

## PART II

### Chapter IV

#### Functioning of State Public Sector Undertakings (other than Power Sector)

##### Introduction

**4.1** There were 92 State Public Sector Undertakings (PSUs) as on 31 March 2018 which were related to sectors other than Power Sector. These State PSUs were incorporated during the period between 1954-55 and 2016-17 and included 86 Government Companies and 6 Statutory Corporations *i.e.* Uttar Pradesh Avas Evam Vikas Parishad, Uttar Pradesh Jal Nigam, Uttar Pradesh Financial Corporation, Uttar Pradesh State Road Transport Corporation, Uttar Pradesh State Warehousing Corporation and Uttar Pradesh Forest Corporation. These Government Companies further included 43 non-functional companies and 16 subsidiary companies<sup>1</sup> owned by other Government Companies. Four companies<sup>2</sup> were added during the year 2017-18.

The nature of these PSUs in other than power sector is indicated in Table 4.1:

**Table 4.1: Nature of PSUs (other than power sector) in Uttar Pradesh**

Nature of the PSUs	Total number	Number of PSUs covered in this Chapter			Number of PSUs not covered in this Chapter	
		Accounts up to 2017-18	Accounts up to			Total
			2016-17	2015-16		
Government Companies	80	4	7	4	15	65
Statutory Corporations	6	-	3	1	4	2
Total Companies/ Corporations	86	4	10	5	19	67
Government Controlled other Companies	6	1	1	-	2	4
<b>Total</b>	<b>92</b>	<b>5</b>	<b>11</b>	<b>5</b>	<b>21</b>	<b>71</b>

The chapter covers financial performance of 21 PSUs as detailed in *Appendix-4.1*. It does not include 71 PSUs (including four Government Controlled Other Companies) whose accounts were in arrears for three years or more or were defunct/under liquidation or first accounts were not received or were not due as detailed in *Appendix-4.2*.

The State Government provides financial support to the State PSUs in the shape of equity, loans and grants/subsidy from time to time. Of the 92 State PSUs, the State Government invested funds in 69 State PSUs (in 67 PSUs equity and in 2 PSUs<sup>3</sup> only loans) only. The State Government did not directly infuse any equity in 25 PSUs which includes 15 subsidiary companies in

<sup>1</sup> SI No. 11 and 12 of *Appendix-4.1* and 15, 29, 31, 32, 33, 35, 38, 63 and 65 to 70 of *Appendix-4.2*.

<sup>2</sup> SI. No 4 and 19 of *Appendix-4.1* and 25 and 26 of *Appendix-4.2*.

<sup>3</sup> Uttar Pradesh Jal Nigam and Uttar Pradesh Carbide and Chemical Limited.

which equity was contributed through their holding companies<sup>4</sup>, three companies<sup>5</sup> in which the equity was jointly contributed by more than one Government companies, three smart city companies<sup>6</sup> and Noida Metro Rail Corporation Limited in which equity were contributed by Autonomous Bodies and three Statutory corporations<sup>7</sup> in which there was no equity of the State Government.

### ***Contribution to Economy of the State***

**4.2** A ratio of turnover of the 21 PSUs covered in this Chapter to the Gross State Domestic Product (GSDP) shows the extent of activities of these PSUs in the State economy. The Table 4.2 below provides the details of turnover of these 21 State PSUs (other than Power Sector) and GSDP of Uttar Pradesh for a period of four years ending March 2018:

**Table 4.2: Details of turnover of State PSUs (other than Power Sector) vis-a-vis GSDP of Uttar Pradesh**

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18
Turnover <sup>8</sup>	5889.00	6861.86	7699.57	7725.28
Percentage change in turnover as compared to turnover of preceding year	-	16.52	12.21	0.33
GSDP of Uttar Pradesh	1011790	1137210	1250213	1375607
Percentage change in GSDP as compared to GSDP of preceding year	-	12.40	9.94	10.03
Percentage of Turnover to GSDP of Uttar Pradesh	0.58	0.60	0.62	0.56

*Source: Compiled based on turnover figures of PSUs (other than Power Sector) and GSDP figures issued by Ministry of Statistics and Program Implementation, Government of India.*

The turnover of these 21 PSUs has shown increasing trend during 2015-16 to 2017-18. The increase in turnover ranged between 0.33 per cent and 16.52 per cent during the period 2015-18 whereas increase in GSDP of the Uttar Pradesh ranged between 9.94 per cent and 12.40 per cent during the same period. The compounded annual growth<sup>9</sup> of GSDP was 10.78 per cent during last three years. The compounded annual growth is a useful method to measure growth rate over multiple time periods. Against the compounded annual growth of 10.78 per cent of the GSDP, the turnover of non-power sector undertakings recorded lower compounded annual growth of 9.47 per cent during last three years. This resulted in marginal decrease in the share of turnover of these PSUs to the GSDP from 0.58 per cent in 2014-15 to 0.56 per cent in 2017-18.

### **Investment in State PSUs (other than Power Sector)**

**4.3** Details of investment in equity and long term loans in 21 State PSUs (PSUs covered in this Chapter) upto 31 March 2018 are detailed in **Appendix-4.3**.

The PSUs covered in this Chapter fall in the following three categories:

<sup>4</sup> Government of Uttar Pradesh released equity to six Holding companies (SI No. 13 of **Appendix-4.1** and SI No. 1, 11, 16, 30 and 37 of **Appendix-4.2**) on behalf of their subsidiary companies.

<sup>5</sup> SI No. 3 of **Appendix-4.1** and SI No.59 and 71 of **Appendix-4.2**.

<sup>6</sup> SI No. 4 of **Appendix-4.1** and SI No. 25 to 26 of **Appendix-4.2**.

<sup>7</sup> Uttar Pradesh Avas Evam Vikas Parishad, Uttar Pradesh Forest Corporation and Uttar Pradesh Jal Nigam.

<sup>8</sup> As per latest finalised accounts.

<sup>9</sup> Rate of Compounded Annual Growth  $[(\text{Value of 2017-18}/\text{Value of 2014-15})^{(1/3 \text{ years})} - 1] * 100$ .

- i. PSUs not in open market competition (monopolistic PSUs): In Uttar Pradesh, out of 21 functional PSUs, eight PSUs fall under this category as they have monopolistic/oligopolistic nature of operations i.e. their operations do not have any competition or have very limited competition.
- ii. PSUs with assured source of income: This category includes PSUs whose major income comes from Assured Sources of Income such as Government grants/subsidies, centage, commission, interest on bank deposits etc. 11 PSUs fall under this category.
- iii. PSUs in competitive sector: This category includes two PSUs, which are open to market competition.

