

Chapter II

Functioning of State Public Sector Enterprises (SPSEs)

Chapter-II

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2.1 Summary of financial performance of SPSEs – Government of West Bengal

2.1.1 Introduction

This Chapter presents the summary of financial performance of Government Companies, Statutory Corporations and Government controlled other Companies of the Government of West Bengal (GoWB) and within the audit jurisdiction of the Comptroller and Auditor General of India (CAG). These SPSEs were established to carry out the activities of commercial nature and to contribute in economic development of the State.

In the Chapter, the term State Public Sector Enterprises (SPSEs) encompasses those Government companies in which the direct holding of GoWB is 51 *per cent* or more and subsidiaries of such Government companies. The Statutory Corporations set up under Statutes enacted by the Parliament and the West Bengal Legislative Assembly as well as other companies owned or controlled, directly or indirectly by GoWB have also been categorised as SPSEs.

According to Section 2 (45) of the Companies Act, 2013, a Government Company is any company in which not less than 51 *per cent* of the paid-up share capital is held by the Central Government, or by any State Government/ Governments, or partly by the Central Government and partly by one or more State Governments. This includes a company which is a subsidiary company of such a Government Company. Further, a Government-controlled company is any other company⁸ owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments.

2.1.2 Mandate

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 CAG.

2.1.3 Number of SPSEs

As on 31 March 2020, there were 85 SPSEs (including 19 inactive SPSEs) in West Bengal. During the year 2019-20, two⁹ SPSEs were added to the audit jurisdiction while one SPSE namely, Gluconate Health Limited was amalgamated with West Bengal Medical Services Corporation Limited under the administrative control of Department of Health & Family Welfare. The financial performance of the SPSEs has been drawn up on the basis of latest finalised accounts as on 30 September 2020 is covered in this section. The working SPSEs registered an

⁸ *Companies (Removal of Difficulties) Seventh Order 2014 issued by Ministry of Corporate Affairs, Government of India vide Gazette Notification dated 04 September 2014.*

⁹ *Incorporation of Banglar Dairy Limited in November 2015 and Newtown Green Smart City Corporation Limited in October 2018.*

annual turnover of ₹ 55,642.34 crore *i.e.* an increase of 5.08 *per cent* in 2019-20 over 2018-19¹⁰. This turnover was equal to 4.23 *per cent* of Gross State Domestic Product (GSDP) for the year 2019-20 (₹ 13,14,529 crore). The SPSEs earned overall profit of ₹ 1,177.82 crore as per their latest financial accounts. As on 31 March 2020, the SPSEs had employed around 46,062 employees. There were 19 SPSEs having an investment of ₹ 1,375.00 crore towards capital (₹ 164.32 crore) and long-term loans (₹ 1,210.68 crore), which were inactive for one to 18 years. This is a critical area as the investments in inactive SPSEs do not contribute to the economic growth of the State. The State Government may consider winding them up.

2.1.4 Framework of Power Sector SPSEs

Power is a core component to operate any industrial activities to boost the economy of any State. 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 2020, there were six power-sector SPSEs in West Bengal, all of which were working. Besides, there was West Bengal Electricity Regulatory Commission (WBERC), a regulatory authority.

2.1.5 Framework of Non-Power Sector SPSEs

State Public Sector Undertakings (Non-Power Sector) consist of State Government Companies, Government-controlled other Companies, subsidiary Companies and Statutory Corporations as of 31 March 2020, operating in the Non-Power Sector. These included 42 working Government Companies, two working other Government-controlled Companies, eight working subsidiary companies, eight working Statutory Corporations, one inactive Statutory Corporation, 14 inactive Government Companies, three inactive subsidiary companies and one inactive SPSE namely, West Bengal Tea Development Corporation Limited which is under liquidation process (*Appendix-6*).

2.1.6 Disinvestment and Restructuring of SPSEs

The Government of West Bengal decided (February 2017) to restructure SPSEs for improving operational efficiency and optimally utilising their manpower/ assets. Accordingly, one SPSE namely, Gluconate Health Limited was amalgamated with one existing SPSE, *viz.*, West Bengal Medical Services Corporation Limited with effect from 01 April 2019 under the administrative control of Department of Health & Family Welfare.

2.2 Investment in Government Companies and Statutory Corporations

2.2.1 Investment by the Government of West Bengal

The Government of West Bengal (GoWB) has financial stakes in the SPSEs, which is mainly comprised of:

¹⁰ Turnover of working SPSEs as per their latest finalised accounts up to 30 September 2019 was ₹ 52,953.14 crore.

- **Share capital and loans**– In addition to the share capital contribution, GoWB also provides financial assistance by way of loans to the SPSEs from time to time.
- **Special financial support**– GoWB provides budgetary support by way of grants and subsidies to the SPSEs as and when required.
- **Guarantees**– GoWB also guarantees the repayment of loans, with interest, availed by the SPSEs from Financial Institutions.

2.2.2 Aggregate investment in SPSEs with sector-wise summary

As on 31 March 2020, the investment (capital and long-term loans) in 85 SPSEs was ₹ 45,111.51 crore as per accounts of 2019-20 or information from SPSEs (*Appendix-6*). This total investment consisted of 37.89 *per cent* towards paid-up capital and 62.11 *per cent* in long-term loans. The sector-wise summary of investment in the SPSEs as on 31 March 2020 is given at **Table 2.1**:

Table 2.1: Sector-wise summary of investment in SPSEs

Sector	Government Companies		Statutory Corporations		Total	Investment (₹ in crore)		
	Working	Inactive	Working	Inactive		Equity	Long-term Loans	Total
(1)	(2)	(3)	(4)	(5)	(6)=(2)+(3)+(4)+(5)	(7)	(8)	(9) = (7)+(8)
Power	06	-	-	-	06	12,871.05	19,555.96	32,427.01
Finance	06	01	03	-	10	1,510.64	3,930.72	5,441.36
Service	11	-	03	01	15	233.68	2,338.96	2,572.64
Manufacturing	10	16	-	-	26	434.59	1,789.31	2,223.90
Infrastructure	11	-	01	-	12	1,918.11	184.08	2,102.19
Agriculture & Allied	10	01	01	-	12	116.89	141.81	258.70
Others	04	-	-	-	04	6.59	79.12	85.71
Total	58	18	08	01	85	17,091.55	28,019.96	45,111.51

(Source: Compiled from information provided by SPSEs and accounts for 2019-20 received)

The Power Sector constituted the major share of equity at 75.31 *per cent* (₹ 12,871.05 crore) and loans at 69.79 *per cent* (₹ 19,555.96 crore) from the Government of West Bengal, banks and financial institutions.

2.2.3 Investment in Power Sector SPSEs

The activity-wise summary of investment in the Power Sector undertakings as on 31 March 2020 is given below:

Table 2.2: Activity-wise investment in Power Sector SPSEs

Activity	Number of Power Sector SPSEs	Investment (₹ in crore)		
		Equity	Long-term loans	Total
(1)	(2)	(3)	(4)	(5)=(3)+(4)
Generation	2	9,394.55	8,413.51	17,808.06
Transmission	1	1,105.52	2,942.71	4,078.23
Distribution	1	2,365.89	8,199.74	10,565.63

Activity	Number of Power Sector SPSEs	Investment (₹ in crore)		
		Equity	Long-term loans	Total
(1)	(2)	(3)	(4)	(5)=(3)+(4)
Others ¹¹	2	5.10	-	5.10
Total	6	12,871.06	19,555.96	32,427.02

(Source: Compiled based on information received from SPSEs)

As on 31 March 2020, the total investment (equity and long-term loans) in six Power Sector SPSEs was ₹ 32,427.02 crore. The investment consisted of ₹ 12,871.06 crore (39.69 per cent) towards equity and ₹ 19,555.96 crore (60.31 per cent) as long-term loans.

