

Chapter II

Functioning of Power Sector PSUs

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Introduction

2.1 The Electricity Act 2003 repealed the erstwhile Electricity Act 1910, the Electricity (Supply) Act 1948 and the Electricity Regulatory Commissions Act 1998, with effect from 10 June 2003. To meet the requirements of The Electricity Act 2003, the Government of West Bengal, subsequently, brought out (January 2007) the West Bengal Power Sector Reforms Transfer Scheme 2007 to separate transmission and distribution activities to two Power Sector undertakings. As of 31 March 2019, there were six power-sector PSUs in West Bengal, all of which were working. The name of DPL Coke Oven Limited, the only inactive power-sector PSU as on 31 March 2018, was struck off on 21 January 2019. Hence, there was no inactive power-sector PSU as of 31 March 2019. Besides, there was West Bengal Electricity Regulatory Commission (WBERC), a regulatory authority.

Investment in Power Sector PSUs

2.2 The activity-wise summary of investment in the Power Sector undertakings as on 31 March 2019 is given below:

Table 2.1: Activity-wise investment in Power Sector PSUs

Activity	Number of Power Sector PSUs	Investment (₹ in crore)		
		Equity	Long-term loans	Total
Generation	2	8,807.82	9,215.78	18,023.60
Transmission	1	1,105.52	2,952.48	4,058.00
Distribution	1	2,354.31	5,216.31	7,570.62
Others ¹⁵⁹	2	5.09	6.32	11.41
Total	6	12,272.74	17,390.89	29,663.63

(Source: Compiled based on information received from PSUs)

As on 31 March 2019, the total investment (equity and long-term loans) in six Power Sector PSUs was ₹ 29,663.63 crore. The investment consisted of ₹ 12,272.74 crore (41.37 per cent) towards equity and ₹ 17,390.89 crore (58.63 per cent) as long-term loans.

The gross investment in the Power Sector PSUs over the period from 2014-15 to 2018-19 had marginally increased by 1.13 per cent. However, in the same period while paid-up capital had increased by 25.07 per cent, long-term loans had reduced by 10.90 per cent. This resulted in improvement in debt-equity ratio from 1.99:1 to 1.42:1.

Budgetary Support to Power Sector PSUs

2.3 The Government of West Bengal provides financial support to Power Sector PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and

¹⁵⁹ West Bengal Green Energy Development Corporation Limited and Bengal Birbhum Coalfields Limited.

loans converted into equity during the year in respect of Power Sector PSUs for the last three years ending March 2019 are as follows in **Table 2.2**:

Table 2.2: Details regarding budgetary support to Power Sector PSUs

(₹ in crore)

	Particulars ¹⁶⁰	2016-17		2017-18		2018-19	
		Nos. of PSUs	Amount	Nos. of PSUs	Amount	Nos. of PSUs	Amount
(i)	Equity capital	1	264.92	2	473.49	3	742.93
(ii)	Loans	3	1,711.55	-	-	2	518.80
(iii)	Grants/ Subsidy	3	3,578.08	3	1,215.94	2	79.20
(iv)	Total Outgo (i+ii+iii)	3*	5,554.55	3*	1,689.43	5*	1,340.93
(v)	Loan repayment written off	-	-	1	26.59	1	84.89
(vi)	Loans converted into equity	-	-	-	-	-	-
(vii)	Guarantees issued ¹⁶¹	1	150.00	-	-	1	2,160.00
(viii)	Guarantee commitment ¹⁶²	3	391.83	4	2,456.54	4	2,685.39

(Source: As per information furnished by PSUs)

* Some of the PSUs received assistance from the State Budget under more than one of category of assistance.

The annual budgetary assistance to the Power Sector PSUs decreased from ₹ 5,554.55 crore in 2016-17 to ₹ 1,340.93 crore in 2018-19. The budgetary assistance for the year 2018-19 included ₹ 742.93 crore, ₹ 518.80 crore and ₹ 79.20 crore in the form of equity, loans and grants/ subsidy, respectively. The equity assistance disbursed by the State Government included ₹ 514.29 crore to The Durgapur Projects Limited¹⁶³ to pay off its outstanding statutory dues to the Government of West Bengal along with interest.