**4.4** The sector-wise summary of investment in these State PSUs as on 31 March 2018 is given in Table 4.3 below:

**Table 4.3: Sector-wise investment in State PSUs (other than power sector)**

Sector	Number of PSUs	Investment (₹ in crore)						Total
		Equity			Long term loans			
		GoUP	GoI	Others <sup>10</sup>	GoUP	GoI	Others	
<b>PSUs covered in this Chapter</b>								
PSUs in Monopolistic Sector	8	1861.74	1795.55	493.50	731.77	247.00	2965.05	8094.61
PSUs with Assured Source of Income	11	103.22	1.00	11.29	117.88	0	5.11	238.50
PSUs in Competitive Environment	2	203.82	0	25.00	845.33	0	0	1074.15
<b>Total of PSUs covered in this Chapter</b>	<b>21</b>	<b>2168.78</b>	<b>1796.55</b>	<b>529.79</b>	<b>1694.98</b>	<b>247.00</b>	<b>2970.16</b>	<b>9407.26</b>
PSUs not covered in this Chapter	71	2591.62	123.41	350.25	2149.89	1.10	1981.21	7197.48
<b>Grand Total</b>	<b>92</b>	<b>4760.40</b>	<b>1919.96</b>	<b>880.04</b>	<b>3844.87</b>	<b>248.10</b>	<b>4951.37</b>	<b>16604.74</b>

*Source: Compiled based on annual accounts of PSUs, sanction/release orders for equity and loans and information provided by PSUs.*

As on 31 March 2018, the face value<sup>11</sup> of total investment (equity and long term loans) in 21 PSUs covered in this Chapter was ₹ 9,407.26 crore. The investment consisted of 47.78 per cent towards equity and 52.22 per cent in long-term loans. The long term loans advanced by the State Government constituted 34.51 per cent (₹ 1,694.98 crore) of the total long term loans whereas 65.49 per cent (₹ 3,217.16 crore) of the total long term loans were availed from other financial institutions like European Investment Bank and NCR Planning Board.

The investment has grown by 243.92 per cent from ₹ 2,735.27 crore in 2015-16 to ₹ 9,407.26 crore in 2017-18. The investment increased due to addition of ₹ 2,727.51 crore and ₹ 3,944.48 crore towards equity and long term loans respectively during 2015-16 to 2017-18.

#### **Disinvestment, restructuring and privatisation of State PSUs (other than Power Sector)**

**4.5** During the year 2017-18, no disinvestment, restructuring or privatisation was done by the State Government in State PSUs.

<sup>10</sup> Others includes investment by Holding Companies, financial institutions, banks, etc.

<sup>11</sup> The original cost of the equity shares paid by the subscribers to the equity shares.

**Budgetary Support to State PSUs (other than Power Sector)**

**4.6** The Government of Uttar Pradesh (GoUP) provides financial support to State PSUs in various forms through the annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity during the year in respect of State PSUs during the last three years ending March 2018 are given in Table 4.4 below:

**Table 4.4: Details regarding budgetary support to State PSUs (other than Power Sector) during the years**

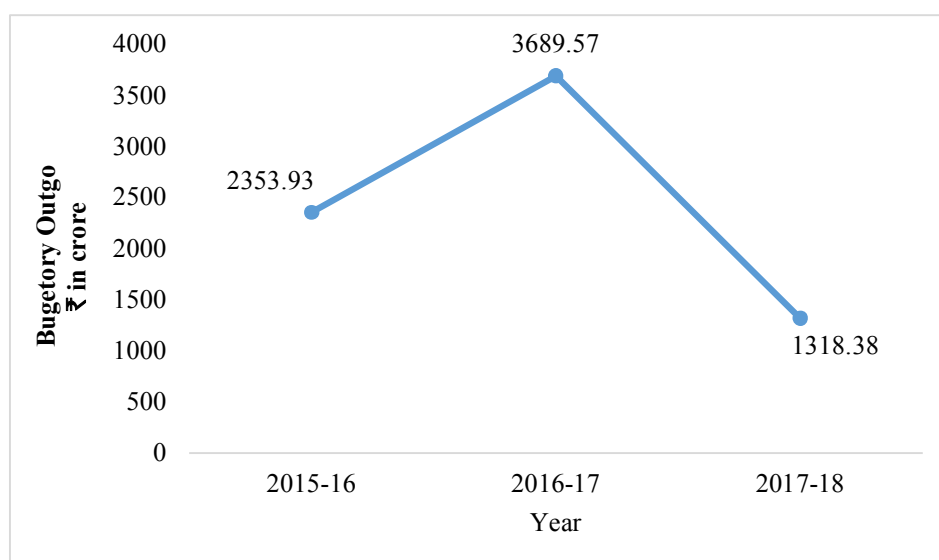
(₹ in crore)

Particulars <sup>12</sup>	2015-16		2016-17		2017-18	
	Number of PSUs	Amount	Number of PSUs	Amount	Number of PSUs	Amount
Equity Capital outgo (i)	2	633.47	5	506.71	3	136.26
Loans given (ii)	7	199.00	10	736.42	6	372.40
Grants/Subsidy provided (iii)	7	1521.46	11	2446.44	10	809.72
<b>Total Outgo (i+ii+iii)<sup>13</sup></b>	<b>13</b>	<b>2353.93</b>	<b>20</b>	<b>3689.57</b>	<b>18</b>	<b>1318.38</b>
Loan repayment written off	-	-	-	-	-	-
Loans converted into equity	-	-	1	6.83	-	-
Guarantees outstanding	1	52.65	1	52.65	4	154.62
Guarantee Commitment	-	-	-	-	-	-

*Source: Compiled based on annual accounts of PSUs, sanction/release orders for equity, loans and guarantees and information provided by PSUs.*

The details regarding budgetary outgo towards equity, loans and grants/subsidies for the last three years ending March 2018 are given in a chart 4.1:

**Chart 4.1: Budgetary outgo towards Equity, Loans and Grants/Subsidies**



The annual budgetary assistance to these PSUs during the year ranged between ₹ 1,318.38 crore and ₹ 3,689.57 crore during the period 2015-16 to 2017-18.

<sup>12</sup> Amount represents outgo from State Budget only.

<sup>13</sup> The figures represent number of PSUs which have received outgo from budget under one or more heads i.e., equity, loans and grants/subsidies.

The budgetary assistance ₹ 1,318.38 crore received during the year 2017-18 included ₹ 136.26 crore, ₹ 372.40 crore and ₹ 809.72 crore in form of equity, loans and grants/subsidy respectively. Out of grants of ₹ 809.72 crore given by the State Government during the year 2017-18, ₹ 766.82 crore was provided to Uttar Pradesh Jal Nigam to meet out their establishment expenditure.

In order to enable PSUs to obtain financial assistance from banks and financial Institutions, Government of Uttar Pradesh (GoUP) gives guarantee for which the guarantee commission is being charged at the rate of 0.25 *per cent* to 1 *per cent* as decided by the GoUP (15 September 2000) depending upon the loanees. Outstanding guarantee stood at ₹ 154.62 crore in 2017-18. During the year 2017-18, no guarantee commission was paid by the PSUs.

