2011-12	1	10	-	1	1	9
2012-13	1	9	-	3	1	6
2013-14	1	11	-	-	1	11
<b>Total</b>	<b>5</b>	<b>43</b>	<b>2</b>	<b>9</b>	<b>3</b>	<b>34</b>

**Compliance to Reports of Committee on Public Undertakings (COPU)**

**1.23** Action Taken Notes (ATN) of the Government Departments to seven paragraphs pertaining to six Reports of the COPU presented to the State Legislature between July 2008 and March 2012 have not been received (September 2015) as indicated in *Table - 1.14*.

**Table - 1.14: Compliance to COPU Reports**

Year of the COPU Report	Total number of COPU Reports	Total number of recommendations in COPU Report	Number of recommendations for which ATN not received
2008-09	1	1	1
2009-10	1	1	1
2010-11	3	4	3
2011-12	1	2	2
<b>Total</b>	<b>6</b>	<b>8</b>	<b>7</b>

These Reports of COPU contained recommendations in respect of paragraphs pertaining to three departments, which appeared in the Reports of the CAG of India for the years 2002-03 to 2004-05.

It is recommended that the Government may ensure: (a) sending of replies/explanatory notes to IRs/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.

**Coverage of this Report**

**1.24** This Report contains 12 paragraphs, one long paragraph and one Performance Audit i.e. on “Working of Chhattisgarh State Industrial Development Corporation Limited” involving financial effect of ₹ 605.79 crore.