Guarantee Commission

2.4 The State Government provides guarantees to PSUs to draw financial assistance from banks and financial institutions. The PSUs are liable to pay guarantee commission to GoWB at the rate of one *per cent per annum* on the amount outstanding against guarantees issued. During the last two years, no fresh guarantee was issued. The guarantee commitments increased by almost seven-fold from ₹ 391.83 crore in 2016-17 to ₹ 2,685.39 crore in 2018-19. During 2018-19, DPL had paid ₹ 164.25 crore of the outstanding guarantee commission of ₹ 186.80 crore. In addition, WBSEDCL had not paid outstanding guarantee commission of ₹ 15.94 crore as on March 2019, while WBSETCL had not even charged guarantee commission in their financial statements up to 2018-19. Similar information for other PSUs was not available.

¹⁶⁰ Amount represents outgo from State Budget only.

¹⁶¹ Government guarantees issued to the PSUs during a particular year.

¹⁶² Closing balance of Government guarantee in respect of PSUs at the end of a particular year.

¹⁶³ Disbursed in March 2019 with explicit instructions to utilise the entire amount, to pay to the Government of West Bengal, DPL's statutory dues and interest thereon towards electricity duty (₹ 298.25 crore), land revenue (₹ 51.79 crore) and guarantee fees (₹ 164.25 crore).

Reconciliation with Finance Accounts of Government of West Bengal

2.5 The figures in respect of equity, loans and guarantees outstanding as per records of Power Sector PSUs should agree with the figures appearing in the Finance Accounts of the Government of West Bengal. In case the figures do not agree, the PSUs concerned and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2019 is stated in **Table 2.3**:

Table 2.3: Equity, loans and guarantees outstanding as per Finance Accounts of GoWB vis-à-vis records of State PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of State PSUs	Total Difference in 2018-19	Total Difference in 2017-18
(1)	(2)	(3)	(4) = (2) – (3)	(5)
Equity	10,335.08	12,267.65	(-) 1,932.57	(-) 4,641.93
Loans	4,773.59	1,319.14	3,454.45	3,241.95
Guarantees	7,003.12	2,685.39	4,317.73	1,339.57

(Source: Information furnished by Power Sector PSUs and SFAR for the year ended March 2019)

Submission of accounts by Power Sector PSUs

2.6 Of the total six Power Sector PSUs under the purview of CAG as on 31 March 2019, all were working. The status of timelines followed by the State PSUs in preparation of accounts is as detailed under:

Timeliness in preparation of accounts by the Power Sector PSUs

Accounts for the year 2018-19 were required to be submitted by all the Power Sector PSUs by 30 September 2019. Five out of six Government Companies submitted their accounts for the year 2018-19 for audit by CAG on or before 30 September 2019. Further, details of arrears in submission of accounts of Power Sector PSUs as of 30 September of following year for each of the last five financial years ending 31 March 2019 are given at **Table 2.4**:

Table 2.4: Position relating to submission of accounts by the working State PSUs

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Number of PSUs	7	7	8	8	6
2.	Number of accounts submitted during current year	7	6	9	7	8
3.	Number of PSUs which finalised accounts for the current year	7	6	7	4	5
4.	Number of previous year accounts finalised during current year	-	-	1	3	3
5.	Number of PSUs with arrears in accounts	-	1	1	4	1
6.	Number of accounts in arrears	-	1	2	4	1
7.	Extent of arrears (years)	-	1	2	1	1

(Source: Compiled based on accounts of PSUs received during the period October 2018 to September 2019)

During the period from 01 October 2018 to 30 September 2019, the Power Sector PSUs had finalised eight annual accounts comprising five accounts for 2018-19 and three accounts for previous years. Besides, one accounts of The Durgapur Projects Limited (DPL) was in arrears. The Chief Secretary to the Government of West Bengal is informed quarterly regarding arrears in accounts.

