

Chapter I

Functioning of State Public Sector Undertakings

Chapter-I

Functioning of State Public Sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. As on 31 March 2017, there were 84 State Government companies and four Statutory corporations. None of these Government companies was listed in the stock exchange. During the year 2016-17, three¹ PSUs were incorporated and two² PSUs ceased to be treated as Government companies as per clarification³ from Ministry of Corporate Affairs (MoCA). The details of the State PSUs in Maharashtra as on 31 March 2017 are given below.

Table 1.1: Total number of PSUs as on 31 March 2017

Type of PSUs	Working PSUs	Non-working PSUs ⁴	Total
Government companies ⁵	62	22	84
Statutory corporations	04	--	4
Total	66	22	88

The working PSUs registered a turnover of ₹ 86,319.25 crore as *per* their latest finalised accounts as of September 2017. This turnover was equal to 3.81 *per cent* of State Gross Domestic Product (GDP) for the year 2016-17. The working PSUs incurred aggregate loss of ₹ 17,354.54 crore as per their latest finalised accounts as of September 2017. As on March 2017, the State PSUs had employed 2.12 lakh employees.

As on 31 March 2017, there were 22 non-working PSUs having investment of ₹ 717.90 crore. This is a critical area as the investments in non-working PSUs do not contribute to the economic growth of the State.

Accountability framework

1.2 The process of audit of Government companies is governed by respective provisions of Sections 139 and 143 of the Companies Act, 2013 (Act). According to Section 2(45) of the Act 2013, a 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

¹ Maharashtra Satara Kagal Infrastructure Limited, Village Social Transformation Foundation and Maharashtra Information Technology Corporation Limited

² Pune Smart City Development Corporation Limited and Solapur City Development Corporation Limited

³ MoCA clarified (December 2016) that the equity stake of Municipality or Local Body may not be treated at par with the equity stake of a State or Central Government for the purposes of reckoning as to whether a company is a Government company within the meaning of Section 2(45) of Companies Act, 2013

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

⁵ Includes other companies referred to in Sections 139(5) and 139(7) of Companies Act, 2013

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 Comptroller and Auditor General of India may, in case of any Company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19A 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 Central Government and partly by one or more State Governments is subject to audit by the Comptroller and Auditor General of India. 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 the Comptroller and Auditor General of India as *per* the provisions of Section 139(5) or (7) of the Act, 2013. The Statutory Auditors submit a copy of the Audit Report to the Comptroller and Auditor General of India including, among other things, financial statements of the Company under Section 143(5) of the Act, 2013. These financial statements are also subject to supplementary audit to be conducted by the Comptroller and Auditor General of India within sixty days from the date of receipt of the Audit Report under the provisions of Section 143(6) of the Act, 2013.

Audit of Statutory corporations is governed by their respective legislations. Out of four Statutory corporations, the Comptroller and Auditor General of India is sole auditor for Maharashtra State Road Transport Corporation and Maharashtra Industrial Development Corporation. In respect of Maharashtra State Warehousing Corporation and Maharashtra State Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit by the Comptroller and Auditor General of India.

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 State 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 Comptroller and Auditor General of India, in respect of State Government companies and Separate Audit Reports in case of Statutory corporations are to be placed before the State

Legislature under Section 394 of the Act, 2013 or as stipulated in the respective Acts. The Audit Reports of the Comptroller and Auditor General of India are submitted to the Government under Section 19A of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971.

Investment in State PSUs

1.5 As on 31 March 2017, the total investment (capital and long term loans) in 88 PSUs was ₹ 2,29,830.42 crore as per details given below.