The aggregate investment in the Power Sector SPSEs over the period from 2015-16 to 2019-20 had marginally increased by 1.58 per cent. However, in the same period while paid-up capital had increased by 19.16 per cent, long-term loans had reduced by 7.42 per cent. This resulted in improvement in debt-equity ratio from 1.96:1 to 1.42:1 between 2015-16 and 2018-19, which again increased to 1.52:1 in 2019-20, as shown in **Table 2.3**.

Table 2.3: Debt-Equity Ratios of Power Sector SPSEs

Year	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Debt	21,122.96	18,338.74	17,995.79	17,390.89	19,555.96
Equity	10,801.21	11,066.18	11,539.72	12,272.74	12,871.05
Debt-Equity Ratio	1.96:1	1.66:1	1.56:1	1.42:1	1.52:1

2.2.4 Investment in Non-Power Sector SPSEs

The sector-wise investment in all SPSEs (Non-Power Sector) as on 31 March 2020 is as follows:

Table 2.4: Sector-wise investment in SPSEs (Non-Power Sector)

Sector	Total number of SPSEs	Investment		
		Equity*	Long-term loans*	Total
Social Sector	24	2,035.00	325.89	2,360.89
Competitive Sector	41	668.27 ¹²	4,128.27	4,796.54
Others	14	1,517.23	4,009.84	5,527.07
Total	79	4,220.50	8,464.00	12,684.50

(Source: Compiled based on information received from SPSEs.)

* Includes paid-up capital, share application money and non-current component of principal amount of loans from the Central Government, State Governments and others including Public Financial Institutions and Commercial banks.

As on 31 March 2020, the total investment (equity and long-term loans) in 79 SPSEs (Non-Power Sector) was ₹ 12,684.50 crore. The investment consisted of ₹ 4,220.50 crore (33.27 per cent) towards equity and ₹ 8,464.00 crore (66.73 per cent) in long-term loans, as shown in **Appendix-6**.

¹¹ West Bengal Green Energy Development Corporation Limited and Bengal Birbhum Coalfields Limited.

¹² Excludes share capital of ₹ 54.38 crore of Gluconate Health Limited, merged with West Bengal Medical Services Corporation Limited from 01 April 2017. The scheme of merger has, however, not been given effect to in the accounts of the transferor company.

2.2.5 Budgetary support to SPSEs

The Government of West Bengal provides financial support to SPSEs in various forms through annual budget.

2.2.5.1 Power Sector SPSEs

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 Power Sector SPSEs for the last three years ending March 2020 are as follows in **Table 2.5**:

Table 2.5: Details regarding budgetary support to Power Sector SPSEs
(₹ in crore)

(1)	Particulars ¹³	2017-18		2018-19		2019-20	
		Nos. of SPSEs	Amount	Nos. of SPSEs	Amount	Nos. of SPSEs	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(i)	Equity capital	2	473.49	3	742.93	2	598.30
(ii)	Loans	-	-	2	518.80	2	362.07
(iii)	Grants/ Subsidy	3	1,215.94	2	79.20	3	38.28
(iv)	Total outgo (i+ii+iii)	3*	1,689.43	5*	1,340.93	4*	998.65
(v)	Loan repayment written off	1	26.59	1	84.89	-	-
(vi)	Loans converted into equity	-	-	-	-	-	-
(vii)	Guarantees issued ¹⁴	-	-	1	2,160.00	-	-
(viii)	Guarantee commitment ¹⁵	4	2,456.54	4	2,685.39	4	4,392.02

(Source: As per information furnished by SPSEs)

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

The annual budgetary assistance to the Power Sector SPSEs decreased from ₹ 1,689.43 crore in 2017-18 to ₹ 998.65 crore in 2019-20. The budgetary assistance for the year 2019-20 included ₹ 598.30 crore in equity, ₹ 362.07 crore in loans and ₹ 38.28 crore in grants/ subsidy.

2.2.5.2 Non-Power Sector SPSEs

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 Non-Power Sector SPSEs for the last three years ending March 2020 are as follows in **Table 2.6**:

Table 2.6: Details regarding budgetary support to SPSEs
(Non-Power Sector)

(₹ in crore)

(1)	Particulars	2017-18		2018-19		2019-20	
		Number of SPSEs	Amount	Number of SPSEs	Amount	Number of SPSEs	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(i)	Equity Capital	23	439.37	9	138.63	4	127.07
(ii)	Loans	24	453.39	21	321.80	23	478.72

¹³ Amount represents outgo from State Budget only.

¹⁴ Government guarantees issued to the SPSEs during a particular year.

¹⁵ Closing balance of amount outstanding against Government guarantee at the end of a particular year in respect of SPSEs.

	Particulars	2017-18		2018-19		2019-20	
		Number of SPSEs	Amount	Number of SPSEs	Amount	Number of SPSEs	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(iii)	Grants/ Subsidy	31	1,968.89	15	1,341.48	17	945.77
(iv)	Total outgo (i+ii+iii)	38*	2,861.65	34*	1,801.91	27	1,551.56
(v)	Loan repayment written off	2	3.77	11	334.29	-	-
(vi)	Loans converted into equity	1	13.24	-	-	-	-
(vii)	Guarantees issued	-	-	-	-	-	-
(viii)	Guarantee Commitment ¹⁶	7	2,443.52	7	2,510.12	9	1,858.07

(Source: As per information furnished by SPSEs)

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

The annual budgetary assistance to SPSEs declined from ₹ 2,861.65 crore 2017-18 to ₹ 1,551.56 crore in 2019-20. This included ₹ 127.07 crore as equity, ₹ 478.72 crore as loans and ₹ 945.77 crore as grants/ subsidy. The subsidy/ grants given by the State Government in 2019-20 were primarily to the Transport Sector (₹ 682.73 crore) for renovation of buses, purchase of spare parts, and other administrative expenses.

2.2.6 Guarantee Commission

The State Government provides guarantees to SPSEs to draw financial assistance from banks and financial institutions. The SPSEs are liable to pay guarantee commission to GoWB at the rate of one per cent per annum on the amount outstanding against guarantees issued.

2.2.6.1 Power Sector SPSEs

During the year, no fresh guarantee was issued. The outstanding dues towards guarantee commission of DPL and WBSEDCL was ₹ 45.09 crore and ₹ 15.98 crore, respectively, as on March 2020. Moreover, WBSETCL had not even charged guarantee commission of ₹ 5.40 crore in their financial statements up to 2019-20. Similar information for WBPDC was not available.

2.2.6.2 Non-Power Sector SPSEs

The State Government also provides guarantees to SPSEs to draw financial assistance from banks and financial institutions. The SPSEs 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 past three years, no fresh guarantee was issued. The guarantee commitments decreased by 23.96 per cent from ₹ 2,443.52 crore in 2017-18 to ₹ 1,858.07 crore in 2019-20. Further, the outstanding guarantees commission from nine Non-Power sector SPSEs stood at ₹ 18.58 crore, against which only ₹ 10.08 crore was included in the books of accounts as on March 2020.

2.2.7 Analysis of Long-term Loans of the SPSEs

Analysis of the long-term loans of the SPSEs which had leverage during 2015-16 to 2019-20 was carried out to assess the ability of the companies to service 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.