#### Reconciliation with Finance Accounts of Uttar Pradesh

4.7 The figures in respect of equity, loans and guarantees outstanding as per records of all State PSUs should agree with that of the figures appearing in the Finance Accounts of the Government of Uttar Pradesh. 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 2018 is given in Table 4.5:

**Table 4.5: Equity, loans and guarantees outstanding as per Finance Accounts of Government of Uttar Pradesh vis-à-vis records of State PSUs (other than Power Sector)**

(₹ in crore)			
Outstanding in respect of	Amount as per records of State PSUs	Amount as per Finance Accounts	Difference
Equity	4760.40	5457.09	-696.69
Loans	3844.87	2845.84	999.03
Guarantees	154.62	90.01	64.61

*Source: Compiled based on annual accounts of PSUs, sanction/release orders for equity, loans and guarantees, information received from PSUs and Finance Accounts.*

Audit observed that out of State PSUs, such differences occurred in respect of 50 PSUs<sup>14</sup> as shown in *Appendix-4.4*. The differences between the figures are persisting since last many years. The issue of reconciliation of differences was also taken up with the PSUs and the Departments from time to time. Major difference in balances was observed in Uttar Pradesh Jal Nigam, Uttar Pradesh Rajya Chini Evam Ganna Vikas Nigam Limited and Uttar Pradesh State Sugar Corporation Limited (Sl No. 48, 36 and 37 of *Appendix-4.4* respectively). Audit, therefore, recommend that the State Government and the respective PSUs should reconcile the differences in a time-bound manner.

#### Submission of accounts by State PSUs (other than Power Sector)

4.8 Of the total 92 State PSUs (other than Power Sector), there were 49 functional PSUs *i.e.* 43 Government companies and six Statutory corporations and 43 non-functional PSUs under the purview of CAG as of 31 March 2018. The status of timelines followed by the State PSUs in preparation of accounts is as follows:

<sup>14</sup> Sl. No. 1, 7, 8, 13, 16, 19 to 23, 26, 29, 32, 36 to 45, 48, 49, 51, 55 to 58, 60 to 66, 68, 69, 71, 72, 74 to 78, 82, 83, 85, 90 of *Appendix-4.4*.

**Timeliness in preparation of accounts by the State PSUs**

**4.8.1** Accounts for the year 2017-18 were required to be submitted by all the PSUs by 30 September 2018. However, out of 43 functional Government companies, only five Government companies<sup>15</sup> submitted their accounts for the year 2017-18 for audit by CAG on or before 30 September 2018 whereas accounts of 38 functional Government companies were in arrears. Out of six Statutory corporations, the CAG is the sole auditor in four Statutory corporations (Uttar Pradesh State Road Transport Corporation, Uttar Pradesh Avas Evam Vikas Parishad, Uttar Pradesh Jal Nigam and Uttar Pradesh Forest Corporation). The accounts of all six Statutory corporations for the year 2017-18 were awaited as on 30 September 2018.

Details of arrears in submission of accounts by PSUs (other than Power Sector) as on 30 September 2018 are given in Table 4.6:

**Table 4.6: Position relating to submission of accounts by the State PSUs (other than Power Sector)**

Particulars	Government Companies/Government Controlled Other Companies/Statutory Corporations				
	Government companies	Government controlled other companies	Statutory corporations	Total	
Total number of PSUs under the purview of CAG's audit as on 31.03.2018	80	6	6	92	
Less: New PSUs from which accounts for 2017-18 were not due	-	-	-	-	
Less: PSUs under liquidation from which accounts for 2017-18 were not due	11	1	0	12	
Number of PSUs from which accounts for 2017-18 were due	69	5	6	80	
Number of PSUs which presented the accounts for CAG's audit by 30 September 2018.	4	1	-	5	
Number of PSUs <sup>16</sup> whose accounts were in arrears	74	5	6	85	
Number of accounts in arrears	778	35	5	818	
Break-up of Arrears	(i) Under Liquidation	94	8	-	102
	(ii) non-functional	502	23	-	525
	(iii) First Accounts not submitted	33	3	-	36
	(iv) Others	149	1	5	155
Age-wise analysis of arrears against 'Others' category	One year (2017-18)	7	1	3	11
	Two years (2016-17 and 2017-18)	8	-	2	10
	Three years and more	134	-	-	134

The GoUP had provided ₹ 11,694.75 crore (Equity: ₹ 93.29 crore, Loan: ₹ 774.77 crore and Grant: ₹ 10,826.69 crore) in 23 of the 85 State PSUs accounts of which had not been finalised by 30 September 2018 whereas no investment was made in remaining 62 PSUs during the period for which

<sup>15</sup> Sl. No. 1, 2, 3, 16, and 19 of *Appendix-4.1*.

<sup>16</sup> This include PSUs under liquidation.

accounts were in arrears. PSU wise details of investment made by State Government during the years for which accounts are in arrears are shown in *Appendix-4.5*.

The administrative departments have the responsibility to oversee the activities of these PSUs and to ensure that the accounts are finalised and adopted by these PSUs within the stipulated period. The concerned departments were informed regularly regarding arrears in accounts.

#### **Impact of non-finalisation of accounts of State PSUs (other than Power Sector)**

**4.9** 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 status of arrears of accounts, the actual contribution of these 85 PSUs (other than Power Sector) to State GDP and their profitability including profit earned/loss incurred for the period of arrear accounts could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature. In the absence of finalisation of accounts by these PSUs and their subsequent audit, it could not be ensured whether the investments made and expenditure incurred had been properly accounted for and the funds were utilised for the purpose for which these were provided by the State Government.

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 look into the constraints in preparing the accounts of the PSUs and take necessary steps to liquidate the arrears in accounts.

#### **Winding up of non-functional State PSUs**

**4.10** 43 State PSUs were non-functional companies having a total investment of ₹ 1,790.38 crore mainly, in Uttar Pradesh State Textile Corporation Limited (₹ 285.62 crore) Nandganj-Sihori Sugar Company Limited (₹ 256.80 crore) and Uttar Pradesh State Handloom Corporation Limited (₹ 239.26 crore), towards capital (₹ 1,058.25 crore) and long term loans (₹ 732.13 crore) as on 31 March 2018. The number of non-functional PSUs at the end of each year during last three years ended 31 March 2018 are given Table 4.7 below:

**Table 4.7: Non-functional State PSUs**

Particulars	2015-16	2016-17	2017-18
No. of non-functional PSUs	38	43	43
Out of above, No. of PSUs which were under liquidation	12	12	12

*Source: Compiled from the information provided by PSUs.*

As regards 31 non-functional PSUs<sup>17</sup>, the Government may take appropriate decision regarding winding up of these PSUs.