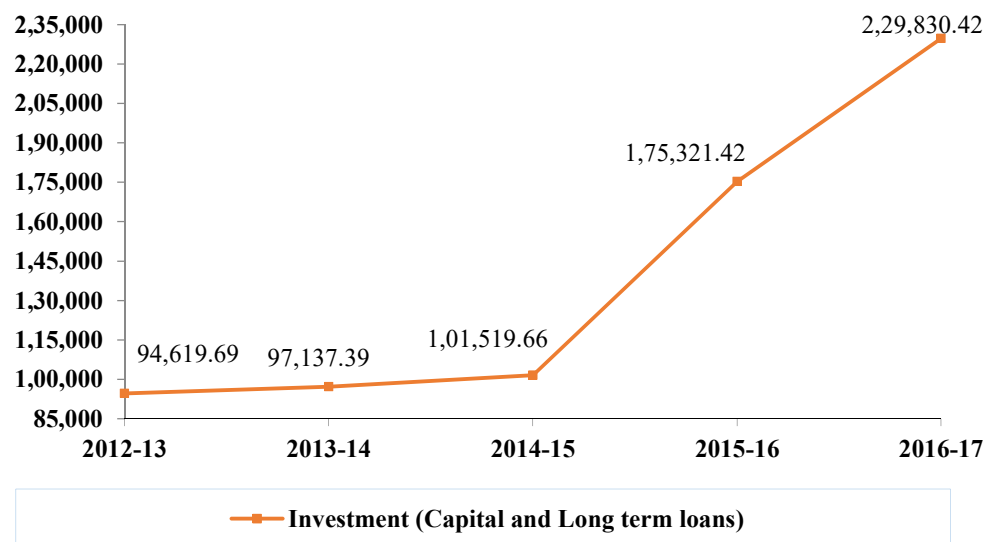
Table 1.2: Total investment in PSUs (*₹ in crore*)

Type of PSUs	Government companies			Statutory corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working	1,74,099.20	50,495.97	2,24,595.17	3,761.31	756.04	4,517.35	2,29,112.52
Non-working	318.35	399.55	717.90	--	--	--	717.90
Total	1,74,417.55	50,895.52	2,25,313.07	3,761.31	756.04	4,517.35	2,29,830.42

(Source: Data compiled from information provided by PSUs)

As on 31 March 2017, of the total investment in State PSUs, 99.69 per cent was in working PSUs and the remaining 0.31 per cent was in non-working PSUs. 77.53 per cent of the investment was on capital and 22.47 per cent in long term loans. As per their latest finalised accounts, 39 working PSUs earned an aggregate profit of ₹ 2,986.73 crore. The total investment grew by 142.90 per cent from ₹ 94,619.69 crore in 2012-13 to ₹ 2,29,830.42 crore in 2016-17 as shown in the graph below:

Chart 1.1: Total investment in PSUs
(₹ in crore)



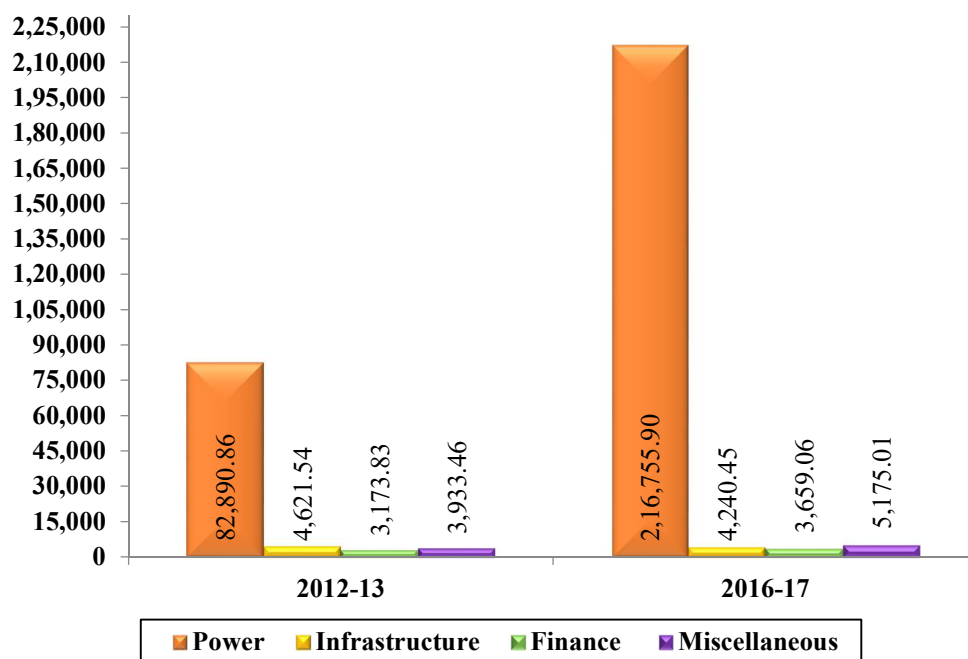
1.6 The sector-wise summary of investments in the State PSUs as on 31 March 2017 is given below:

Table 1.3: Sector-wise investment in PSUs

Name of sector	Government companies		Statutory corporations	Total	Investment (₹ in crore)	Percentage to total investment
	Working	Non-working	Working			
Power	8	--	--	8	2,16,755.90	94.32
Infrastructure	12	6	1	19	4,240.45	1.85
Service	3	--	1	4	3,911.85	1.70
Finance	17	--	1	18	3,659.06	1.59
Manufacturing	9	8	--	17	675.51	0.29
Agriculture & Allied	7	6	1	14	558.98	0.24
Miscellaneous	6	2	--	8	28.67	0.01
Total	62	22	4	88	2,29,830.42	100.00

The investment in various important sectors and percentage thereof at the end of 31 March 2013 and 31 March 2017 are indicated in the bar chart below.

Chart 1.2: Sector wise investment in PSUs (Figures ₹ in crore)



The thrust of PSU investment was mainly in power sector which increased from 87.60 per cent to 94.32 per cent during 2012-13 to 2016-17. The power sector received investment of ₹ 1,33,865.04 crore (99 per cent) out of total investment of ₹ 1,35,210.73 crore made during the period 2012-13 to 2016-17.

Special support and returns during the year

1.7 The GoM provides financial support to PSUs in various forms through the 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 three years ending 2016-17 are given below:

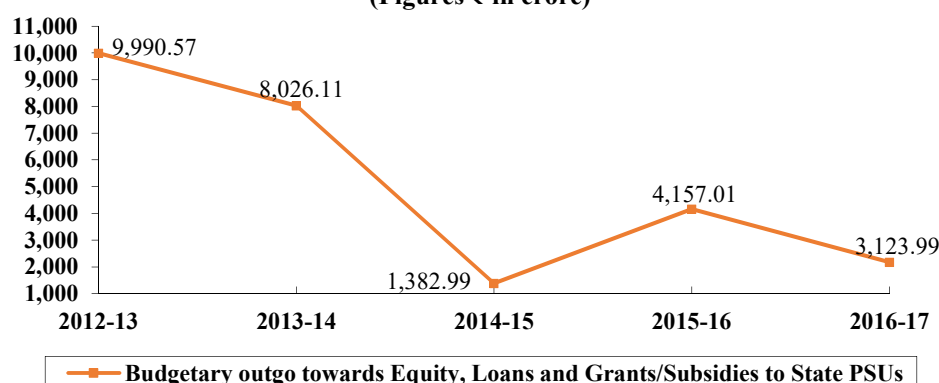
Table 1.4: Details regarding budgetary support to PSUs (₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo	9	624.47	6	1,528.54	6	1,599.80
2.	Loans given	1	10.00	1	206.82	7	253.63
3.	Grants/Subsidy received	17	748.52	17	2,421.65	19	1,270.56
4.	Total Outgo (1+2+3)	18	1,382.99	18	4,157.01	26	3,123.99
5.	Loan repayment written off	--	--	--	--	--	--
6.	Waiver of interest	1	0.36	--	--	--	--
7.	Guarantees issued	4	88.37	2	11.08	2	1.94
8.	Guarantee Commitment	11	2,540.30	11	2,200.53	12	1,708.92