In absence of finalisation of accounts, no assurance could be given on whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested was achieved. The GoWB investment in this PSU, therefore, remained outside the oversight of State Legislature.

Performance of Power Sector PSUs

2.7 The financial position and working results of the six Power Sector PSUs as per their latest finalised accounts as on 30 September 2019 are detailed in *Appendix-9*.

The performance of a company is traditionally assessed through percentage of turnover to GSDP, return on investment, return on equity and return on capital employed.

Percentage of turnover to GDP of the State

2.7.1 The details of turnover of Power Sector PSUs as per their latest available accounts and GDP of West Bengal for a period of five years ending March 2019 are shown in **Table 2.5**:

Table 2.5: Details of Turnover of Power Sector PSUs vis-à-vis GDP of West Bengal

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover	26,056.63	25,158.28	29,348.48	31,773.99	33,310.76
Percentage change of turnover over previous year	-	(-) 3.45	16.66	8.26	4.84
GDP of West Bengal	7,18,082	7,97,300	8,79,167	10,20,858	11,77,586
Percentage change of GDP over previous year	-	11.03	10.27	16.12	15.35
Percentage of turnover to GDP of West Bengal	3.63	3.16	3.34	3.11	2.83

(Source: Compiled based on turnover figures of PSUs and State GDP figures as per information in previous Audit Report and the Finance Accounts, Volume-I, 2018-19, GoWB)

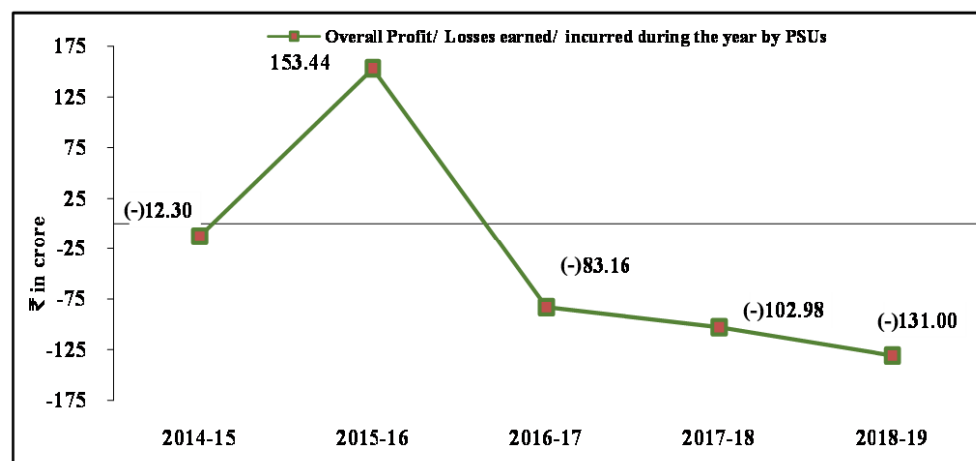
In 2018-19, the turnover of the PSUs relative to State GDP was 2.83 per cent and had marginally decreased over the five years 2014-19. The compounded annual growth¹⁶⁴ of State GDP was 11.71 per cent during last five years, while in the same period, the turnover of Power Sector PSUs recorded lower compounded annual growth of 4.26 per cent. This resulted in decrease in share of turnover of these PSUs to the State GDP from 3.63 per cent in 2014-15 to 2.83 per cent in 2018-19.

¹⁶⁴ Rate of Compounded Annual Growth $[\{(Value\ of\ 2018-19/Value\ of\ 2013-14)^{(1/5\ years)} - 1\} * 100]$ where turnover and State GDP for the year 2013-14 was ₹ 27,037.91 crore and ₹ 6,76,848 crore respectively.