#### **Placement of Separate Audit Reports of Statutory Corporations**

**4.11** None of the six Statutory Corporations, had submitted their accounts for 2017-18 by 30 September 2018.

<sup>17</sup> Out of 43 non-functional PSUs, 12 PSUs were under liquidation

Separate Audit Reports (SARs) are audit reports of the CAG on the accounts of Statutory Corporations. These reports are to be laid before the Legislature as per the provisions of the respective Acts. Status of annual accounts of Statutory Corporations and placement of their SARs in Legislature is shown in Table 4.8:

**Table 4.8: Status of placement of SAR of the Statutory Corporations**

Sl. No.	Name of Corporation	Year of accounts up to which SARs placed in State Legislature	Date of placement of SAR	Years for which SARs not placed in State Legislature	
				Year of accounts	Date of issue to the Government
1	Uttar Pradesh State Road Transport Corporation	2012-13	12 February 2016	2013-14 2014-15	2 September 2015 24 March 2017
2	Uttar Pradesh Financial Corporation	2011-12	19 November 2014	2012-13	12 November 2015
3	Uttar Pradesh Forest Corporation	2015-16	14 February 2019	2016-17	20 November 2018
4	Uttar Pradesh Avas Evam Vikas Parishad	2015-16	7 February 2019	2016-17	15 July 2019
5	Uttar Pradesh Jal Nigam	2007-08	4 December 2012	2008-09 2009-10 2010-11 2011-12	3 August 2011 20 May 2013 12 December 2013 25 May 2017
6	Uttar Pradesh State Warehousing Corporation	2012-13	29 August 2016	2013-14 2014-15	20 July 2016 27 June 2017

*Source: Information furnished by the corporations and website of GoUP.*

#### **Performance of State PSUs (other than Power Sector)**

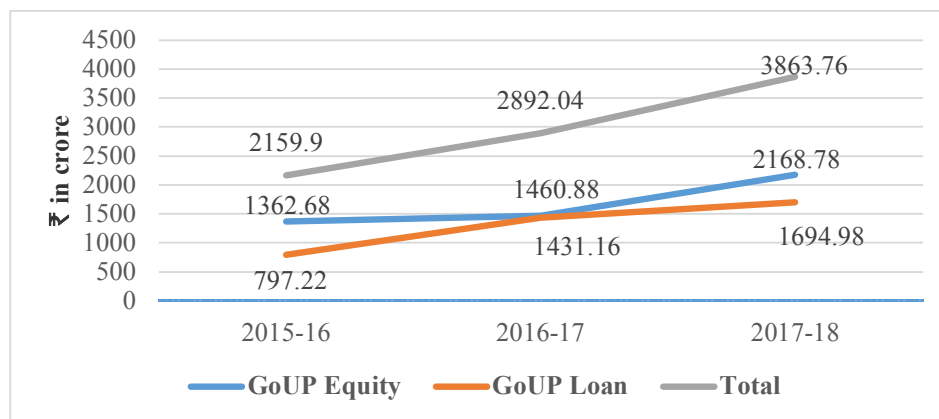
**4.12** The financial position and working results of the 21 State PSUs covered in this Chapter as per their latest finalised accounts<sup>18</sup> as of 30 September 2018 are detailed in *Appendix-4.1*.

The PSUs are expected to yield reasonable return on investments made by Government in the undertakings. The total investment of State Government and others in the PSUs was ₹ 9,407.26 crore consisting of equity of ₹ 4,495.12 crore and long term loans of ₹ 4,912.14 crore (*Appendix-4.3*). Out of this, Government of Uttar Pradesh has investment of ₹ 3,863.76 crore in the 14 PSUs consisting of equity of ₹ 2,168.78 crore and long term loans of ₹ 1,694.98 crore.

The year wise status of investment of GoUP in the PSUs other than Power Sector covered in this Chapter during the period 2015-16 to 2017-18 is as follows:

<sup>18</sup> Latest finalised accounts for the years 2015-16 to 2017-18.

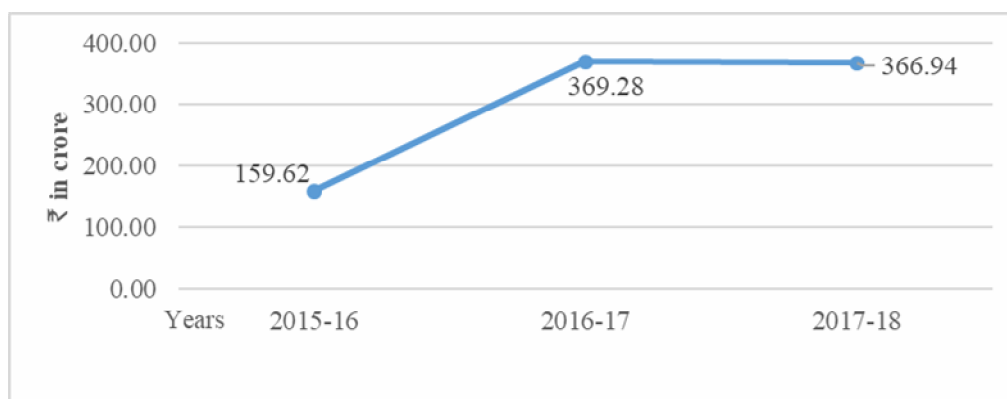


**Chart 4.2: Total investment of GoUP in PSUs (other than Power Sector)**

The profitability of a company is traditionally assessed through return on investment (ROI), return on equity (ROE) and return on capital employed (ROCE). Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity and long term loans and is expressed as a percentage of profit to total investment. Return on Equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed.

#### **Return on Investment**

**4.13** The Return on investment is the percentage of profit or loss to the total investment. The overall position of Profit/losses<sup>19</sup> earned/incurred by the 21 functional State PSUs during 2015-16 to 2017-18 is depicted below in chart 4.3:

**Chart 4.3: Profit/Losses earned/incurred by 21 functional PSUs (other than Power Sector) during last three years**

**4.13.1** The profit of ₹ 159.62 crore earned by these functional PSUs in the year 2015-16 increased to ₹ 366.94 crore in the year 2017-18. According to latest finalised accounts of these 21 functional State PSUs, 16 PSUs earned profit of ₹ 423.52 crore and five PSUs incurred losses of ₹ 56.58 crore as detailed in *Appendix-4.1*. The details of sector wise profit of these PSUs during 2017-18 are summarised in Table 4.9.

<sup>19</sup> Figures are as per the latest finalised accounts of the respective years.

