

Chapter I

Functioning of State Public Sector Undertakings

Chapter-I

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Introduction

1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. As on 31 March 2016, there were 83 State Government companies and four Statutory corporations. None of these 83 Government companies was listed on the stock exchange. During the year 2015-16, two¹ PSUs were incorporated, one² was merged with another existing Government Company and one³ State PSU is now a Central PSU. The details of the State PSUs in Maharashtra as on 31 March 2016 are given below.

Table 1.1: Total number of PSUs as on 31 March 2016

Type of PSUs	Working PSUs	Non-working PSUs ⁴	Total
Government companies ⁵	61	22	83
Statutory corporations	04	--	04
Total	65	22	87

The working PSUs registered a turnover of ₹ 91,397.69 crore as *per* their latest finalised accounts as of September 2016. This turnover was equal to 4.64 *per cent* of State Gross Domestic Product (GDP) for the year 2015-16. The working PSUs incurred aggregate loss of ₹ 6,734.61 crore as *per* their latest finalised accounts as of September 2016. As on March 2016, the State PSUs had employed 2.18 lakh employees.

As on 31 March 2016, there were 22 non-working PSUs having investment of ₹ 938.94 crore. Some of these companies are non-functional since the last 38 years. 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 Section 139 and 143 of the Companies Act, 2013 (Act). According to Section 2(45) of the Act, 2013, 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

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

2 Maharashtra State Power Trading Company Limited amalgamated with MSEB Holding Company Limited

3 Mumbai Metro Rail Corporation Limited

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

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

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 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.

Stake of Government of Maharashtra

1.5 The Government of Maharashtra (GoM) has high financial stake in these PSUs. This stake is of mainly three types:

- **Share capital and loans** - In addition to the share capital contribution, GoM also provides financial assistance by way of loans to the PSUs from time to time.
- **Special financial support** - GoM provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees** - GoM 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 2016, the total investment (capital and long term loans) in 87 PSUs was ₹ 1,75,321.42⁶ crore as per details given below.

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

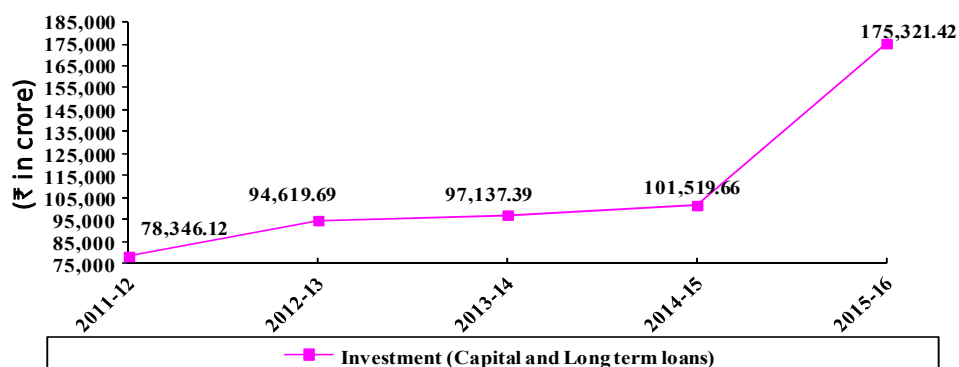
Type of PSUs	Government companies			Statutory corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working	1,19,801.99	50,532.87	1,70,334.86	3,274.33	773.29	4,047.62	1,74,382.48
Non-working	318.55	620.39	938.94	--	--	--	938.94
Total	1,20,120.54	51,153.26	1,71,273.80	3,274.33	773.29	4,047.62	1,75,321.42

As on 31 March 2016, of the total investment in State PSUs, 99.46 per cent was in working PSUs and the remaining 0.54 per cent was in non-working PSUs. This total investment consisted of 70.38 per cent towards capital and 29.62 per cent in long term loans. As per their latest finalised accounts, 36 PSUs earned an aggregate profit of ₹ 3,097.88 crore and only six PSUs declared a dividend of ₹ 49.61 crore. The investment grew by 123.78 per cent

⁶ Consequent on finalisation (March 2016) of the Transfer Scheme of erstwhile MSEB, fixed assets of MSEB Holding Company Limited and its subsidiaries have been revalued with retrospective effect from 05 June 2006 and the increase in value of assets has been treated as infusion of capital

from ₹ 78,346.12 crore in 2011-12 to ₹ 1,75,321.42 crore in 2015-16 as shown in the graph below:

Chart 1.1: Total investment in PSUs



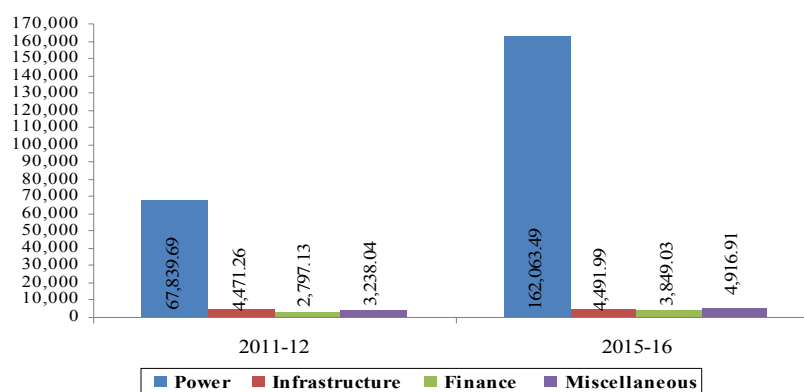
1.7 The sector-wise summary of investments in the State PSUs as on 31 March 2016 is given below:

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	1,62,063.49	92.44
Infrastructure	13	6	1	20	4,491.99	2.56
Finance	17	--	1	18	3,849.03	2.19
Service	3	--	1	4	3,424.82	1.95
Manufacturing	9	8	--	17	888.71	0.51
Agriculture & Allied	7	6	1	14	576.12	0.33
Miscellaneous	4	2	--	6	27.26	0.02
Total	61	22	4	87	1,75,321.42	100.00

The investment in various important sectors and percentage thereof at the end of 31 March 2012 and 31 March 2016 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 86.59 per cent to 92.44 per cent during 2011-12 to 2015-16. The power sector received investment of ₹ 94,223.80 crore (97.16 per cent) out of total investment of ₹ 96,975.25 crore made during the period 2011-12 to 2015-16.

Special support and returns during the year

1.8 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 2015-16 are given below:

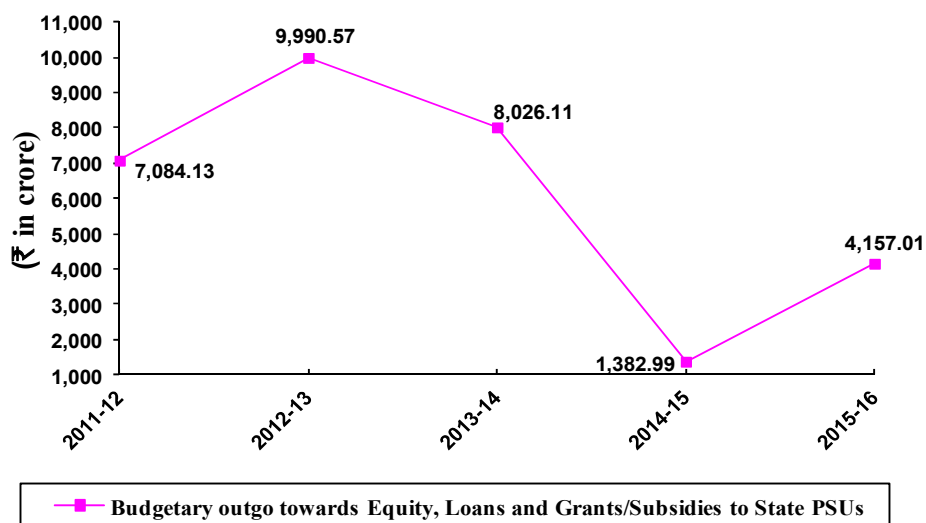
Table 1.4: Details regarding budgetary support to PSUs (₹ in crore)

Sl. No.	Particulars	2013-14		2014-15		2015-16	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity capital outgo	10	1,994.72	9	624.47	6	1,528.54
2.	Loans given	--	--	1	10.00	1	206.82
3.	Grants/Subsidy received	18	6,031.39	17	748.52	17	2,421.65
4.	Total Outgo (1+2+3)	20	8,026.11	18	1,382.99	18	4,157.01
5.	Loan repayment written off	1	0.002	--	--	--	--
6.	Waiver of interest	1	0.22	1	0.36	--	--
7.	Guarantees issued	2	190	4	88.37	2	11.08
8.	Guarantee Commitment	9	2,679.16	11	2,540.30	11	2,200.53