Rate of Real Return on Investment

2.7.2 Rate of Real Return on Investment is the percentage of profit or loss to the Present Value (PV) of total investment. The overall position of profits earned/ losses¹⁶⁵ incurred by the State PSUs during 2014-15 to 2018-19 is depicted below in **Chart 2.1**:

Chart 2.1: Profit/ Losses earned/ incurred by PSUs during the years



(Source: As per latest accounts as of 30 September following the respective financial years)

The loss of ₹ 12.30 crore incurred by the Power Sector PSUs in 2014-15 increased to ₹ 131 crore in 2018-19. This was mainly due to rise in losses of The Durgapur Projects Limited from ₹ 324.60 crore in 2014-15 to ₹ 591.22 crore in 2018-19. Moreover, West Bengal State Electricity Distribution Company Limited slipped into losses from 2016-17 with the adoption of Ind AS.

As per latest finalised accounts till September 2019, three Power Sector PSUs earned profit of ₹ 505.46 crore and the remaining three incurred losses of ₹ 636.46 crore as detailed in **Appendix-9**. The top profit earning companies were West Bengal State Electricity Transmission Company Limited (₹ 404.72 crore) and West Bengal Power Development Corporation Limited (₹ 99.61 crore), the aggregate profits of which were less than the loss incurred by The Durgapur Project Limited (₹ 591.22 crore).

The GoWB has not formulated any dividend policy. None of the Power Sector PSUs had declared dividends since incorporation, although two Power Sector PSUs had earned profits in all five years from 2014-15 to 2018-19.

Rate of Real Return (RORR) on the basis of historical cost of investment

2.7.3 For the purpose of calculation of the RORR the total figure of Investment in working Power Sector PSUs by the Government of West Bengal, Government of India and others has been arrived by considering equity, interest free loans and grants as well as subsidies for operational & management purpose.

As on 31 March 2019, equity of the GoWB, GoI and others in these six PSUs, aggregated to ₹ 12,272.74 crore and grants as well as subsidies for operational and management expenses adding up to ₹ 6,095.09 crore. The entire outstanding long-term loans of ₹ 17,390.89 crore were interest-bearing. Thus, the aggregate

¹⁶⁵ Figures are as per the latest finalised accounts of the respective years.

investment in these PSUs on the basis of historical cost stood at ₹ 18,367.83 crore (₹ 12,272.74 crore + ₹ 6,095.09 crore). The rate of real return on investment on the basis of historical cost of investment in the Power Sector for the period 2014-15 to 2018-19 is given in **Table 2.6**:

Table 2.6: Annual rate of Real Return on Investment on historical cost basis

(₹ in crore)

Year	Total Earnings for the year	Investment in the form of equity, interest free loans and grants/ subsidies for operational & management expenses on historical cost basis				Rate of Real Return on investment on historical cost basis (in per cent)
		Government of West Bengal	Government of India	Funds invested by others	Total	
2014-15	(-) 12.30	11,170.08	10.37	14.86	11,195.31	(-) 0.11
2015-16	153.44	12,416.07	21.77	14.86	12,452.70	1.23
2016-17	(-) 83.16	16,259.07	21.77	14.86	16,295.70	(-) 0.51
2017-18	(-) 102.98	17,488.98	31.93	14.96	17,535.87	(-) 0.59
2018-19	(-) 131.00	18,307.48	55.25	5.10	18,367.83	(-) 0.71

(Source: Compiled based on information received from PSUs)

It would be seen from the table that the rate of return in the Power Sector has been positive only in one year viz. 2015-16. This was mostly due to increase in profits of WBSETCL by 62.34 per cent i.e. from ₹ 269.26 crore (2014-15) to ₹ 437.11 crore (2015-16).

It was also noticed that between 2014-15 and 2018-19, the aggregate debt equity ratio of the working power-sector PSUs reduced from 1.99 to 1.42. This was mainly due to disbursement by GoWB of share capital of ₹ 2,460.17 crore and grants of ₹ 4,563.16 crore for paying principal (₹ 3,031.42 crore) and interest (₹ 1,531.74 crore) on Government loans in this period. However, from October 2018 to November 2020, credit rating agencies had in respect of three¹⁶⁶ of the largest Power Sector PSUs downgraded either their outlook or their rating, largely due to stretched liquidity and rise in receivables. This indicated that the performance of the Power Sector was deteriorating.