**Table No: 4.9 Sector wise profitability of PSUs**

Sector	Number of Profit making PSUs	Profit after Tax (₹ in crore)	Percentage of profit to total profit after tax
PSUs in Monopolistic Sector	5	341.76	80.70
PSUs with Assured Source of Income	11	81.76	19.30
PSUs in Competitive Environment	0	-	-
<b>Total</b>	<b>16</b>	<b>423.52</b>	

*Source: Compiled based on latest finalised annual accounts of PSUs*

Out of 16 PSUs who earned profit during 2017-18, five PSUs belonged to monopolistic category and 11 PSUs belonged to assured source of income category. Thus profits of these PSUs were either due to having monopolistic advantage or having assured source of income from budgetary support, centage, commission, interest on bank deposits etc. Further, the two PSUs working in competitive environment incurred losses totaling ₹ 26.04 crore during 2017-18.

Thus in audit view self-sustainability of these PSUs is doubtful.

#### ***Real Return on Investment on the basis of Present Value of Investment***

**4.14** An analysis of the earnings vis-a-vis investments in respect of those 14 State PSUs where funds had been infused by the State Government was carried out to assess the profitability of these PSUs. The return on investment has been calculated after considering the Present Value (PV) of investment to arrive at real return on investment made by GoUP. PV of the State Government investment was computed where funds had been infused by the State Government in the shape of equity, interest free/defaulted loans and capital grants starting from 2000-01 in these Companies till 31 March 2018. During the period from 2000-01 to 2017-18, these PSUs had a positive return on investment during the years 2004-05 to 2017-18 except in 2013-14. The return on investment for these years have, therefore, been calculated and depicted on the basis of PV.

The present value (PV) of the State Government investments in these PSUs was computed on the following assumptions:

- Loans have been considered as fund infusion by the State Government. However, in case of repayment of loans by the PSUs, the PV was calculated on the reduced balances of loans over the period. The funds made available in the form of grant/subsidy have not been reckoned as investment except capital grant since they do not qualify to be considered as investment.
- The average rate of interest on Government borrowings for the concerned financial year<sup>20</sup> was adopted as discount rate for arriving at Present Value since they represent the cost incurred by the Government towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments made by the Government.

**4.15** PSU wise position of State Government investment in these 14 State PSUs in the form of equity, interest free/defaulted loans and capital grants on

<sup>20</sup> The average rate of interest on Government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Uttar Pradesh) for the concerned year wherein the calculation for the average rate for interest paid = Interest Payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]\*100.

historical cost basis for the period from 2000-01 to 2017-18 is indicated in *Appendix-4.6*. Further, consolidated position of PV of the State Government investment relating to these PSUs for the same period is indicated in Table 4.10 below:

**Table 4.10: Year wise details of investment by the State Government and present value (PV) of government investment for the period from 2000-01 to 2017-18**

(₹ in crore)

Financial year	Present value of total investment at the beginning of the year	Equity infused by the State Government during the year	Interest free/defaulted Loans and capital grants given by the State Government during the year	Total investment during the year	Average rate of interest on government borrowings (in per cent)	Total investment at the end of the year	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total Earnings for the year
i	ii	iii	iv	v=iii+iv	vi	vii=ii+v	viii=vii* (1+ vi/100)	ix=vii*vi/100	x
Upto 1999-2000		548.27	96.55	644.82	9.5	644.82	706.08	61.26	
2000-01	706.08	0.00	17.75	17.75	9.58	723.83	793.17	69.34	-147.68
2001-02	793.17	0.00	-33.53	-33.53	9.49	759.64	831.73	72.09	-173.63
2002-03	831.73	10.15	26.25	36.40	7.22	868.13	930.81	62.68	-89.98
2003-04	930.81	0.00	6.25	6.25	9.13	937.06	1022.61	85.55	-148.86
2004-05	1022.61	4.59	10.75	15.34	9.47	1037.95	1136.25	98.29	13.03
2005-06	1136.25	0.00	68.54	68.54	6.49	1204.79	1282.98	78.19	88.99
2006-07	1282.98	47.00	82.22	129.22	6.74	1412.20	1507.38	95.18	103.74
2007-08	1507.38	0.00	0.00	0.00	6.43	1507.38	1604.30	96.92	132.01
2008-09	1604.30	13.88	-0.44	13.44	6.29	1617.74	1719.50	101.76	112.71
2009-10	1719.50	0.00	2.00	2.00	6.16	1721.50	1827.55	106.04	56.52
2010-11	1827.55	0.00	53.52	53.52	6.67	1881.07	2006.53	125.47	26.54
2011-12	2006.53	39.52	35.18	74.70	6.62	2081.23	2219.01	137.78	47.80
2012-13	2219.01	6.00	11.99	17.99	6.73	2237.00	2387.55	150.55	13.00
2013-14	2387.55	23.43	20.96	44.39	6.43	2431.94	2588.31	156.37	-34.58
2014-15	2588.31	211.14	150.55	361.69	6.4	2950.00	3138.80	188.80	103.84
2015-16	3138.80	633.47	261.57	895.04	6.35	4033.84	4289.99	256.15	99.04
2016-17	4289.99	498.38	347.44	845.82	6.82	5135.81	5486.08	350.26	182.93
2017-18	5486.08	132.95	186.89	319.84	6.54	5805.92	6185.62	379.71	176.54
<b>Total</b>		<b>2168.78</b>	<b>1344.44</b>	<b>3513.22</b>				<b>2672.39</b>	<b>561.97</b>

The balance of investment by the State Government in these PSUs at the end of the year increased to ₹ 3,513.22 crore in 2017-2018 from ₹ 644.82 crore upto 1999-2000 as the State Government made further investments in shape of equity (₹ 1,620.51 crore) and loans/capital grant (₹ 1,247.89 crore) during the period 2000-01 to 2017-2018. The PV of funds infused by the State Government upto 31 March 2018 amounted to ₹ 6,185.62 crore. During the period 2000-01 to 2003-04, these PSUs continued to suffer overall losses but during the period 2005-06 to 2008-09 earned profit over and above of the minimum expected return to recover cost of funds infused in these PSUs. However, from the year 2009-10 onwards, these PSUs earned profits except 2013-14, though, the total earnings remained below the minimum expected return to recover cost of funds infused in these PSUs during this period.

In case the defaulted Interest Bearing Loan (IBL) is not considered as investment, the balance of investment by the State Government in these PSUs

at the end of the year will be ₹ 3,475.98 crore in 2017-2018 against ₹ 624.37 crore in 2000-01 as the State Government made further investments in shape of equity (₹ 1,620.51 crore) and loans/capital grant (₹ 1,231.10 crore) during the period 2000-01 to 2017-18. The PV of funds infused by the State Government upto 31 March 2018 will amount to ₹ 6,071.14 crore.