(Source: Data compiled from information provided by PSUs)

The details regarding budgetary outgo towards equity, loans and grants/subsidies for the five years ending 2015-16 are given in a graph below:

Chart 1.3: Budgetary outgo towards Equity, Loans and Grants/Subsidies



During the year 2015-16, the budgetary outgo in State PSUs increased from ₹ 1,382.99 crore in the previous year to ₹ 4,157.01 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 to two *per cent*, as decided by the State Government, depending upon the loanees. The guarantee commitment of State Government decreased to ₹ 2,200.53 crore during 2015-16 from ₹ 2,540.30 crore in 2014-15. Further, eight PSUs paid guarantee fees to the tune of ₹ 9.50 crore during 2015-16 whereas four PSUs did not pay guarantee

fees/commission during the year. The accumulated/outstanding guarantee fees/commission there against were ₹ 277.20 crore as on 31 March 2016.

Reconciliation with Finance Accounts

1.9 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2016 with respect to 51 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	8,529.34	94,363.41	85,834.07
Loans	2,158.04	1,168.97	989.07
Guarantees	1,869.79	2,200.53	330.74

The matter is regularly taken up with the Chief Secretary/Additional Chief Secretary (Finance), the latest being in December 2016. 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 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 2016:

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

Sl. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1	Number of Working PSUs	65	65	65	65	65
2	Number of accounts finalised during the year	82	74	78	64	57
3	Number of accounts in arrears	138	129	116	125	129 ⁷
4	Number of Working PSUs with arrears in accounts	53	52	51	54	57
5	Extent of arrears (numbers in years)	1 to 12 years	1 to 7 years	1 to 8 years	1 to 16 years	1 to 17 years

⁷ Does not include Pune Smart City Development Corporation Limited, Solapur City Development Corporation Limited (incorporated on 27 March 2016), Maharashtra State Electric Power Trading Company Limited (merged with MSEB Holding Company Limited) and Mumbai Metro Rail Corporation Limited (now a Central PSU)

It was observed that the number of accounts in arrears had decreased from 138 accounts in 2011-12 to 129 accounts in 2015-16. During the year, 18 working PSUs (including two companies incorporated in 2015-16) did not finalise even a single year's accounts which led to increase in accumulation of arrear accounts. PSUs should ensure that atleast accounts of one year are finalised each year so as to liquidate the arrears.

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 on quarterly basis. In addition, the Accountant General took up the matter with the Departments and also held meetings for liquidating the arrears of accounts by drawing their attention to the provisions of the Companies Act, 2013.

1.11 The GoM had invested ₹ 73,280.69 crore in 26 PSUs {Equity: ₹ 70,757.01 crore (18 PSUs), Loans: ₹ 102.03 crore (three PSU) and Grants ₹ 2,421.65 crore (17 PSUs)} during the years 2015-16 for which accounts had not been finalised as detailed in **Annexure 1**. In the absence of final accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and whether the purpose for which the amount was invested was achieved. Thus Government's investment in such PSUs remained outside the control of the State Legislature.

1.12 In addition to above, as on 30 September 2016, there were arrears in finalisation of accounts by non-working PSUs. Out of 22 non-working PSUs, two⁸ were in the process of liquidation whose accounts were in arrears for five to 22 years. Of the remaining 20 non-working PSUs, 14 PSUs had arrears of 25 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
11	2015-16	1
1	2014-15 to 2015-16	2
1	2013-14 to 2015-16	3
1	2007-08 to 2015-16	9

Six PSUs (including two under liquidation) did not finalise even one account during 2015-16.

Placement of Separate Audit Reports

1.13 All four working Statutory corporations had forwarded their accounts of 2014-15 by 30 September 2016. The final accounts for the year 2015-16 were pending for all four working Statutory corporations. The position depicted below show the status of placement of Separate Audit Reports (SARs) issued

⁸ Irrigation Development Corporation of Maharashtra Limited and Sahyadri Glass Works Limited

by the Comptroller and Auditor General of India (up to 30 September 2016) 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	2013-14	2014-15	29/04/2016	SAR will be submitted to AGM and thereafter to 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	Letter regarding placement of SAR for 2012-13 is sent to GoM. However, the same has not yet been placed before the State Legislature.
3.	Maharashtra State Financial Corporation	2013-14	2014-15	20/05/2016	Information awaited
4.	Maharashtra State Road Transport Corporation	2013-14	2014-15	22/03/2016	Information awaited