Return on Investment on the basis of Present Value of Investment

2.7.4 Traditional calculation of return based only on the basis of historical cost ignores the present value of money. Calculating RORR on the basis of PV is a more adequate assessment. During the five-year period from 2014-15 to 2018-19, these PSUs had positive rate of real return on investment only in 2015-16. Therefore for the year 2015-16, ROI could be calculated and depicted on the basis of PV.

The PV of the total investment in these six PSUs was computed on the following assumptions:

- The equity infused minus disinvestment has been reckoned as investment for calculating the rate of real return on investments. Further, interest free long-term loans and assistance as grants/ subsidies have been considered

¹⁶⁶ West Bengal State Electricity Distribution Company Limited, West Bengal State Electricity Transmission Company Limited and West Bengal Power Development Corporation Limited.

as investment infusion. In case of either repayment of loans by the PSUs or their subsequent conversion to equity/ interest bearing loans, the PV was calculated on the reduced balances of interest free loans over the period.

- The average rate of interest on government borrowings for the concerned financial year¹⁶⁷ was adopted as compounded rate for arriving at present value since they represent the cost incurred towards investment of funds for the year and, therefore, considered as the minimum expected rate of return on investments.

The investment by the GoWB, GoI and others in the working Power Sector PSUs at the end of the year 2018-19 was ₹ 18,367.83 crore consisting of equity (₹ 12,272.74 crore) and grants/ subsidies (₹ 6,095.09 crore). The PV of funds infused by the GoWB, GoI and others up to 31 March 2019 amounted to ₹ 63,652.60 crore.

As the working Power Sector PSUs earned profits only during the year 2015-16, comparison at historical cost and at present value is given in **Table 2.7**:

Table 2.7: Real Rate of Return on total investment on Present Value

(₹ in crore)

Year	Total Earnings for the year	Total Investment in the form of equity, interest free loans and grants/ subsidies for operational & management expenses on historical cost basis	RROI on historical cost basis (in per cent)	Present value of the total investment at the end of the year	RROI on present value of the investments (in per cent)
2015-16	153.44	12,452.70	1.23	37,501.81	0.41

(Source: Compiled based on information received from PSUs)

Return on Equity

2.7.5 Return on Equity (RoE) is a measure of financial performance to assess how effectively management is using shareholders' funds to create profits and is calculated by dividing net income (*i.e.* net profit after taxes) by shareholders' funds, expressed as a percentage.

Shareholders' funds of a Company is calculated by adding paid up capital including share application money and free reserves net of accumulated losses and deferred revenue expenditure. A positive shareholders' funds implies that the company has enough assets to cover its liabilities while negative shareholder equity means that liabilities exceed assets.

RoE computed in respect of Power Sector PSUs, which have earned profit or incurred loss, as per their latest annual financial statements is detailed in the **Table 2.8**:

¹⁶⁷ The average rate of interest on government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of West Bengal) for the concerned year wherein the average rate for interest paid = Interest Payment/[Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100.

Table 2.8: Profit and loss wise Return on Equity on Power Sector PSUs

(₹ in crore)

	Year	No. of PSUs	Net Profit/ (Loss)	Shareholders' funds	RoE in per cent
	(1)	(2)	(3)	(4)	(5)={3}/(4)}*100
Profit earning	2014-15	4	314.17	12,142.93	2.50
	2015-16	4	481.16	14,578.11	3.30
	2016-17	3	481.09	13,336.24	3.61
	2017-18	4	475.22	15,058.86	3.16
	2018-19	3	505.46	12,328.20	4.10
Loss incurring	2014-15	2	(-) 326.47	(-) 245.82	-
	2015-16	2	(-) 327.72	(-) 587.83	-
	2016-17	4	(-) 564.25	1,293.35	43.63
	2017-18	3	(-) 578.20	1,116.27	51.80
	2018-19	3	(-) 636.46	616.10	103.30
Total*	2014-15	6	(-) 12.30	11,897.11	(-) 0.10
	2015-16	6	153.44	13,990.28	1.10
	2016-17	7	(-) 83.16	14,629.59	(-) 0.57
	2017-18	7	(-) 102.98	13,474.18	(-) 0.76
	2018-19	6	(-) 131.00	12,944.30	(-) 1.01

(Source: Compiled based on information received from PSUs)

* Working PSUs which had not submitted their first accounts since inception have been excluded.