### Return on Equity of PSUs

**4.16** Return on equity (ROE) <sup>21</sup> is a measure of financial performance of companies calculated by dividing net income by shareholders' equity. Sector wise ROE of PSUs is depicted in Table 4.11 below:

**Table 4.11: Sector wise Return on Equity**

Sl. No.	Sector	ROE during 2015-16		ROE during 2016-17		ROE during 2017-18	
		No of PSUs	ROE (in per cent)	No of PSUs	ROE (in per cent)	No of PSUs	ROE (in per cent)
1	PSUs in Monopolistic Environment	7	1.47	8	3.60	8	3.36
2	PSUs with Assured Source of Income	10	19.11	11	17.18	11	17.18
3	PSUs in Competitive Environment	2	-	2	-	2	-
<b>Total</b>		<b>19<sup>22</sup></b>	<b>2.26</b>	<b>21</b>	<b>4.20</b>	<b>21</b>	<b>3.92</b>

As the profit after tax and Shareholders' fund were negative in case of two PSUs in competitive environment sector, their ROE could not be worked out. It could be seen that ROE of monopolistic PSUs and PSUs with assured source of income were positive while PSUs in competitive sector have negative earnings as well as negative net-worth during the period 2015-16 to 2017-18.

This reflects that PSUs working in competitive environment sector are not commercially viable.

A comparison of ROE of PSUs under Monopolistic/Assured Source of Income vs Competitive Environment Sectors are depicted in Table 4.12:

**Table 4.12: Monopolistic/Assured Source of Income vs Competitive Environment Sectors comparison of Return on Equity of PSUs**

Year	Monopolistic/Assured Source of Income PSUs		Competitive PSUs	
	No. of PSUs	ROE (per cent)	No. of PSUs	ROE (per cent)
2015-16	19	2.49	2	-
2016-17	19	4.30	2	-
2017-18	19	4.03	2	-

### Return on Capital Employed

**4.17** Return on Capital Employed (ROCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed.

<sup>21</sup> Return on Equity = (Net Profit after Tax and preference Dividend/Equity)\*100 where Equity = Paid up Capital + Free Reserves – Accumulated Loss – Deferred Revenue Expenditure.

<sup>22</sup> Two PSUs namely Lucknow Smart City Limited and Uttar Pradesh Export Council was incorporated in 2016-17.

ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed<sup>23</sup>. The details of ROCE of 21 PSUs (PSUs covered in this Chapter) during the period from 2015-16 to 2017-18 are given in Table 4.13 below:

**Table 4.13: Return on Capital Employed**

Year wise Sector wise break-up	EBIT (₹ in crore)	Capital Employed (₹ in crore)	ROCE (in per cent)
<b>2015-16</b>			
PSUs in Monopolistic Environment	155.57	7375.03	2.11
PSUs with Assured Source of Income	107.56	544.43	19.76
PSUs in Competitive Environment	-8.30	154.00	-5.39
<b>Total</b>	<b>254.83</b>	<b>8073.46</b>	<b>3.16</b>
<b>2016-17</b>			
PSUs in Monopolistic Environment	354.52	10927.34	3.24
PSUs with Assured Source of Income	106.44	591.21	18.00
PSUs in Competitive Environment	-8.36	142.42	-5.87
<b>Total</b>	<b>452.60</b>	<b>11660.97</b>	<b>3.88</b>
<b>2017-18</b>			
PSUs in Monopolistic Environment	350.49	13328.77	2.63
PSUs with Assured Source of Income	106.37	591.47	17.98
PSUs in Competitive Environment	-8.36	142.42	-5.87
<b>Total</b>	<b>448.50</b>	<b>14062.66</b>	<b>3.19</b>

It was observed that ROCE decreased from 3.88 *per cent* during 2016-17 to 3.19 *per cent* during 2017-18 due to significant increase in capital employed in Lucknow Metro Rail Corporation Limited (₹ 1,854.07 crore) and Noida Metro Rail Corporation Limited (₹ 546.06 crore) during 2017-18. The ROCE of two PSUs<sup>24</sup> in Competitive Sector was negative during 2015-16 to 2017-18 as EBIT was negative in all the three years. Further, capital employed of one PSU (Uttar Pradesh State Spinning Company Limited) in Competitive Sector was also negative during 2015-16 to 2017-18.

#### ***PSUs incurring losses***

**4.18** Out of 21 PSUs covered in this Chapter there were five PSUs that incurred losses during the year 2015-16 to 2017-18. The losses incurred by these PSUs increased to ₹ 56.58 crore in 2017-18 from ₹ 47.89 crore during 2015-16 as given in Table 4.14.

<sup>23</sup> Capital Employed = Paid up Share capital + Free Reserves and surplus + Long term loans – Accumulated losses – Deferred Revenue Expenditure.

<sup>24</sup> Uttar Pradesh State Spinning Company Limited and The Pradeshiya Industrial and Investment Corporation of UP Limited.

**Table 4.14: Number of PSUs that incurred losses during 2015-16 to 2017-18**

During the year	No of PSUs incurring loss	Net loss for the year (₹ in crore)	Accumulated loss (₹ in crore)	Net Worth <sup>25</sup> (₹ in crore)
<b>PSUs in Monopolistic Environment</b>				
2015-16	1	22.18	25.14	642.51
2016-17	3	26.31	53.13	2241.69
2017-18	3	30.54	85.00	2801.09
<b>PSUs with Assured Source of Income</b>				
2015-16	0	0	0	0
2016-17	0	0	0	0
2017-18	0	0	0	0
<b>PSUs in Competitive Environment</b>				
2015-16	2	25.71	618.63	-389.81
2016-17	2	26.04	630.32	-401.50
2017-18	2	26.04	630.32	-401.50

Out of total loss of ₹ 56.58 crore incurred by five PSUs during the year 2017-18, loss of ₹ 30.54 crore was incurred by three PSUs in monopolistic sector. Further, both the PSUs in competitive sector continuously incurred losses during the period 2015-16 to 2017-18 and their accumulated losses increased from ₹ 618.63 crore to ₹ 630.32 crore during this period. This reflects adversely on the sustainability of these PSUs.

#### ***Erosion of Net worth of PSUs***

**4.19** As on 31 March 2018, out of the 21 PSUs (covered in this Chapter), there were eight PSUs with accumulated losses of ₹ 1,922.71 crore. Of these eight PSUs, five PSUs incurred losses in the year 2017-18 amounting to ₹ 56.58 crore. These included two PSUs in competitive sector which incurred loss of ₹ 26.04 crore during the year. Further, three PSUs had not incurred loss in the year 2017-18, even though they had accumulated loss of ₹ 1,207.39 crore.

Net worth of four PSUs including both the PSUs in competitive sector had been completely eroded by accumulated loss and their net worth was (-) ₹ 781.22 crore against equity investment of ₹ 1,055.26 crore as on 31 March 2018. This included negative net worth of (-) ₹ 401.50 crore in two PSUs of competitive sector against equity investment of ₹ 228.82 crore. However, out of four PSUs, whose net worth had been eroded, two PSUs had earned profit of ₹ 97.23 crore during 2017-18 largely on account of profit of ₹ 97.19 crore earned by the Uttar Pradesh State Road Transport Corporation due to its monopolistic advantage.