Impact of non-finalisation of accounts

1.14 As pointed in paragraphs 1.10 to 1.12, 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 2015-16 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 expedite clearance of arrears and set the targets for individual companies.**
- **The Government may consider outsourcing the work relating to preparation of accounts wherever there is lack of expertise.**

Performance of PSUs as per their latest finalised accounts

1.15 The financial position and working results of working Government companies and Statutory corporations are detailed in **Annexure 2**. A *ratio* of PSU turnover to State GDP shows the extent of activities of PSU in the State

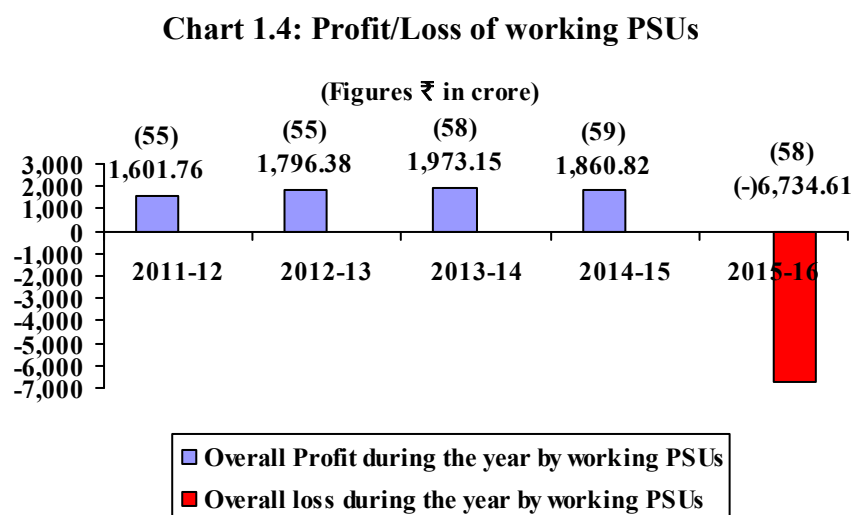
Table 1.9: Details of working PSUs turnover vis-a-vis State GDP (₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Turnover	62,315.03	67,382.90	77,462.56	85,639.39	91,397.69
State GDP	12,48,453	13,72,644	14,76,233	16,86,695	19,69,184 ⁹
Percentage of Turnover to State GDP	4.99	4.91	5.25	5.08	4.64

⁹ Figures furnished by Ministry of Statistics and Programme implementation as on 1 August 2016

The turnover of PSUs has recorded continuous increase over previous years. The increase in turnover ranged between 8.13 and 14.96 *per cent* during the period 2011-16, whereas increase in GDP ranged between 7.58 and 16.75 *per cent* during the same period.

1.16 Overall profit earned/loss incurred by State working PSUs during 2011-12 to 2015-16 is given below in a bar chart.



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

During the year 2015-16, out of 65 working PSUs, 36 PSUs earned profit of ₹ 3,097.88 crore and 22 PSUs incurred loss of ₹ 9,832.49 crore¹⁰. Three working PSUs prepared their accounts on a 'no profit no loss' basis and four companies had not yet started commercial operations and therefore not prepared Statement of Profit and Loss. The major contributor to profit was Maharashtra State Electricity Transmission Company Limited (₹ 2,599.88 crore) whereas heavy losses were incurred by Maharashtra State Power Generation Company Limited (₹ 8,742.04 crore), Maharashtra State Electricity Distribution Company Limited (₹ 462.15 crore) and Maharashtra State Road Transport Corporation (₹ 391.01 crore).

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

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

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Return on Capital Employed (<i>per cent</i>)	7.23	6.62	10.42	9.19	Σ ¹¹
Debt	47,416.00	59,053.64	58,911.16	54,477.66	55,068.28
Turnover	62,315.03	67,383.89	77,462.73	85,639.39	91,397.72
Debt/Turnover <i>ratio</i>	0.76:1	0.88:1	0.76:1	0.64:1	0.60:1
Interest Payment	3,403.22	4,062.00	7,014.15	6,064.04	5,982.88
Accumulated Profit/(Loss)	(11,552.02)	(11,219.48)	(10,036.05)	(9,071.83)	(18,027.42)

¹⁰ Consequent to finalisation (March 2016) of the Transfer Scheme of MSEB, fixed assets of MSEB Holding Company Limited and its subsidiaries have been revalued with retrospective effect from 05 June 2006. Depreciation on the revalued asset for the period 2005 to 2016 is the major expenditure component resulting in aggregate loss of PSUs

¹¹ Return on Capital Employed is negative

1.18 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, 36 PSUs earned an aggregate profit of ₹ 3,097.88 crore and only six PSUs declared a dividend of ₹ 49.61 crore.