The Return on Equity of the loss incurring Power Sector PSUs was not worked out for 2014-15 and 2015-16 as their net worth was negative. PSUs in Power Sector as a whole had posted profits only in 2015-16.

Return on Capital Employed

2.7.6 Return on Capital Employed (RoCE) is a ratio that measures a company's profitability and the efficiency with which its capital is employed. RoCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed.¹⁶⁸

During 2014-15 to 2018-19, the RoCE of power-sector PSUs steadily increased from 6.50 per cent to 10.42 per cent. The reason for improvement in RoCE was mainly reduction in borrowings. Moreover, the RoCE was substantially above aggregate RoE of these PSUs which, in the same period, decreased from (-) 0.10 per cent to (-) 1.01 per cent.

The details of total RoCE of all the profit earning and loss incurring State PSUs during the period from 2014-15 to 2018-19 are given in **Table 2.9**:

¹⁶⁸ Capital employed = Paid up share capital + free reserves and surplus + long-term loans - accumulated losses - deferred revenue expenditure. Figures are as per the latest year for which accounts of the PSUs are finalised.

Table 2.9: Profit and loss wise Return on Capital Employed of Power Sector PSUs*(₹ in crore)*

	Year	No. of PSUs	EBIT	Capital Employed	RoCE (in per cent)
	(1)	(2)	(3)	(4)	(5)={3}/(4)*100
Profit earning	2014-15	4	2,537.15	35,383.17	7.17
	2015-16	4	2,769.12	39,783.32	6.96
	2016-17	3	1,557.10	22,882.98	6.80
	2017-18	4	1,709.54	21,575.18	7.92
	2018-19	3	1,977.24	21,435.85	9.22
Loss incurring	2014-15	2	(-) 109.92	1,977.72	(-) 5.56
	2015-16	2	(-) 2.47	2,062.92	(-) 0.12
	2016-17	4	1,495.43	10,183.35	14.69
	2017-18	3	1,305.41	9,681.49	13.48
	2018-19	3	1,170.11	8,779.79	13.33
Total*	2014-15	6	2,427.23	37,360.89	6.50
	2015-16	6	2,806.65	41,846.24	6.71
	2016-17	7	3,025.53	33,066.63	9.23
	2017-18	7	3,014.95	31,256.67	9.65
	2018-19	6	3,147.35	30,215.64	10.42

(Source: Compiled based on information received from PSUs)

* Working PSUs which had not submitted their first accounts since inception have been excluded.

The EBIT of the loss-incurring PSUs was negative in 2014-15 and 2015-16 but was positive in the subsequent three years. Therefore, from 2016-17 to 2018-19, all the power-sector PSUs had a positive RoCE.

Erosion of Net worth

2.7.7 Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially, it is a measure of what an entity is worth to the shareholders and is also referred to as shareholders' funds. A negative net worth indicates that the entire investment by the shareholders has been wiped out by accumulated losses and deferred revenue expenditure. **Table 2.10** below indicates total paid up capital, total free reserves, total surpluses, total accumulated losses and net worth of the working Power Sector PSUs during the period 2014-15 to 2018-19:

Table 2.10: Net worth of working Power Sector PSUs*(₹ in crore)*

Year	No. of PSUs*	Paid up Capital	Free Reserves & Surplus	Accumulated Profits (+)/Losses (-)	Net worth
1	2	3	4	5	6=3+4+5
2014-15	6	9,812.57	1,460.84	623.70	11,897.11
2015-16	6	10,751.79	2,110.38	1,128.11	13,990.28
2016-17	7	11,066.18	2,286.00	1,277.41	14,629.59
2017-18	7	11,539.67	2,700.95	(-) 766.44	13,474.18
2018-19	6	11,583.45	3,125.74	(-) 1,764.89	12,944.30

(Source: Compiled based on information received from PSUs)

* PSUs which had not submitted their first accounts since inception have been excluded.