¹⁶ Closing balance of Government guarantee in respect of PSUs at the end of a particular year

2.2.7.1 Interest Coverage Ratio of Power Sector SPSEs

Interest coverage ratio is used to determine the ability of a SPSE to pay interest on outstanding debt and is calculated by dividing earnings before interest and taxes (EBIT) of a SPSE by interest expenses of the same period. The lower the ratio, the lesser is the ability of the SPSE to pay interest on debt. An interest coverage ratio below one indicates that the SPSE is not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio (ICR) in respect of Power Sector SPSEs having interest burden during the period from 2015-16 to 2019-20 are given in **Table 2.7**:

Table 2.7: Interest Coverage Ratio relating to Power Sector SPSEs

(₹ in crore)

Year	Earnings before interest and tax (EBIT)	Interest	Number of SPSEs having liability of loans from Government and Banks and other financial institutions	Number of SPSEs having interest coverage ratio more than 1	Number of SPSEs having interest coverage ratio less than 1
(1)	(2)	(3)	(4)	(5)	(6)
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
2019-20	4,146.80	3,127.31	5	4	1

(Source: Compiled based on latest available accounts of SPSEs for the respective years)

Of the five Power Sector SPSEs having liability of loans from Government as well as banks and other financial institutions during 2019-20, four SPSEs had interest coverage ratio of more than one. Remaining one SPSE had interest coverage ratio below one, indicating that it could not generate sufficient revenues to meet its expenses on interest during the period.

2.2.7.2 Debt Turnover Ratio of Power Sector SPSEs

During the last five years,¹⁷ the compounded annual growth of debt was (-) 0.89 per cent while turnover of working Power Sector SPSEs recorded compounded annual growth of 5.81 per cent. Consequently, the debt turnover ratio improved from 0.84 in 2015-16 to 0.54 in 2019-20 as given in **Table 2.8**:

Table 2.8: Debt Turnover Ratio relating to the State SPSEs

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Debt from Government and others (Banks and Financial Institutions)	21,122.96	18,338.74	17,995.79	17,390.89	18,689.15
Turnover	25,158.28	29,348.48	31,773.99	33,310.76	34,558.17
Debt-Turnover Ratio	0.84:1	0.62:1	0.57:1	0.52:1	0.54:1

(Source: Compiled based on information received from SPSEs)

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

¹⁷ Base year 2014-15 – debt: ₹ 19,544.71 crore, turnover: ₹ 26,056.63 crore.

2.2.7.3 Interest Coverage Ratio of Non-Power Sector SPSEs

Interest coverage ratio is used to determine the ability of a SPSE to pay interest on outstanding debt and is calculated by dividing earnings before interest and taxes (EBIT) of a SPSE by interest expenses of the same period. The lower the ratio, the lesser is the ability of the SPSE to pay interest on debt. An interest coverage ratio below one indicates that the SPSE is not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio (ICR) in respect of Non-Power Sector SPSEs having interest burden during the period from 2015-16 to 2019-20 are given in **Table 2.9**:

Table 2.9: Interest Coverage Ratio relating to SPSEs in the Non-Power Sector

(₹ in crore)

Year	Earnings before interest and tax (EBIT)	Interest	Number of SPSEs having liability of loans from Government, Banks and other financial institutions	Number of SPSEs having interest coverage ratio more than 1	Number of SPSEs having interest coverage ratio less than 1
(1)	(2)	(3)	(4)	(5)	(6)
2015-16	830.20	526.93	43	26	17
2016-17	413.47	593.76	42	18	24
2017-18	67.73	559.37	37	17	20
2018-19	1,755.56	1,002.90	35	15	20
2019-20	858.04	1,123.36	35	20	15

(Source: Compiled based on latest finalised Accounts received from SPSEs)

Of the 35 working Non-Power SPSEs having liability of loans during 2019-20, 20 SPSEs had interest coverage ratio of more than one whereas remaining 15 SPSEs had interest coverage ratio below one. This indicates that these 15 SPSEs could not generate sufficient revenues to meet their expenses on interest during the period.

2.2.7.4 Debt Turnover Ratio

During the last five years, the turnover of the 39 working SPSEs with borrowings in Non-Power Sector recorded compounded annual growth of 8.35 per cent while the compounded annual growth of debt was (-) 10.71 per cent due to which the debt turnover ratio improved from 1.62 in 2015-16 to 0.28 in 2019-20 as given in **Table 2.10**:

Table 2.10: Debt Turnover Ratio relating to the SPSEs in the Non-Power Sector

(₹ in crore)

Particulars ¹⁸	2015-16	2016-17	2017-18	2018-19	2019-20
Debt from Government and others (Banks and Financial Institutions)	6,731.11	4,122.03	4,229.80	5,143.22	5,407.65
Turnover	4,167.37	4,285.30	11,058.04	17,953.65	19,247.65
Debt-Turnover Ratio	1.62:1	0.96:1	0.38:1	0.29:1	0.28:1

(Source: Compiled based on latest finalised Accounts received from SPSEs)

¹⁸ Turnover and debts of SPSEs having loan liability for the year 2014-15 is ₹ 12,883.63 crore and ₹ 9,528.64 crore.

The debt-turnover ratio ranged between 0.28 and 1.62 during this period.

2.3 Return from Government Companies and Statutory Corporations

2.3.1 Performance of Power Sector SPSEs

The financial position and working results of the six Power Sector SPSEs as per their latest finalised accounts as on 30 September 2020 are detailed in *Appendix-7*.

The performance of a company is traditionally assessed through percentage of turnover to Gross State Domestic Product (GSDP), return on investment, return on equity and return on capital employed.

2.3.1.1 Percentage of turnover to GSDP

The details of turnover of Power Sector SPSEs as per their latest available accounts and GSDP of West Bengal for a period of five years ending March 2020 are shown in **Table 2.11**:

Table 2.11: Details of Turnover of Power Sector SPSEs vis-à-vis GSDP of WB

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
(1)	(2)	(3)	(4)	(5)	(6)
Turnover of Power Sector SPSEs	25,158.28	29,348.48	31,773.99	33,310.76	34,558.17
Percentage change of turnover over previous year	(-) 3.45	16.66	8.26	4.84	3.74
GSDP of West Bengal	7,97,300	8,79,167	10,20,858	11,77,586	13,14,529
Percentage change of GSDP over previous year	11.03	10.27	16.12	15.35	11.63
Percentage of turnover to GSDP of West Bengal	3.16	3.34	3.11	2.83	2.63

(Source: Compiled based on turnover figures of SPSEs and GSDP figures as per information in previous Audit Report and the Finance Accounts, Volume-I, 2019-20, GoWB)

In 2019-20, the turnover of the SPSEs relative to GSDP was 2.63 per cent and had marginally decreased over the years 2015-20. The compounded annual growth¹⁹ of GSDP was 12.85 per cent during last five years, while in the same period, the turnover of Power Sector SPSEs recorded lower compounded annual growth of 5.81 per cent, leading to decrease in share of turnover of these SPSEs to the GSDP from 3.16 per cent in 2015-16 to 2.63 per cent in 2019-20.