(Source: Data compiled from information provided by PSUs)

The details regarding budgetary outgo towards equity, loans and grants/subsidies for the five years ending 2016-17 are given in a graph below:

Chart 1.3: Budgetary outgo towards Equity, Loans and Grants/Subsidies (Figures ₹ in crore)



1.7.1 During the year 2016-17, the budgetary outgo in State PSUs decreased from ₹ 4,157.01 crore in the previous year to ₹ 3,123.99 crore. Out of the total equity capital outgo of ₹ 1,599.80 crore, the State Government provided significant assistance to M.S.E.B Holding Company Limited (₹ 693.79 crore), Maharashtra State Road Transport Corporation (₹ 486.98 crore) and Maharashtra State Power Generation Company Limited (₹ 392.78 crore). Similarly, the major recipients of loan were Maharashtra State Road Development Corporation Limited (₹ 179.02 crore) and Mahatma Phule Backward Class Development Corporation Limited (₹ 40.99 crore). Grants/Subsidy were also provided to Maharashtra State Police Housing and Welfare Corporation Limited (₹ 545.59 crore) and Maharashtra Tourism Development Corporation Limited (₹ 170.60 crore).

In order to enable PSUs to obtain financial assistance from Banks and Financial Institutions, State Government gives guarantee for which the guarantee fee is being charged. This fee varies from 0.50 per cent to two per cent, as decided by the State Government, depending upon the loanees. The guarantee commitment of State Government decreased to ₹ 1,708.92 crore during 2016-17 from

₹ 2,200.53 crore in 2015-16. Further, seven PSUs paid guarantee fees to the tune of ₹ 3.77 crore during 2016-17 whereas five PSUs did not pay guarantee fees/commission during the year. The accumulated/outstanding guarantee fees/commission there against were ₹ 305.63 crore as on 31 March 2017.

Implementation of UDAY Scheme in Maharashtra

1.7.2 The Government of India approved (November 2015) Ujwal DISCOM Assurance Yojana (UDAY) a scheme for operational and financial turnaround of the State owned power distribution companies. As per the Scheme, the State Governments were to take over 75 per cent of DISCOM debts as on 30 September 2015 over a period of two years *i.e.* 50 per cent in 2015-16 and the remaining 25 per cent in 2016-17.

As on 30 September 2017, the accounts of Maharashtra State Electricity Distribution Company Limited (MSEDCL) for the year 2016-17 were in arrears. As per information received from the Company, during 2016-17, State Government raised Special Bonds of ₹ 4,959.75 crore (75 per cent of Medium and Short term debts) and gave as loans to the MSEDCL. For the balance ₹ 1,653.25 crore (25 per cent of Medium and Short term loans) MSEDCL has been authorised to raise funds with the guarantee of the State Government.

Reconciliation with Finance Accounts

1.8 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 the differences. The position in this regard as on 31 March 2017 with respect to 49 PSUs is stated below:

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	9,496.25	95,667.16	86,170.91
Loans	6,042.53	1,094.40	4,948.13
Guarantees	1,772.86	1,708.92	63.94

The matter is regularly taken up with the Chief Secretary/Additional Chief Secretary (Finance), the latest being in November 2017. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Arrears in finalisation of accounts

1.9 The financial statements of the companies for every financial year are required to be finalised within six months from the end of relevant financial year *i.e.* by September end in accordance with the provisions of Section 129(2) and

placed before the Annual General Meeting of the Company in terms of Section 96(1) of the Companies Act, 2013. Failure to do so may attract penal provisions under Section 129(7) and 99 of the Act, 2013. 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 on 30 September 2017:

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

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1	Number of Working PSUs	65	65	65	65	66
2	Number of accounts finalised during the year	74	78	64	57	55
3	Number of accounts in arrears	129	116	125	129	137 ⁶
4	Number of Working PSUs with arrears in accounts	52	51	54	57	53
5	Extent of arrears (numbers in years)	1 to 7 years	1 to 8 years	1 to 16 years	1 to 17 years	1 to 18 years

It was observed that the number of accounts in arrears had increased from 129 accounts in 2012-13 to 137 accounts in 2016-17. During the year 15 working PSUs did not finalise even a single year's account which led to increase in accumulation of arrear accounts.