As can be seen, the combined net worth of the working PSUs was positive during the five-year period. The net worth has increased marginally from ₹ 12,315.68 crore in 2014-15 to ₹ 12,944.30 crore in 2018-19 due to increase in paid up capital and free reserves.

Analysis of Long-term Loans of the State PSUs

2.7.8 Analysis of the long-term loans of the PSUs which had leverage during 2014-15 to 2018-19 was carried out to assess the ability of the companies to serve the debt owed by the companies to the Government, banks and other financial institutions. This is assessed through the interest coverage ratio and debt turnover ratio.

Interest Coverage Ratio

2.7.9 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 is 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 interest coverage ratio (ICR) in respect of Power Sector PSUs having interest burden during the period from 2014-15 to 2018-19 are given in **Table 2.11**:

Table 2.11: Interest Coverage Ratio relating to Power Sector PSUs

(₹ in crore)

Year	Earnings before interest and tax (EBIT)	Interest	Number of PSUs having liability of loans from Government and Banks and other financial institutions	Number of PSUs having interest coverage ratio more than 1	Number of PSUs having interest coverage ratio less than 1
2014-15	2,427.23	2,438.29	4	3	1
2015-16	2,766.65	2,612.27	4	3	1
2016-17	3,025.53	3,134.91	4	2	2
2017-18	3,014.95	3,117.14	4	2	2
2018-19	3,147.35	3,140.11	5	3	2

(Source: Compiled based on information received from PSUs)

Of the five Power Sector PSUs having liability of loans from Government as well as banks and other financial institutions during 2018-19, three PSUs had interest coverage ratio of more than one. Remaining two PSUs had interest coverage ratio below one, indicating that they could not generate sufficient revenues to meet their expenses on interest during the period.

Debt Turnover Ratio

2.7.10 During the last five years, the turnover of the working Power Sector PSUs recorded compounded annual growth of 4.26 per cent and compounded annual growth of debt was (-) 2.28 per cent due to which the debt turnover ratio improved from 0.75 in 2014-15 to 0.52 in 2018-19 as given in **Table 2.12**:

Table 2.12: Debt Turnover Ratio relating to the State PSUs

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government and others (Banks and Financial Institutions)	19,544.71	21,122.96	18,338.74	17,995.79	17,390.89
Turnover	26,056.63	25,158.28	29,348.48	31,773.99	33,310.76
Debt-Turnover Ratio	0.75:1	0.84:1	0.62:1	0.57:1	0.52:1

(Source: Compiled based on information received from PSUs)

The debt-turnover ratio ranged between 0.84 and 0.52 during this period.

2.8 Follow up action on Audit Reports

The Audit Reports on Public Sector Undertakings for the year ended 31 March 2018, after countersignature of CAG on 28 July 2020, were despatched to Finance Department, Government of West Bengal on 17 August 2020. Reminder for placement of Audit Report was issued by the Principal Accountant General to the Finance Department on 29 January 2021.

Discussion of Audit Reports by COPU

2.8.1 The status of discussion of Performance Audits and Paragraphs that appeared in Audit Reports (PSUs) by the COPU as on 30 September 2019 was as under in **Table 2.13**:

Table 2.13: Performance Audits/ Paragraphs relating to Power Sector PSUs appeared in Audit Reports *vis-à-vis* discussed as on 30 September 2019.

Period of Audit Report	Number of Performance Audits/ Paragraphs			
	Appeared in Audit Reports		Discussed	
	PAs	Paragraphs	PAs	Paragraphs
2011-2017	4	25	2	10

(Source: Database maintained in the PAG Office based on latest accounts received)

Compliance to Reports of COPU

2.8.2 According to rules of Procedure of COPU, Action Taken Notes (ATNs) on the recommendation contains in the COPU Reports are to be submitted by the Government within three months of their receipt. The five COPU reports where Action Taken Notes were yet to be received from the Department of Power as on 30 September 2019 contain 12 recommendations in respect of paragraphs, which had appeared in the Reports of the CAG of India for the years 2010-11 to 2015-16.