In all four PSUs whose capital had been eroded, Government loans outstanding as on 31 March 2018 amounted to ₹ 696.28 crore.

#### ***Dividend Payout***

**4.20** The State Government had formulated (October 2002) a dividend policy under which PSUs running in profit are required to pay a minimum return of five *per cent* on the paid up share capital contributed by the State Government. Dividend Payout relating to 14 out of 21 PSUs (covered in this Chapter) where

<sup>25</sup> Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision

equity was infused by State Government during the period is shown in Table 4.15 below:

**Table 4.15: Dividend Payout of PSUs (other than Power Sector) during 2015-16 to 2017-18**

Year	Total PSUs where equity infused by GoUP		PSUs which running in profit for the year		PSUs which declared/paid dividend for the year		Dividend Payout Ratio (in per cent)
	Number of PSUs	Equity infused by GoUP (₹ in crore)	Number of PSUs	Equity infused by GoUP (₹ in crore)	Number of PSUs	Dividend declared/paid by PSUs (₹ in crore)	
1	2	3	4	5	6	7	8=7/5*100
2015-16	13	1362.68	8	110.81	7	3.21	2.90
2016-17	14	1460.88	5	93.17	4	0.19	0.20
2017-18	14	2168.78	1	0.05	-	-	-

During the period 2015-16 to 2017-18, the number of PSUs running in profits ranged between one and eight. During this period, number of PSUs which declared/paid dividend to GoUP ranged from four<sup>26</sup> to seven<sup>27</sup>.

The Dividend Payout Ratio decreased from 2.90 per cent in 2015-16 to 0.20 per cent in 2016-17.

#### ***Analysis of Long Term Loans of the PSUs (other than Power Sector)***

**4.21** Analysis of the Long Term Loans of the PSUs which had leverage during 2015-16 to 2017-18 was carried out to assess the ability of PSUs to serve the debt owed by PSUs to the Government, banks and other financial institutions. This is assessed through the interest coverage ratio and debt turnover ratio.

#### ***Interest Coverage Ratio***

**4.22** Interest coverage ratio is used to determine the ability of a PSU to pay interest on outstanding debt and is calculated by dividing earnings before interest and taxes (EBIT) of a PSU by interest expenses of the same period. The lower the ratio, the lesser the ability of the PSU to pay interest on debt. An interest coverage ratio below one indicated that the PSU was not generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio of PSUs covered in this Chapter which had outstanding loans during the period from 2015-16 to 2017-18 are given in Table 4.16.

<sup>26</sup> SI No. 10, 13, 14, and 15 of *Appendix-4.1*.

<sup>27</sup> SI No. 8, 9, 10, 13, 14, 15 and 18 of *Appendix-4.1*.

**Table 4.16: Interest coverage ratio of functional State PSUs (other than Power Sector) having interest liability of loans**

During the year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	Number of PSUs having interest liability of loans	Number of PSUs having interest coverage ratio more than one	Number of PSUs having interest coverage ratio less than one
2015-16	36.93	31.38	4	2	2
2016-17	30.00	131.25	5	3	2
2017-18	30.84	112.10	6	3	3

Of the six State PSUs (other than Power Sector) having liability of loans during 2017-18, three PSUs had interest coverage ratio of more than one and three PSUs had interest coverage ratio below one which indicates that these three PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

**Age wise analysis of interest outstanding on State Government Loans**

**4.23** As on 31 March 2018, interest amounting to ₹ 96 crore was outstanding on the long term loans of four PSUs provided by GoUP. The age wise analysis of interest outstanding on GoUP Loans in PSUs is depicted in Table 4.17 below:

**Table 4.17: Interest outstanding on State Government Loans**

Sl. No.	Name of PSU	Outstanding interest on loans as on 31 March 2018 (₹ in crore)	Outstanding for less than 1 year (₹ in crore)	Outstanding for 1 to 3 years (₹ in crore)	Outstanding for more than 3 years (₹ in crore)
1	Uttar Pradesh Electronics Corporation Limited.	44.94	2.21	4.39	38.34
2	Uttar Pradesh Development Systems Corporation Limited	7.00	0.00	7.00	0.00
3	Uttar Pradesh State Spinning Company Limited	16.43	3.17	5.09	8.17
4	The Pradeshiya Industrial and Investment Corporation of UP Limited	27.63	1.75	0.00	25.88
<b>Total</b>		<b>96.00</b>	<b>7.13</b>	<b>16.48</b>	<b>72.39</b>

**Comments on Accounts of State PSUs (other than Power Sector)**

**4.24** 25 functional companies forwarded 33 audited accounts to the Accountant General during the period from 1 October 2017 to 30 September 2018. Of these, 24 accounts were selected for supplementary audit. The Audit Reports of Statutory Auditors and supplementary audit conducted by the CAG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the CAG are given Table 4.18.



**Table 4.18: Impact of audit comments on functional companies (other than Power Sector)**

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		Number of accounts	Amount (₹ in crore)	Number of accounts	Amount (₹ in crore)	Number of accounts	Amount (₹ in crore)
1.	Decrease in profit	12	221.89	13	379.22	12	132.71
2.	Increase in profit	1	0.16	2	0.18	2	0.71
3.	Increase in loss	5	42.58	5	7.23	4	352.13
4.	Decrease in loss	-	-	1	0.18	3	5.05
5.	Non-disclosure of material facts	2	11241.40	8	121.18	12	718.68
6.	Errors of classification	-	-	9	124.80	6	159.23

*Source: Compiled from comments of the Statutory Auditors/C&AG in respect of Government Companies.*

During the year 2017-18, the Statutory Auditors had issued qualified certificates on 16 accounts and in case of accounts of Uttar Pradesh State Spinning Company Limited for the year 2016-17, the Statutory Auditors had given an adverse Report. Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditors pointed out 69 instances of non-compliance to the Accounting Standards in 22 accounts. The CAG had also issued adverse certificates in five accounts namely Uptron Powertronics Limited (2016-17), Shretron India Limited (2016-17), Allahabad City Transport Services Limited (2014-15), Uttar Pradesh Electronic Corporation Limited (2016-17) and Uttar Pradesh State Industrial Development Corporation Limited (2013-14).

**4.25** The State has six Statutory Corporations *i.e.* (i) Uttar Pradesh Avas Evam Vikas Parishad (UPAEVP), (ii) Uttar Pradesh Jal Nigam (UPJN), (iii) Uttar Pradesh Financial Corporation (UPFC), (iv) Uttar Pradesh State Road Transport Corporation (UPSRTC), (v) Uttar Pradesh State Warehousing Corporation (UPSWC) and Uttar Pradesh Forest Corporation. The CAG is the sole auditor of these Statutory Corporations except UPSWC and UPFC.