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. The PSUs and their concerned Departments were informed regularly and meetings were also held for liquidating the arrears of accounts by drawing their attention to the provisions of the Companies Act, 2013.

1.10 The GoM had invested ₹ 4,202.28 crore in 26 PSUs {Equity: ₹ 1,926.14 crore (16 PSUs), Loans: ₹ 531.75 crore (nine PSUs) and Grants: ₹ 1,744.39 crore (16 PSUs)} during the years for which accounts had not been finalised as detailed in **Annexure 1**. In the absence of Financial Statements and their subsequent audit, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested was achieved or not and thus Government's investment in such PSUs, remained outside the control of the State Legislature.

1.11 In addition to above, as on 30 September 2017, there were arrears in finalisation of accounts by non-working PSUs. Out of 22 non-working PSUs, two⁷ were in the process of liquidation whose accounts were in arrears for

⁶ Does not include three accounts of newly incorporated Companies during 2016-17 viz: Maharashtra Satara Kagal Infrastructure Limited, Village Social Transformation Foundation and Maharashtra Information Technology Corporation Limited

⁷ Irrigation Development Corporation of Maharashtra Limited and Sahyadri Glass Works Limited

six to 23 years. Of the remaining 20 non-working PSUs, 15 PSUs had arrears of 29 accounts.

Table 1.7: Position relating to arrears of accounts in respect of non-working PSUs

No. of non-working companies	Period for which accounts were in arrears	No. of years for which accounts were in arrears
12	2016-17	1
1	2014-15 to 2016-17	3
1	2013-14 to 2016-17	4
1	2007-08 to 2016-17	10

Six PSUs (including two under liquidation) did not finalise even one account during 2016-17.

Placement of Separate Audit Reports

1.12 Two Statutory corporations had forwarded their final accounts of 2015-16 by 30 September 2017. The final accounts for the year 2016-17 were pending for all four Statutory corporations. The position depicted below shows the status of placement of Separate Audit Reports (SARs) issued by the Comptroller and Auditor General of India (up to 30 September 2017) on the accounts of Statutory corporations in the Legislature.

Table 1.8: 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.	Maharashtra State Warehousing Corporation	2014-15	2015-16	10/03/2017	SAR is yet to be placed before the State Legislature.
2.	Maharashtra Industrial Development Corporation	2011-12	2012-13 2013-14 2014-15	20/01/2015 05/10/2015 22/03/2016	SARs are yet to be placed before the State Legislature.
3.	Maharashtra State Financial Corporation	2014-15	-	-	Accounts for 2015-16 onwards are yet to be received.
4.	Maharashtra State Road Transport Corporation	2014-15	2015-16	24/08/2017	SAR is yet to be placed before the State Legislature.

Impact of non-finalisation of accounts

1.13 As pointed in **paragraph 1.9 to 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 2016-17 could not be ascertained and their contribution to the State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that the Administrative Department should strictly monitor and issue necessary directions to liquidate the arrears in accounts. The Government may also consider availing external assistance relating to preparation of accounts wherever there is lack of expertise.

Performance of PSUs as per their latest finalised accounts

1.14 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 activities of these PSUs in the State.