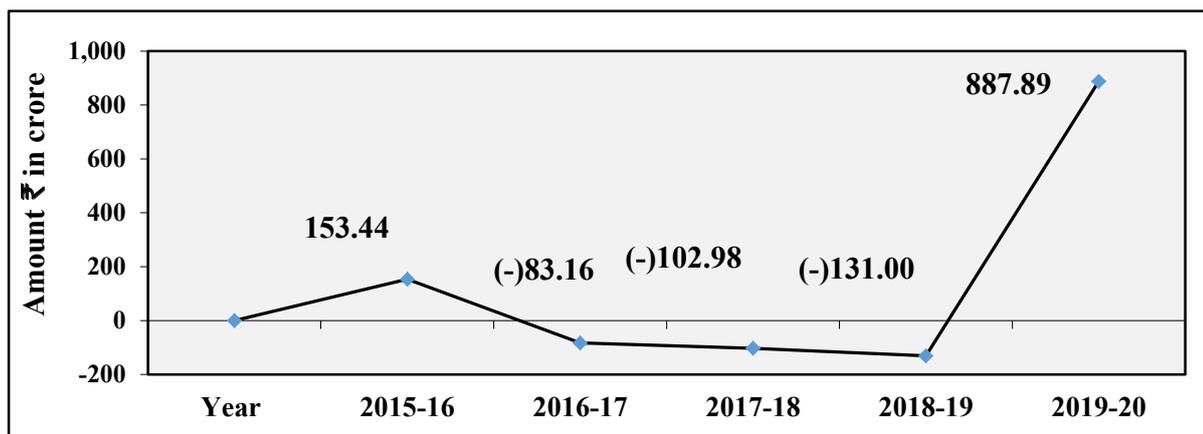
2.3.1.2 Return on investment

The overall position of profits earned/ losses²⁰ incurred by the State SPSEs during 2015-16 to 2019-20, as per the latest finalised accounts till 30 September of the respective years, is depicted below in **Chart 2.1**:

¹⁹ Rate of Compounded Annual Growth $\left[\left\{ \frac{\text{Value of 2019-20}}{\text{Value of 2014-15}} \right\}^{(1/5 \text{ years})} - 1 \right] * 100$ where turnover and GSDP for the year 2014-15 was ₹ 26,056.63 crore and ₹ 7,18,082 crore respectively.

²⁰ Figures are as per the latest financial statements of the respective years.

Chart 2.1: Profit earned/ losses incurred by SPSEs during the years



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

The aggregate profit of ₹ 153.44 crore earned by the Power Sector SPSEs in 2015-16 turned to losses during 2016-17 to 2019-20 and again returned to profits of ₹ 887.89 crore in 2019-20. This was mainly due to sharp rise in profits of West Bengal State Electricity Distribution Company Limited from loss of ₹ 45.22 crore in 2018-19 to profit of ₹ 567.37 crore in 2019-20. This was mainly due to accounting for ₹ 2,900.73 crore as “Income Receivable through Regulatory Mechanism” in 2019-20 as against ₹ 1,340.92 crore in the preceding year. These amounts were booked on the presumption that favourable orders for the full amount will be available. Further, The Durgapur Projects Limited reduced its losses from ₹ 591.22 crore in 2017-18 to ₹ 166.58 crore in 2018-19, as per latest finalised accounts till 30 September 2020.

As per latest finalised accounts till September 2020, four Power Sector SPSEs earned total profit of ₹ 1,054.49 crore, while the remaining two SPSEs incurred losses of ₹ 166.60 crore as detailed in *Appendix-7*. The top profit earning companies were West Bengal State Electricity Distribution Company Limited (₹ 567.37 crore) West Bengal State Electricity Transmission Company Limited (₹ 386.38 crore) and West Bengal Power Development Corporation Limited (₹ 99.61 crore), with maximum loss incurred by The Durgapur Projects Limited (₹ 166.58 crore).

2.3.1.3 Erosion of Net Worth/ capital

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 2.12** indicates total paid up capital, total free reserves, total surpluses, total accumulated losses and net worth of the working Power Sector SPSEs during the period 2015-16 to 2019-20:

Table 2.12: Net Worth of working Power Sector SPSEs*(₹ in crore)*

Year	No. of SPSEs	Paid up Capital	Free Reserves & Surplus	Accumulated profits (+)/losses (-)	Net worth
(1)	(2)	(3)	(4)	(5)	(6)=(3)+(4)+(5)
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
2019-20	6	12,109.32	3,466.68	(-) 1,894.85	13,681.15

(Source: Compiled based on latest available accounts of SPSEs)

As can be seen, the combined net worth of the working SPSEs was positive during the five-year period. The net worth has decreased marginally from ₹ 13,990.28 crore in 2015-16 to ₹ 13,681.15 crore in 2019-20 due to increase in accumulated losses.

Moreover, the accumulated losses of three of the six Power Sector SPSEs aggregating to ₹ 3,182.69 crore as per their latest finalised accounts, exceeded their total paid-up capital of ₹ 1,820.38 crore. This resulted in negative net worth of ₹ 1,362.31 crore for The Durgapur Projects Limited, West Bengal Green Energy Development Corporation Limited and Bengal Birbhum Coalfields Limited.

2.3.1.4 Payment of dividend by profit earning SPSEs

The GoWB has not formulated any dividend policy. None of the Power Sector SPSEs had declared dividends since incorporation, although two Power Sector SPSEs had earned profits in all five years from 2015-16 to 2019-20.

2.3.2 Performance of SPSEs (Non-Power Sector)

The financial position and working results of the 79 SPSEs (Non-Power Sector) as per their latest finalised accounts as on 30 September 2020 are detailed in *Appendix-7*. Their performance is analysed from the latest finalised accounts of SPSEs as of 30 September of the following year for each of the last five financial years ending 31 March 2020 and discussed hereafter.

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.

2.3.2.1 Percentage of turnover to GSDP

Table 2.13 provides the details of turnover of SPSEs (Non-Power Sector) and GSDP of West Bengal for a period of five years ending March 2020:

Table 2.13: Details of Turnover of Non-Power SPSEs vis-à-vis GSDP of West Bengal*(₹ in crore)*

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Turnover	5,202.68	5,923.62	12,126.13	19,642.308	21,126.21
Percentage change of turnover over previous year	(-) 62.22	13.86	104.71	61.98	7.55

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
GSDP of West Bengal	7,97,300	8,79,167	10,20,858	11,77,586	13,14,529
Percentage change of GSDP over previous year	11.03	10.27	16.12	15.35	11.63
Percentage of turnover to GSDP of West Bengal	0.65	0.67	1.19	1.67	1.61

(Source: Compiled based on turnover figures of SPSEs and GSDP figures as per information in previous Audit Reports and the Finance Accounts, Volume-I, 2019-20 GoWB)

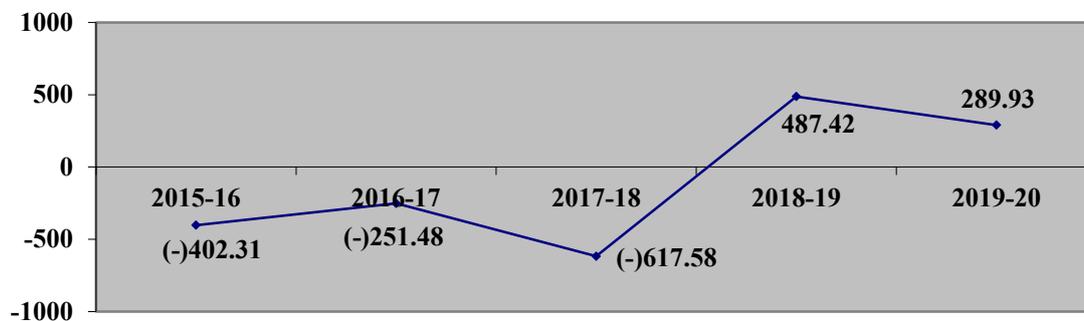
The turnover of these SPSEs increased significantly from 2015-16 to 2019-20 by 306.06 per cent mainly due to sharp rise in the turnover of West Bengal State Beverages Corporation Limited and West Bengal Essential Commodities Supply Corporation Limited of ₹ 13,541.45 crore and ₹ 2,814.04 crore, respectively. The Compounded Annual Growth Rate (CAGR)²¹ of State GSDP was 12.85 per cent during last five years, while the corresponding CAGR for turnover of Non-Power SPSEs was 8.93 per cent.