Out of six functional Statutory Corporations, four Corporations (UPSWC, UPAEVP, UPSRTC and Uttar Pradesh Forest Corporation) forwarded five annual accounts for the years 2015-16 to 2016-17 and none of the Statutory Corporations forwarded their accounts for 2017-18 during the period of 01 October 2017 to 30 September 2018. All five accounts were selected for sole/supplementary audit. The Statutory Auditors had given qualified certificates on annual accounts of UPSWC for the year 2015-16. Out of five accounts received, the CAG audit of one account *i.e.* accounts of Uttar Pradesh Forest Corporation for the year 2016-17, was completed upto December 2018 and a 'qualified' certificate was issued.

The details of aggregate money value of the comments of Statutory Auditors and supplementary audit by the CAG in respect of Statutory Corporations are given in Table 4.19.

**Table 4.19: Impact of audit comments on Statutory Corporations**

Sl. No.	Particulars	2015-16		2016-17		2017-18	
		Number of accounts	Amounts (₹ in crore)	Number of accounts	Amounts (₹ in crore)	Number of accounts	Amounts (₹ in crore)
1.	Decrease in profit	2	3.66	5	7.27	3	26.33
2.	Increase in profit	-	-	-	-	2	2.09
3.	Increase in loss	-	-	-	-	-	-
4.	Decrease in loss	-	-	-	-	-	-
5.	Non-disclosure of material facts	1	448.02	5	1114.38	-	-
6.	Errors of classification	-	-	4	1472.19	1	0.71

Source: Compiled from comments of the Statutory Auditors/C&AG in respect of Statutory Corporations.

### Compliance Audits Paragraphs

**4.26** For the Report of the Comptroller and Auditor General of India (Economic and Public Sector Undertakings) for the year ended 31 March 2018, eight compliance audit paragraphs related to Uttar Pradesh State Road Transport Corporation, Uttar Pradesh Avas and Vikas Parishad, Uttar Pradesh State Industrial Development Corporation Limited and Uttar Pradesh Jal Nigam were issued to the Principal Secretaries/Secretaries of the respective Administrative Departments with request to furnish replies. Replies of three compliance audit paragraphs have been received from the State Government and taken into account while finalising this report. The replies of five compliance audit paragraphs are awaited (August 2019) from State Government. The total financial impact of these compliance audit paragraphs is ₹ 51.01 crore.

### Follow-up action on Audit Reports

#### Replies outstanding

**4.27** 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 Uttar Pradesh issued (June 1987) instructions to all administrative Departments to submit replies/explanatory notes to paragraphs/performance audits included in the Audit Reports of the CAG of India within a period of two to three months of their presentation to the State Legislature, in the prescribed format without waiting for any questionnaires from the Committee on Public Undertakings (COPU). The position of explanatory notes not received is given in Table 4.20:

**Table-4.20: Explanatory notes not received (as on 30 September 2019)**

Year of the Audit Report (Commercial/ PSUs)	Date of placement of Audit Report in the State Legislature	Total Performance Audit (PA) and Paragraphs in the Audit Report		Number of PA/ Paragraphs for which explanatory notes were not received	
		PA	Paragraphs	PA	Paragraphs
2011-12	16 September 2013	1	6	0	1
2012-13	20 June 2014	1	11	0	0
2013-14	17 August 2015	1	9	0	2
2014-15	8 March 2016	2	4	2	0

Year of the Audit Report (Commercial/PSUs)	Date of placement of Audit Report in the State Legislature	Total Performance Audit (PA) and Paragraphs in the Audit Report		Number of PA/ Paragraphs for which explanatory notes were not received	
		PA	Paragraphs	PA	Paragraphs
2015-16	18 May 2017	4	6	2	0
2016-17	7 February 2019	2	3	2	2
<b>Total</b>		<b>11</b>	<b>39</b>	<b>6</b>	<b>5</b>

Source: Information compiled by Audit

From the above, it could be seen that, out of 39 paragraphs and 11 Performance Audits, explanatory notes to five Paragraphs and six Performance Audits in respect of seven Departments<sup>28</sup>, which were commented upon, were awaited (September 2019).

#### Discussion of Audit Reports by COPU

4.28 The status as on 30 September 2019 of Performance Audits and paragraphs that appeared in Audit Reports (Commercial/PSUs) and on which discussion completed by the COPU is given in Table 4.21 below:

Table-4.21: Performance Audits/Paragraphs appeared in Audit Reports vis-a-vis discussed as on 30 September 2019

Period of Audit Report	Number of Performance Audits (PAs)/Paragraphs			
	Appeared in Audit Report		PAs and Paragraphs on which discussion completed	
	PAs	Paragraphs	PAs	Paragraphs
1982-83 to 2010-11	76 <sup>29</sup>	475	56	415
2011-12	1	6	0	5
2012-13	1	11	0	7
2013-14	1	9	0	7
2014-15	2	4	0	3
2015-16	4	6	0	0
2016-17	2	3		1
<b>Total</b>	<b>87</b>	<b>514</b>	<b>56</b>	<b>438</b>

Source: Information compiled by Audit

#### Compliance to Reports of the Committee on Public Undertakings

4.29 The internal working rules of COPU do not provide for vetting of Action Taken Notes (ATNs) by the Accountant General. Hence, the ATNs on the recommendations of COPU are furnished by the Departments to the Accountant General, only at the time of discussion of ATNs by COPU. Therefore, the status of ATNs is not discussed here.

#### Recoveries at the instance of Audit

4.30 During the course of audit, recoveries of ₹ 18.31 crore pointed out in one case in one PSU (other than Power Sector), was accepted during 1 April 2017 to 30 September 2019 as per the details given in Table 4.22.

<sup>28</sup> Department of Forest, Information Technology and Electronic Department, Infrastructure and Industrial Development Department and Housing & Urban Planning Development Department, Irrigation Department, Public Work Department and Urban Development Department.

<sup>29</sup> Included Standalone Performance Audit Report on Sale of Sugar Mills of Uttar Pradesh State Sugar Corporation Limited.

**Table-4.22: Recoveries pointed out by audit and accepted/recovered by the PSU  
(other than Power Sector)**

(₹ in crore)

Department	Particulars of recoveries	Recoveries pointed out in Audit and accepted by the Department during 1 April 2017 to 30 September 2019		Recoveries effected during 1 April 2017 to 30 September 2019	
		Number of cases	Amount involved	Number of cases	Amount involved
Transport Department	Loss to Government due to non-levy of Service Tax by Uttar Pradesh State Road Transport Corporation	1	18.31	-	-
<b>Total</b>		<b>1</b>	<b>18.31</b>	<b>-</b>	<b>-</b>

*Source: Information compiled by Audit*