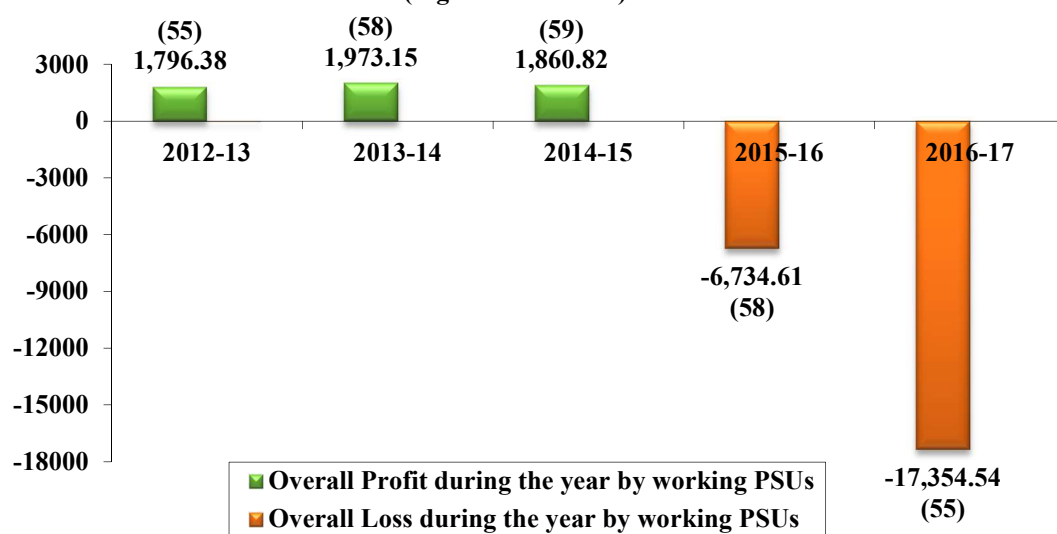
Table 1.9: Details of working PSUs turnover vis-a-vis State GDP (₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Turnover	67,382.90	77,462.56	85,639.39	91,397.69	86,319.25
State GDP	13,72,644	14,76,233	16,86,695	20,01,223 ⁸	22,67,789 ⁹
Percentage of Turnover to State GDP	4.91	5.25	5.08	4.57	3.81

The increase in State PSUs' turnover ranged between 6.72 and 14.96 *per cent* during the period 2012-16, whereas the turnover of PSUs for 2016-17 has decreased (5.56 *per cent*) over previous year mainly because of decrease in turnover of the Power Sector Companies.

1.15 Overall profit earned/loss incurred by State working PSUs during 2012-13 to 2016-17 is given below in a bar chart.

Chart 1.4: Profit/Loss of working PSUs (Figures in ₹ crore)



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

During the year 2016-17, out of 66 working PSUs, 39 PSUs earned profit of ₹ 2,986.73 crore and 16 PSUs incurred loss of ₹ 20,341.27 crore. Eight working PSUs prepared their accounts on a 'no profit no loss' basis and three companies had not yet started commercial operations and therefore not prepared Statement of Profit and Loss. The major contributor to profit was M.S.E.B Holding Company Limited (₹ 2,570.46 crore) whereas heavy losses were incurred by Maharashtra State Electricity Distribution Company Limited (MSEDCL)

⁸ Actuals

⁹ Advance estimates

(₹ 15,021.09 crore) and Maharashtra State Electricity Transmission Company Limited (₹ 4,082.08 crore).

1.16 Some other key parameters pertaining to State PSUs are given below.

Table 1.10: Key Parameters of the State PSUs (₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Return on Capital Employed (<i>per cent</i>)	6.62	10.42	9.19	Σ	Σ ¹⁰
Debt	59,053.64	58,911.16	54,477.66	55,068.28	49,391.45
Turnover	67,383.89	77,462.73	85,639.39	91,397.72	86,319.25
Debt/Turnover <i>ratio</i>	0.88:1	0.76:1	0.64:1	0.60:1	0.57:1
Interest Payment	4,062.00	7,014.15	6,064.04	5,982.88	7,109.49
Accumulated Profit/(Loss)	(11,219.48)	(10,036.05)	(9,071.83)	(18,027.42)	(36,770.82)

1.17 The State Government had formulated (October 2003) a dividend policy under which all profit making PSUs are required to pay a minimum return of five *per cent* on the paid up share capital contributed by the State Government. As per their latest finalised accounts, 39 PSUs earned an aggregate profit of ₹ 2,986.73 crore and only six PSUs declared a dividend of ₹ 4.53 crore.