2.3.2.2 Return on Investment

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/ losses incurred by all 79 SPSEs (Non-Power Sector) during 2015-16 to 2019-20 is depicted below in **Chart 2.2**:

Chart 2.2: Profit/ Losses earned/ incurred by SPSEs (Non-Power Sector) during the years

(₹ in crore)



(Source: As per latest Accounts as of 30 September for respective financial years)

The loss of ₹ 402.31 crore incurred by these SPSEs in 2015-16 turned into profit of ₹ 289.93 crore in 2019-20. The aggregate profits in 2019-20 decreased from the previous year (₹ 487.42 crore) mainly due to profit of ₹ 60.39 crore earned by South Bengal State Transport Corporation (SBSTC) in the previous year turning into loss of ₹ 94.93 crore in the current year.

As per latest finalised accounts of 59 working SPSEs till September 2020, 29 SPSEs earned aggregate profit of ₹ 1,332.69 crore and 30 SPSEs incurred aggregate losses of ₹ 778.10 crore. The remaining one²² SPSE had not submitted

²¹ Rate of Compounded Annual Growth $((\text{value of 2019-20}/\text{value of 2014-15})^{1/5} - 1) * 100$ where turnover and GSDP for the year 2014-15 was ₹ 13,770.12 crore and ₹ 7,18,082 crore respectively.

²² New Town Kolkata Green Smart City Corporation Limited has not submitted initial accounts till 30 September 2020.

its first accounts till September 2020. The working results of each SPSEs as per its latest available accounts is given in **Appendix-7**. Besides West Bengal Industrial Development Corporation Limited (₹ 885.27 crore), the other top profit earning company was West Bengal State Beverages Corporation Limited (₹ 80.30 crore). The major contributors to the losses, other than SBSTC, were West Bengal Transport Corporation Limited (₹ 188.92 crore) and West Bengal Surface Transport Corporation Limited (₹ 89.98 crore).

2.3.2.3 Erosion of Net worth/ capital

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. The aggregate paid-up capital (including share application money), free reserves and surpluses of 59 working SPSEs in the Non-Power Sector as per their latest accounts were ₹ 3,860.87 crore and ₹ 81.65 crore, respectively while accumulated losses was ₹ 5,890.62 crore resulting in negative net worth of ₹ 1,948.10 crore. The net worth of each State SPSE (Non-Power) is given at **Appendix-7**.

Table 2.14 below indicates total paid up capital, total free reserves, surpluses, accumulated losses and net worth of the working SPSEs during the period 2015-16 to 2019-20:

Table 2.14: Net Worth of working SPSEs in Non-Power Sector

(₹ in crore)

Year	No. of SPSEs*	Paid up Capital (including share application money)	Free Reserves	Surplus	Accumulated losses	Net Worth
(1)	(2)	(3)	(4)	(5)	(6)	7=(3)+(4)+(5)-(6)
2015-16	64	3,058.13	30.28	-	4,298.77	(-) 1,210.36
2016-17	65	3,376.93	35.20	-	4,834.09	(-) 1,421.96
2017-18	63	3,546.60	40.20	-	6,956.91	(-) 3,370.11
2018-19	58	3,570.91	68.16	-	5,854.81	(-) 2,215.74
2019-20	59	3,860.87	81.65	-	5,890.62	(-) 1,948.10

(Source: Compiled based on latest finalised Accounts received from SPSEs)

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

As can be seen from the table, the combined net worth of the working SPSEs was negative during the five-year period. The net worth has improved from 2017-18 to 2019-20; by (-) ₹ 1,422.01 crore, due to increase in share capital and profits of the Finance Sector.

2.3.2.4 Dividend Payout to Equity

The GoWB has not formulated any dividend policy. Out of 59 working SPSEs, 29 SPSEs earned profits during the year 2019-20, of which only two²³ SPSEs

²³ Saraswaty Press Limited (₹ 1.32 crore) and West Bengal Text Book Corporation (P) Limited (₹ 0.02 crore) a subsidiary of Saraswaty Press Limited.

paid dividend of ₹ 1.34 crore during 2019-20. Dividend Payout to Equity by working SPSEs is shown in following table.

Table 2.15: Dividend Payout to Equity of the SPSEs during 2015-16 to 2019-20

(₹ in crore)

Year	Total working SPSEs with equity infused by GoWB, GoI and others		Working SPSEs which earned profits during the year		SPSEs which declared/ paid dividend during the year		Dividend Payout to Equity Ratio (in per cent)
	No. of SPSEs	Total Equity	No. of SPSEs	Total Equity	No. of SPSEs	Dividend declared/ paid by SPSEs	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(5)* 100
2015-16	64	3,058.13	37	2,602.89	4	0.62	0.02
2016-17	65	3,423.17	38	2,118.00	6	0.63	0.03
2017-18	63	3,546.60	36	1,643.31	4	0.71	0.04
2018-19	58	3,570.91	30	1,602.69	3	1.17	0.08
2019-20	59	3,860.87	29	1,773.51	2	1.34	0.08

(Source: Compiled based on latest finalised Accounts received from SPSEs)

The Dividend Payout to Equity Ratio during 2015-16 to 2019-20 was nominal at 0.02 per cent to 0.08 per cent only.

2.4 Operating efficiency of Government Companies and Statutory Corporations

The profitability of SPSEs is ascertained through three ratios, namely, Rate of Real Return (RORR) on Investment, Rate of Return on Equity or Shareholders' Funds and Rate of Return on Capital Employed as discussed below.

2.4.1 Profitability of Power Sector SPSEs

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

Rate of Real Return on Investment is the percentage of profit or loss to the historical or Present Value (PV) of total investment. For the purpose of calculation of the RORR the total figure of investment in working Power Sector SPSEs by the Government of West Bengal, Government of India and others has been arrived at by considering equity, interest free loans and grants as well as subsidies for operational & management purpose.

As on 31 March 2020, equity of the GoWB, GoI and others in these six SPSEs aggregated to ₹ 12,871.06 crore and grants as well as subsidies for operational and management expenses adding up to ₹ 6,133.37 crore. The entire outstanding long-term loans of ₹ 19,555.96 crore were interest-bearing. Thus, the aggregate investment in these SPSEs on the basis of historical cost stood at ₹ 19,004.43 crore (₹ 12,871.06 crore + ₹ 6,133.37 crore). The rate of real return on investment on the basis of historical cost of investment in the Power Sector for the period 2015-16 to 2019-20 is given in **Table 2.16**:

Table 2.16: 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	
(1)	(2)	(3)	(4)	(5)	(6)=(3)+(4)+(5)	(7)={(2)/(6)}* 100
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
2019-20	887.89	18,944.08	55.25	5.10	19,004.43	4.67

(Source: Compiled based on information received from SPSEs)

It would be seen from the above table that the rate of return in the Power Sector was positive in two years viz. 2015-16 and 2019-20. This was mostly due to jump in profits of WBSEDCL from loss of ₹ 25.29 crore in 2015-16 to profit of ₹ 567.37 crore in 2019-20.

In terms of the revised Tariff Policy of January 2016, under ‘business as usual’ conditions, no Regulatory Assets should be created. Moreover, outstanding Regulatory Assets along with their carrying cost should be recovered within seven years. It was seen that the regulatory assets²⁴ of WBSEDCL had risen from ₹ 4,439.29 crore as of 31 March 2016 to ₹ 15,519.14 crore as of 31 March 2020, i.e., an increase of almost 3.5 times. This led to stretched liquidity and rise in receivables, with health of WBSEDCL deteriorating.

2.4.1.2 Return on Investment on the basis of Present Value of Investment

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 2015-16 to 2019-20, these SPSEs had positive rate of real return on investment only in 2015-16 and 2019-20. Therefore, for the years 2015-16 and 2019-20, ROI could be calculated and depicted on the basis of PV.