Winding up of non-working PSUs

1.19 There were 22 non -working PSUs (all companies) as on 31 March 2016 having a total investment of ₹ 938.94 crore towards capital (₹ 318.55 crore) and long term loans (₹ 620.39 crore). Of these, two PSUs (Irrigation Development Corporation of Maharashtra Limited and Sahyadri Glass Works Limited) have commenced liquidation process. Since the non-working PSUs are not contributing to the State economy and meeting the intended objectives, these PSUs may either be considered to be closed down or revived. During 2015-16, nine non-working PSUs incurred an expenditure of ₹ 61.32 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 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 2015-16, no non-working company was finally wound up. The companies which had taken the route of winding up by Court order were under liquidation for a period ranging from five years (Irrigation Development Corporation of Maharashtra Limited) to 22 years (Sahyadri Glass Works Limited). The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/pursued vigorously. The Government may take a decision regarding winding up of 20 non-working PSUs where no decision about their continuation or otherwise has been taken after they became non-working.

Accounts Comments

1.20 During the year 2015-16, 43 working companies forwarded 53 audited accounts to the Accountant General (AG). Of these, 38 accounts of 31 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	2013-14		2014-15		2015-16	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1	Decrease in profit	9	61.51	9	33.46	7	26.10
2	Increase in loss	9	431.30	11	3,884.84	6	2,080.65
3	Non-disclosure of material facts	0	0	7	56.15	4	7,307.35
4	Errors of classification	6	313.62	8	57.19	15	644.09

During the year 2015-16, the Statutory Auditors had given unqualified certificates for 19 accounts, qualified certificates for 33 accounts and adverse certificates (which means that accounts do not reflect a true and fair position) for one account. The compliance of companies with the Accounting Standards remained poor as there were 74 instances of Non-Compliance in 19 accounts during the year.

1.21 Similarly, four working Statutory corporations forwarded their four accounts to AG during the year 2015-16. Of these, two accounts of two Statutory corporations pertained to sole audit by the Comptroller and Auditor General of India which was completed. Of the remaining two accounts, both accounts were 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	2013-14		2014-15		2015-16	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1	Decrease in profit	1	0.01	-	-	1	2.54
2	Increase in loss	-	-	1	11.55	-	-
3	Non-disclosure of material facts	1	1.96	-	-	2	4.26
4	Errors of classification	1	0.22	1	94.83	1	2.94

During the year, all four accounts received qualified certificates.

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 2016, one Performance Audit and 14 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 and 14 compliance paragraphs were however awaited from the State Government (December 2016).

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 Departments to submit replies/explanatory notes to 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 December 2016

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
2012-13	14 June 2014	3	15	-	1
2014-15	05 August 2016	4	12	4	12
Total		7	27	4	13

From the above, it could be seen that out of 34 performance audits/ paragraphs, explanatory notes to 17 performance audits/paragraphs in respect of seven departments, which were commented upon, were awaited (December 2016).

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 December 2016 was as under:

Table No.1.15: Performance Audit/Paragraphs appeared in Audit Reports vis-a-vis discussed as on 31 December 2016

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	18
2010-11	2	19	-	11
2011-12	2	21	-	10
2012-13	3	15	-	03
2013-14	2	06	-	03
2014-15	4	12	-	-
Total	17	115	2	66

Compliance to Reports of COPU

1.25 Action Taken Notes (ATN) to 171 paragraphs pertaining to 27 Reports of the COPU presented to the State Legislature between 2005-06 and 2015-16 had not been received (December 2016) 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	05	05
2007-08	2	16	16
2008-09	1	08	07
2010-11	7	47	32
2012-13	3	45	34
2013-14	2	20	20
2015-16	11	58	57
Total	27	199	171

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 2005-06 to 2014-15.

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.

Coverage of this Report

1.26 This Report contains 14 compliance audit paragraphs and one Performance Audit on Maharashtra Tourism Development Corporation Limited involving financial effect of ₹ 908.31 crore.

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

1.27 No disinvestment or privatisation of PSUs had taken place during 2015-16.