As per latest finalised financial statements during 2016-17, total investment¹¹ in State PSUs was ₹ 2,28,612.10 crore and there was a corresponding negative return on investment of five *per cent*. Similarly, the total shareholders' fund/equity¹² was ₹ 1,39,181.19 crore and there was a corresponding negative return on equity of 12 *per cent*.

Erosion of capital due to losses

1.18 The net accumulated losses in respect of all the State PSUs as per their latest finalised financial statements were ₹ 36,770.82 crore as detailed in **Annexure 2**. Of these PSUs, net worth was eroded in seven PSUs. The paid up share capital of the State Government and negative balance of reserves and surplus of these seven PSUs was ₹ 1,158.38 crore and ₹ 3,042.09 crore respectively. The net worth was eroded primarily in Maharashtra State Textile Corporation Limited (₹ 802.14 crore), Maharashtra State Financial Corporation (₹ 579.04 crore) and Maharashtra Electronics Corporation Limited (₹ 325.67 crore) as detailed in **Annexure 3**.

¹⁰ Return on capital employed is negative

¹¹ Includes paid up share capital, share application money, free reserves and long term loans

¹² Includes paid up share capital, share application money, free reserves, accumulated loss and deferred revenue expenditure

Winding up of non-working PSUs

1.19 There were 22 non-working PSUs (all companies) as on 31 March 2017 having a total investment of ₹ 717.90 crore towards capital (₹ 318.35 crore) and long term loans (₹ 399.55 crore). Of these, two PSUs (Irrigation Development Corporation of Maharashtra Limited and Sahyadri Glass Works Limited) have commenced liquidation process. During 2016-17, 10 non-working PSUs incurred an expenditure of ₹ 2.89 crore towards establishment expenses. The stages of closure in respect of non-working PSUs are given below.

Table 1.11: Closure of Non-working PSUs

Sl. No.	Particulars	Companies	Total
1	Total No. of non-working PSUs	22	22
2	Of (1) above, the No. of PSUs as under		
(a)	Liquidation by Court (liquidator appointed)	2	2
(b)	Voluntary winding up (liquidator appointed)	0	0
(c)	Closure <i>i.e.</i> closing orders/instructions issued but liquidation process not yet started	20	20

During the year 2016-17, no non-working company was finally wound up. The Government may take a decision regarding winding up of 20 non-working PSUs.

Accounts Comments

1.20 During the year 2016-17, 46 working companies forwarded their 53 audited accounts to the Accountant General (AG). Of these, 23 accounts of 20 companies were selected for supplementary audit. The audit reports of Statutory Auditors appointed by Comptroller and Auditor General of India and the supplementary audit of Comptroller and Auditor General of India 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 Comptroller and Auditor General of India are given below.

Table 1.12: Impact of audit comments on working companies (Amount ₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1	Decrease in profit	9	33.46	7	26.10	8	66.18
2	Increase in loss	11	3,884.84	6	2,080.65	6	11,751.29
3	Non-disclosure of material facts	7	56.15	4	7,307.35	-	-
4	Errors of classification	8	57.19	15	644.09	4	92.79

During the year 2016-17, the Statutory Auditors had given unqualified certificates for 31 accounts, qualified certificates for 19 accounts and adverse certificates (which means that accounts do not reflect a true and fair position) for three accounts. The compliance of companies with the Accounting

Standards remained poor as there were 43 instances of Non-Compliance in 14 accounts during the year.