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

²⁴ Regulatory assets are recognized costs incurred by DISCOMs that are deferred for recovery through future tariff changes. Annual performance review (APR) of WBSEDCL for 2013-14 was approved by WBERC in July 2021, while approval of APRs for subsequent years from 2014-15 was pending.

- The average rate of interest on government borrowings for the financial year²⁵ concerned 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 SPSEs at the end of the year 2019-20 was ₹ 19,004.43 crore consisting of equity (₹ 12,871.06 crore) and grants/ subsidies (₹ 6,133.37 crore). The PV of funds infused by the GoWB, GoI and others up to 31 March 2020 amounted to ₹ 69,213.50 crore.

As the working Power Sector SPSEs earned profits only during the years 2015-16 and 2019-20, comparison at historical cost and at present value is given in **Table 2.17**:

Table 2.17: 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	RoRR on historical cost basis (in per cent)	Present value of the total investment at the end of the year	RoRR on present value of the investments (in per cent)
(1)	(2)	(3)	(4)={ (2)/(3) } *100	(5)	6)={ (2)/(5) } *100
2015-16	153.44	12,452.70	1.23	37,501.81	0.41
2016-17	(-) 83.16	16,295.70	(-) 0.51	45,143.47	(-) 0.18
2017-18	(-) 102.98	17,535.87	(-) 0.59	50,107.68	(-) 0.21
2018-19	(-) 131.00	18,367.83	(-) 0.71	63,652.60	(-) 0.21
2019-20	887.89	19,004.43	4.67	69,213.50	1.24

(Source: Compiled based on information received from SPSEs)

2.4.1.3 Return on Equity

Shareholders' funds of a Company are calculated by adding paid-up capital including share application money and free reserves net of accumulated losses and deferred revenue expenditure. Shareholders' funds are also known as equity. A positive shareholders' fund 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 SPSEs, which have earned profit or incurred loss, as per their latest annual financial statements is detailed in the **Table 2.18**:

²⁵ 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 2.18: Profit and loss wise Return on Equity on Power Sector SPSEs
(₹ in crore)

	Year	No. of SPSEs	Net Profit/ (Loss) after tax	Shareholders' funds	RoE in per cent
	(1)	(2)	(3)	(4)	(5)={3}/(4)*100
Profit earning	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
	2019-20	4	1,054.49	15,038.46	7.01
Loss incurring	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
	2019-20	2	(-) 166.60	(-) 1,357.31	-
Total	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
	2019-20	6	887.89	13,681.15	6.49

(Source: Compiled based on information received from SPSEs)

The Return on Equity of the loss incurring Power Sector SPSEs was not worked out for 2015-16 and 2019-20 as their net worth was negative. After 2015-16, SPSEs in Power Sector as a whole had posted significant profits in 2019-20.

2.4.1.4 Return on Capital Employed

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.²⁶

The details of total RoCE of all the profit earning and loss incurring State SPSEs during the period from 2015-16 to 2019-20 are given in **Table 2.19**:

Table 2.19: Profit and Loss-wise Return on Capital Employed of Power Sector SPSEs

(₹ in crore)

	Year	No. of SPSEs	EBIT	Capital Employed	RoCE (in per cent)
	(1)	(2)	(3)	(4)	(5)={3}/(4)*100
Profit earning	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
	2019-20	4	3,976.36	30,661.82	12.97

²⁶ Capital employed = Paid up share capital + free reserves and surplus + long-term loans - accumulated losses - deferred revenue expenditure.

	Year	No. of SPSEs	EBIT	Capital Employed	RoCE (in per cent)
	(1)	(2)	(3)	(4)	(5)={3}/(4)*100
Loss incurring	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
	2019-20	2	170.44	1,708.48	9.98
Total	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
	2019-20	6	4,146.80	32,370.30	12.81

(Source: Compiled based on information received from SPSEs)

During 2015-16 to 2019-20, the RoCE of power-sector SPSEs steadily increased from 6.71 per cent to 12.81 per cent. The reason for improvement in RoCE was mainly increase in book profits.

2.4.2 Profitability of Non-Power Sector SPSEs

2.4.2.1 Rate of Real Return on the basis of historical cost of investment

For the purpose of calculation of the Rate of Real Return (RORR) the total figure of investment in working Non-Power Sector SPSEs 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 and management purposes. As per the latest accounts finalised till September 2020 (**Appendix-7**), equity of the GoWB, GoI and others in these 79 Non-Power SPSEs, aggregated to ₹ 4,220.50 crore and grants as well as subsidies for operational and management expenses adding up to ₹ 19,872.93 crore. Out of the outstanding long-term loans of ₹ 6,553.63 crore, ₹ 546.30 crore was interest-free. Thus, the aggregate investment in these SPSEs on the basis of historical cost stood at ₹ 24,639.73, crore (₹ 4,220.50 crore + ₹ 19,872.93 crore + ₹ 546.30 crore). The sector-wise rate of real return on investment (RROI) on the basis of historical cost of investment for the period 2015-16 to 2019-20 is given in **Table 2.20**:

Table 2.20 Sector wise Rate of Real Return on Investment on historical cost basis

(₹ in crore)

Year wise	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)
		Govt. of WB	Govt. of India	Funds invested by others	Total	
Sector-wise break-up						
(1)	(2)	(3)	(4)	(5)	(6)=(3)+(4)+(5)	(7)
2015-16						
Social Sector	(-) 40.05	8,996.89	325.92	7.57	9,330.38	(-) 0.43

Year wise	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)
		Govt. of WB	Govt. of India	Funds invested by others	Total	
Sector-wise break-up						
(1)	(2)	(3)	(4)	(5)	(6)=(3)+(4)+(5)	(7)
Competitive Sector	(-) 547.99	6,210.72	50.15	48.62	6,309.49	(-) 8.68
Others	185.73	1,979.35	1,087.44	19.92	3,086.71	6.02
Total	(-) 402.31	17,186.96	1,463.51	76.11	18,726.58	(-) 2.15
2016-17						
Social Sector	87.09	9,576.28	325.92	7.57	9,909.77	0.88
Competitive Sector	(-) 486.11	7,047.38	50.15	48.62	7,146.15	(-) 6.80
Others	147.54	2,240.65	1,102.45	19.92	3,363.02	4.39
Total	(-) 251.48	18,864.31	1,478.52	76.11	20,418.94	(-) 1.23
2017-18						
Social Sector	30.62	10,414.25	319.17	7.62	10,741.04	0.28
Competitive Sector	(-) 765.39	8,349.11	55.29	46.59	8,450.99	(-) 9.06
others	117.19	2,361.23	1,105.20	8.32	3,474.75	3.37
Total	(-) 617.58	21,124.59	1,479.66	62.53	22,666.78	(-) 2.72
2018-19						
Social Sector	(-) 23.75	10,302.53	319.42	6.7	10,628.65	(-) 0.22
Competitive Sector	(-) 500.96	8,990.78	55.29	19.05	9,065.12	(-) 5.53
Others	1,012.13	2,453.97	1,115.45	8.32	3,577.74	28.29
Total	487.42	21,747.28	1,490.16	34.07	23,271.51	2.09
2019-20						
Social Sector	(-) 24.73	10,499.10	319.42	6.7	10,825.22	(-) 0.23
Competitive Sector	(-) 698.25	9,779.45	394	19.05	10192.5	(-) 6.85
Others	1,012.91	2,498.13	1115.45	8.43	3,622.01	27.97
Total	289.93	22,776.68	1,828.87	34.18	24,639.73	1.18

(Source: Compiled based on information received from SPSEs)

It would be seen from the table that while SPSEs in the competitive sector had a negative return in all five years, the social sector had a negative return in the last two years. Only the 'Others' sector had a positive return in all five years, with 2018-19 having a significant jump on account of profit earned (₹ 885.27 crore) by WBIDCL.

