

# Overview



## Overview

This Report contains 14 paragraphs and one performance audit on 'Assessment of activities of Punjab Small Industries and Export Corporation Limited' having a financial implication of ₹ 1,226.91 crore. Some of the significant findings are highlighted below:

### 1. State Public Sector Undertakings

The State of Punjab had 52 PSUs as of March 2019. This included 45 Government Companies (including 19 inactive ones), four Statutory Corporations and three Government Controlled Other Companies. As per the latest finalised accounts, the working PSUs registered an annual turnover of ₹ 72,923.70 crore and loss of ₹ 14,558.90 crore. This turnover was equal to 13.97 per cent of State Gross Domestic Product (GDP) for the year 2018-19 (₹ 5,21,861 crore at current prices and advance estimates).

The 19 inactive PSUs which were non-functional for last five to 28 years had an investment of ₹ 56.20 crore towards capital (₹ 24.13 crore) and long term loans (₹ 32.07 crore).

As on 31 March 2019, the total investment (paid-up capital, long-term loans and grant/subsidy) in 52 PSUs was ₹ 1,04,181.06 crore, out of which the State Government had contributed ₹ 88,418.57 crore.

*(Paragraphs 1, 2 and 8)*

### 2. Performance of Public Sector Undertakings

#### *Power Sector PSUs*

Five PSUs submitted five accounts including four accounts for 2018-19 upto September 2019. As per the latest finalised accounts, net worth of one PSU was completely eroded. None of the PSUs where equity was infused by the State Government earned profits during 2018-19.

*(Paragraphs 1.8, 1.14 and 1.15)*

#### *Other than Power Sector PSUs*

Twenty six PSUs submitted 36 accounts including five accounts for 2018-19 upto September 2019. As per the latest finalised accounts, net worth of 11 PSUs was completely eroded. Further, as per the dividend policy of the State Government, all PSUs are required to pay a minimum return of five per cent on the paid up share capital contributed by the State Government. Out of 13 profit making PSUs only three PSUs declared dividend of ₹ 1.67 crore.

*(Paragraphs 3.8.1, 3.16 and 3.17)*

### 3. Power Sector

Chapter II discusses Compliance audit observations having a financial implication of ₹ 529.64 crore, and highlight deficiencies in the management of State Government Companies of power sector, which had significant financial implications. Important findings are as under:

#### **Punjab State Power Corporation Limited**

- Company could not implement the R-APDRP scheme within the time frame stipulated by the Government of India. Due to delay in implementation of Part-B of scheme, the Company would be deprived of conversion of interest of ₹ 179.11 crore into grant and tranche of grant amounting to ₹ 116.07 crore.

*(Paragraph 2.1.3.4)*

- Scheme did not achieve the targeted reductions in AT&C losses in 22 out of 47 towns under execution, while billing efficiency and collection efficiency remained lower than the target level in 21 and 19 towns respectively. Company incurred a loss of ₹ 205.93 crore due to lower billing and collection efficiency.

*(Paragraphs 2.1.3.9 and 2.1.3.10)*

- Waiver of interest and allowance of rebate to arc furnace industrial consumers, in violation of the Supply Code and Electricity Supply Instruction Manual 2018, resulted in undue financial burden of ₹ 12.77 crore.

*(Paragraph 2.3)*

- Non-installation of Trash Rack Cleaning Machine and lack of co-ordination between the operational wings of the Company, during construction of Stage-II of Mukerian Hydel Project resulted in avoidable loss of generation of power valuing ₹ 15.26 crore.

*(Paragraph 2.4)*

### 4. Non Power Sector

A performance audit on assessment of activities of Punjab Small Industries and Export Corporation Limited for the period 2014-19 was conducted. While the total financial implication of this Performance Audit intervention is ₹ 623.34 crore, the important audit findings are as under:

- The Company did not formulate a plan for creation of land bank for meeting the requirement of industrial land as envisaged in the Industrial Policy 2009 of the State.

*(Paragraph 4.1.6.1)*

- Allotment of undeveloped land/ plots without providing basic amenities to the allottees, against the allotment policy of the

Government of Punjab, deprived the Company of revenue of ₹ 138.99 crore.

*(Paragraphs 4.1.7.2 (i) and 4.1.7.2 (ii))*

- Non-cancellation/resumption of vacant plots under the three Industrial Focal Points where all plots stood allotted, deprived the Company of potential revenue of ₹ 1,197.64 crore .

*(Paragraph 4.1.8)*

- Absence of monitoring mechanism and follow up of recovery led to accumulation of recoverable amount of ₹ 432.77 crore.

*(Paragraph 4.1.10)*

- Non-execution of the projects under ‘Apparel Park for Exports’ scheme for promotion of exports even after lapse of six years, resulted in unfruitful utilisation of grant of ₹ 13.07 crore, non-achievement of exports of ₹ 1,650 crore and non-generation of employment for 22,250 persons.

*(Paragraph 4.1.15.2)*

Chapter V contains paragraphs having a financial implication of ₹ 73.93 crore based on Compliance audit observations highlighting deficiencies in the management of the State Government Companies and Statutory Corporation of non-power sector. Some of the important findings are as under:

#### **Punjab State Grains Procurement Corporation Limited**

- Non-observance of instructions regarding accounting for storage gain under decentralised procurement for the National Food Security Act, 2013, resulted in loss of ₹ 28.15 crore to the Company.

*(Paragraph 5.2)*

- The Company did not conduct timely verification of deductions made by FCI towards cost of gunny bags and interest resulting in avoidable interest burden of ₹ 1.67 crore.

*(Paragraph 5.3)*