1.21 Similarly, two working Statutory corporations¹³ forwarded their two accounts to AG during the year 2016-17. Of these, accounts of Maharashtra State Road Transport Corporation (a Statutory corporation) pertained to sole audit by the Comptroller and Auditor General of India which was completed and other was selected for supplementary audit. The Audit Reports of Statutory Auditors and the sole/supplementary audit of Comptroller and Auditor General of India 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 Comptroller and Auditor General of India are given below.

Table 1.13: Impact of audit comments on Statutory Corporations (Amount ₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1	Decrease in profit	-	-	1	2.54	-	-
2	Increase in loss	1	11.55	-	-	1	40.83
3	Non-disclosure of material facts	-	-	2	4.26	1	7.88
4	Errors of classification	1	94.83	1	2.94	-	-

During the year, one account pertaining to Maharashtra State Warehousing Corporation received qualified certificate.

Response of the Government to Audit

Performance Audit and Paragraphs

1.22 For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2017, a Performance Audit Report and 11 Compliance Audit paragraphs were issued to the Additional Chief Secretaries/Principal Secretaries of the respective Departments with request to furnish replies within six weeks. Replies on the Performance Audit Report and nine Compliance Audit paragraphs were awaited from the State Government (February 2018).

Follow up action on Audit Reports

Replies Outstanding

1.23 The report of the Comptroller and Auditor General 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 Finance Department, Government of Maharashtra issued (January 2001) instructions to all Administrative Department to submit replies/explanatory notes to

¹³Maharashtra State Road Transport Corporation and Maharashtra State Warehousing Corporation

paragraphs/performance audit included in the Audit Reports of the Comptroller and Auditor General of India within a period of three months after their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the Committee on Public Undertakings (COPU).

Table No.1.14: Explanatory notes not received as on 31 January 2018

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 pending receipt	
		PAs	Paragraphs	PAs	Paragraphs
2012-13	14 June 2014	3	15	-	1
2015-16	07 April 2017	1	14	-	9
Total		4	29	-	10

As on 31 January 2018, explanatory notes to 10 paragraphs in respect of 12 departments were awaited.

Discussion of Audit Reports by COPU

1.24 The status of discussion of Performance Audits and Paragraphs that appeared in Audit Reports (PSUs) and discussed by the COPU as on 31 January 2018 was as under:

Table No.1.15: Performance Audit/Paragraphs appeared in Audit Reports vis-a-vis discussed as on 31 January 2018

Period of Audit Report	Number of Performance Audit/Paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	Pas	Paragraphs
2008-09	2	21	1	21
2009-10	2	21	1	21
2010-11	2	19	-	17
2011-12	2	21	-	15
2012-13	3	15	-	4
2013-14	2	6	1	5
2014-15	4	12	-	-
2015-16	1	14	-	-
Total	18	129	3	83

Compliance to Reports of COPU

1.25 Action Taken Notes (ATN) to 180 paragraphs pertaining to 29 Reports of the COPU presented to the State Legislature between 2005-06 and 2017-18 had not been received (January 2018) as indicated below:

Table No.1.16: Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total number of recommendations in COPU Report	Number of recommendations where ATNs not received
2005-06	1	5	5
2007-08	2	16	16
2010-11	6	39	28
2012-13	3	45	30
2013-14	2	20	20
2015-16	14	81	74
2017-18	1	7	7
Total	29	213	180

These Reports of COPU contained recommendations in respect of paragraphs pertaining to 16 departments, which appeared in the Reports of the Comptroller and Auditor General of India for the years 2001-02 to 2013-14.

It is recommended that the Government may ensure: a) sending of replies to IRs/explanatory Notes/draft paragraphs/performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule; b) recovery of loss/outstanding advances/overpayments and other actions required to be taken on internal control issues as well as fixing of accountability on officials concerned within the prescribed period; and c) revamping of the system of responding in time to audit observations.

Disinvestment, Restructuring and Privatisation of PSUs and reforms in power sector

1.26 No disinvestment or privatisation of PSUs had taken place during 2016-17.