These 79 SPSEs included 19 inactive SPSEs and one²⁷ working SPSE that had not even submitted first account up to September 2020. Out of 60 working SPSEs, there were eight Statutory Corporations and 52 Government Companies. It was seen from earlier Audit Reports, that 13 out of these 52 Companies had continuously incurred losses for five or more years according to their latest

²⁷ New Town Kolkata Green Smart City Corporation Limited

available accounts. These Companies had, however, not undergone financial restructuring or re-capitalisation in the past five years.

2.4.2.2 Return on Investment on the basis of Present Value of Investment

Traditional calculations of return based only on the basis of historical cost ignores the present value (PV) of money. Calculating RORR on the basis of PV is a more adequate assessment. These 79 Non-Power SPSEs as a whole, had a positive rate of real return on investment only in the years 2018-19 and 2019-20. The PV of the total investment in the working SPSEs (Non-Power Sector) 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 as investment infusion. In case of either repayment of loans by the SPSEs 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 year²⁸ 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 Non-Power SPSEs at the end of the year 2019-20 was ₹ 24,693.73 crore consisting of equity (₹ 4,220.50 crore), interest free loans (₹ 546.30 crore) and grants/ subsidies (₹ 19,872.93 crore). The PV of funds infused by the GoWB, GoI and others up to 31 March 2020 amounted to ₹ 153,787.97 crore.

The sector-wise comparison of returns on funds at historical cost and at present value for the five years from 2015-16 to 2019-20 are given in **Table 2.21**:

Table 2.21: Sector wise Real Rate of Return on Investment at Present Value

(₹ in crore)

Year wise/ Sector-wise break-up	Total Earnings for the year	Total Investment in the form of equity, IFL 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 PV of the investments (in per cent)
(1)	(2)	(3)	(4)=(2)/(3)	(5)	(6)=(2)/(5)
2015-16					
Social Sector	(-) 40.05	9,330.38	0.43	13,572.52	(-) 0.29
Competitive Sector	(-) 547.99	6,309.49	(-) 8.68	66,895.97	(-) 0.81
Others	185.73	3,086.71	6.02	6,781.99	2.74

²⁸ 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.

Year wise/ Sector-wise break-up	Total Earnings for the year	Total Investment in the form of equity, IFL and grants/ subsidies for operational & management expenses on historical cost basis	RRoI on historical cost basis (in <i>per cent</i>)	Present value of the total investment at the end of the year	RRoI on PV of the investments (in <i>per cent</i>)
(1)	(2)	(3)	(4)=(2)/(3)	(5)	(6)=(2)/(5)
Total	(-) 402.31	18,726.58	(-) 2.15	87,250.48	(-) 0.46
2016-17					
Social Sector	87.09	9,909.77	0.88	16,572.21	0.53
Competitive Sector	(-) 486.11	7,146.15	(-) 6.80	79,048.78	(-) 0.61
Others	147.54	3,363.02	4.39	7,616.17	1.94
Total	(-) 251.48	20,418.94	(-) 1.23	1,03,237.16	(-) 0.24
2017-18					
Social Sector	30.62	10,741.0	0.28	20,329.02	0.15
Competitive Sector	(-) 765.39	8,450.99	(-) 9.06	93,542.13	(-) 0.81
Others	117.19	3,474.75	3.37	8,359.06	1.4
Total	(-) 617.58	22,666.78	(-) 2.72	1,22,230.21	(-) 0.51
2018-19					
Social Sector	(-) 23.75	10,628.65	(-) 0.22	24,071.81	(-) 0.10
Competitive Sector	(-) 500.96	9,065.12	(-) 5.53	1,09,673.94	(-) 0.46
Others	1,012.13	3,577.74	28.29	9,100.22	11.12
Total	487.42	23,271.51	2.09	1,42,845.97	0.34
2019-20					
Social Sector	(-)27.73	10,825.22	(-) 0.23	25,915.71	(-) 0.10
Competitive Sector	(-) 698.25	10,192.50	(-) 6.82	1,18,074.96	(-) 0.59
Others	1,012.91	3,622.01	27.97	9797.3	10.34
Total	289.93	24,639.73	1.16	1,53,787.97	0.19

(Source: Compiled based on latest finalised Accounts received from SPSEs)

The return earned on total investment on historical cost basis and present value was positive only in 2018-19 and 2019-20. Further, in 2019-20, the returns from 'Others' sector at present value was 10.34 *per cent* as against return of 27.97 *per cent* based on the historical cost of investment. Moreover, the Social and Competitive sectors incurred losses in 2018-19 and 2019-20.

2.4.2.3 Return on Equity

Return on Equity (RoE) is a measure of financial performance to assess how effectively management is using shareholders' funds to earn 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 comprise of paid-up capital including share application money and free reserves net of accumulated losses and deferred revenue expenditure. A positive shareholders' fund implies that the company

has enough assets to cover its liabilities while negative shareholder equity means that liabilities exceed assets. It is also known as net worth.

Sector wise RoE computed in respect of all Non-Power SPSEs as per their latest annual financial accounts are detailed in **Table 2.22**:

Table 2.22: Sector wise Return on Equity

(₹ in crore)

Sector	Net Profit/ (Loss) after Tax	Shareholders' funds	RoE in per cent
(1)	(2)	(3)	(4)={2}*(3)/100
2015-16			
Social Sector	(-) 40.05	1,878.37	(-) 2.13
Competitive Sector	(-) 547.99	(-) 5,965.32	–
Others	185.73	2,033.07	9.14
Total	(-) 402.31	(-) 2,053.88	–
2016-17			
Social Sector	87.09	1,442.04	6.04
Competitive Sector	(-) 486.11	(-) 7,297.64	–
Others	147.54	2,289.94	6.44
Total	(-) 251.48	(-) 3,565.66	–
2017-18			
Social Sector	30.62	1,905.67	1.61
Competitive Sector	(-) 765.39	(-) 10,030.38	–
Others	117.19	1,896.56	6.18
Total	(-) 617.58	(-) 6,228.15	–
2018-19			
Social Sector	(-) 23.75	1,854.27	(-) 1.28
Competitive Sector	(-) 500.96	(-) 10,447.46	–
Others	1,012.13	3,226.15	31.37
Total	487.42	(-) 5,367.04	–
2019-20			
Social Sector	(-) 24.73	1,905.87	(-) 1.30
Competitive Sector	(-) 698.25	(-) 10,174.03	–
Others	1,012.91	3,599.92	28.14
Total	289.93	(-) 4,668.24	-

(Source: Compiled based on latest finalised Accounts received from SPSEs)

Between 2015-16 and 2019-20, the aggregate shareholders' funds (net worth) were negative for all years, hence RoE could not be worked out. Only in the Others sector, the RoE was positive for all years, ranging from 9.14 in 2015 -16 to 28.14 per cent in 2019-20.

ROE computed in respect of working SPSEs in Non-Power Sector, which have earned profit or incurred loss, as per their latest annual financial statements is detailed in the **Table 2.23**:

Table 2.23: Return on Equity of Profit earning/ Loss incurring working SPSEs

(₹ in crore)

	Year	No. of SPSEs	Net Profit/ Loss after tax	Shareholders' funds	RoE in per cent
	(1)	(2)	(3)	(4)	(5)={3}*4/100
Profit earning	2015-16	37	342.54	4,055.62	8.45
	2016-17	38	344.82	3,310.56	10.42
	2017-18	36	325.15	3,191.66	10.19
	2018-19	30	1,314.22	4,005.91	32.81
	2019-20	29	1,332.69	5,252.10	25.37
Loss incurring	2015-16	27	(-) 478.83	(-) 5,265.98	-
	2016-17	27	(-) 451.55	(-) 4,732.52	-
	2017-18	27	(-) 758.05	(-) 6,561.77	-
	2018-19	28	(-) 573.08	(-) 6,221.65	-
	2019-20	30	(-) 778.10	(-) 7,200.20	-
Total*	2015-16	64	(-) 136.29	(-) 1,210.36	-
	2016-17	65	(-) 106.73	(-) 1,421.96	-
	2017-18	63	(-) 432.90	(-) 3,370.11	-
	2018-19	58	741.14	(-) 2,215.74	-
	2019-20	59	554.59	(-) 1,948.10	-

(Source: Compiled based on latest finalised Accounts received from SPSEs)

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

For each of the five years up to 2019-20, the aggregate shareholders' funds (net worth) was negative for Non-Power SPSEs. Therefore, the RoE was not worked out.

2.4.2.4 Return on Capital Employed

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.

The details of sector wise RoCE in respect of 79 Non-Power SPSEs during the period from 2015-16 to 2019-20 are given in **Table 2.24**:

Table 2.24: Sector wise Return on Capital Employed of all SPSEs in Non-Power Sector

(₹ in crore)

Sector	EBIT	Capital Employed	RoCE (in per cent)
(1)	(2)	(3)	(4)={2}*3/100
2015-16			
Social Sector	30.28	2,511.76	1.21
Competitive Sector	(-) 222.53	(-) 3,035.38	-
Others	658.71	7,925.24	8.31
Total	466.56	7,401.62	6.30
2016-17			
Social Sector	127.94	2,059.51	6.21

Sector	EBIT	Capital Employed	RoCE (in per cent)
(1)	(2)	(3)	(4)={2}*(3)/100
Competitive Sector	(-) 541.07	(-) 3,362.93	-
Others	489.69	5,052.95	9.69
Total	76.56	3,749.53	2.04
2017-18			
Social Sector	69.31	2,699.01	2.57
Competitive Sector	(-) 356.32	(-) 5,814.57	-
Others	350.22	4,943.92	7.08
Total	63.21	1,828.36	3.46
2018-19			
Social Sector	149.02	2,194.23	6.79
Competitive Sector	394.76	(-) 6,562.75	-
Others	1,266.57	5,403.17	31.37
Total	1,810.35	1,034.65	174.97
2019-20			
Social Sector	150.50	2,238.03	6.72
Competitive Sector	315.08	(-) 6,172.02	-
Others	1,262.07	5,819.38	21.69
Total	1,727.65	1,885.39	91.63

(Source: Compiled based on latest finalised Accounts received from SPSEs)

During 2015-16 to 2019-20, the aggregate Return on Capital Employed ranged between 2.04 per cent (2016-17) and 174.97 per cent (2018-19). However, RoCE of the competitive sector for the years 2015-16 to 2019-20 could not be worked out as capital employed was negative.

The details of total RoCE of the profit earning and loss incurring working SPSEs (Non-Power) during the period from 2015-16 to 2019-20 are given in **Table 2.25**:

**Table 2.25: RoCE of Profit earning/ Loss incurring working SPSEs
(Non-Power Sector)**

(₹ in crore)

	Year	No. of SPSEs	EBIT	Capital Employed	RoCE (in per cent)
	(1)	(2)	(3)	(4)	(5)={3}*(4)/100
Profit earning	2015-16	37	843.36	10,052.21	8.39
	2016-17	38	702.42	6,723.50	10.45
	2017-18	36	521.43	6,285.34	8.30
	2018-19	30	1,741.97	6,176.92	28.20
	2019-20	29	1,727.65	7,248.27	23.84
Loss incurring	2015-16	27	(-) 213.14	(-) 2,300.83	-
	2016-17	27	(-) 188.94	(-) 1,803.99	-
	2017-18	27	(-) 394.99	(-) 2,845.39	-
	2018-19	28	177.96	(-) 3,249.44	-
	2019-20	30	121.49	(-) 3,788.72	-

	Year	No. of SPSEs	EBIT	Capital Employed	RoCE (in per cent)
	(1)	(2)	(3)	(4)	(5)={3*(4)}/100
Total*	2015-16	64	630.22	7,751.38	8.13
	2016-17	65	513.48	4,919.51	10.44
	2017-18	63	126.44	3,439.95	3.68
	2018-19	58	1,919.93	2,927.48	65.58
	2019-20	59	1,849.14	3,459.55	53.45

(Source: Compiled based on latest finalised Accounts received from SPSEs)

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

From 2015-16 to 2019-20, the working SPSEs in the Non-Power Sector as a whole had a positive Return on Capital Employed (RoCE) ranging from 3.68 per cent (2017-18) to 65.58 per cent (2018-19).

2.5 Winding up of Inactive SPSEs

Nineteen SPSEs were inactive for one to eighteen years as of 31 March 2020. The total investment, as per their latest finalised accounts up to September 2020, was ₹ 1,318.12 crore (equity: ₹ 172.14 crore, and loans: ₹ 1,145.98 crore). Their total negative net worth was ₹ 2,720.14 crore. The numbers of inactive SPSEs at the end of each year for the five years ended 31 March 2020 is given below:

Table 2.26: Inactive SPSEs

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
No. of inactive companies	18	18	21	19	19

(Source: Compiled from the information included in Audit Reports (SPSE), GoWB of respective years)

While Departments concerned had made efforts for disposal/ sale of land and other assets since closure of the SPSEs, it was not prioritised and several constraints remain unresolved. Therefore, the funds locked up in these inactive SPSEs could not be redeployed for use in more productive sectors.

2.6 Audit of Public Sector Enterprises

The process of audit of Government Companies is governed by relevant provisions of Sections 139 and 143 of the Companies Act, 2013 (the Act). Further, as per sub-section 7 of Section 143 of the Act, the CAG may, in case of any company covered under sub-section 5 or sub-section 7 of Section 139, by an order, conduct test audit on the accounts of such company, if considered necessary. The provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to such Audit. 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.

The CAG is also the sole auditor in respect of six of nine²⁹ Statutory Corporations and WBERC. Moreover, CAG also prepares Separate Audit Reports (SAR) for

²⁹ CAG is not entrusted with the statutory audit of the Great Eastern Hotel Authority, under the provisions of the applicable statute.

West Bengal Financial Corporation although not the statutory auditor, while preparing supplementary reports on West Bengal Warehousing Corporation.

2.7 Appointment of Statutory Auditors of Public Sector Enterprises

The financial statements of the Government Companies are audited by Statutory Auditors, appointed by CAG as per the provisions of Sections 139 (5) or 139 (7) of the Act, as applicable, who shall submit a copy of their audit report, including the financial statements of the Company, to the CAG, under Section 143(5) of the Act. These financial statements are subject to supplementary audit to be conducted by CAG within 60 days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

2.8 Reconciliation with the Finance Accounts of the Government of West Bengal

The figures in respect of equity, loans and guarantees outstanding as per records of Power Sector SPSEs should agree with the figures appearing in the Finance Accounts of the Government of West Bengal. In case the figures do not agree, the SPSEs concerned and the Finance Department should carry out reconciliation of the differences.

2.8.1 Power Sector SPSEs

The position in this regard for Power-Sector SPSES as on 31 March 2020 is stated in **Table 2.27**:

Table 2.27: Equity, loans and guarantees outstanding as per Finance Accounts of GoWB for 2019-20 vis-à-vis records of SPSEs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of State SPSEs	Total Difference in 2019-20	Total Difference in 2018-19
(1)	(2)	(3)	(4) = (2) – (3)	(5)
Equity	10,903.39	12,871.06	(-) 1,967.67	(-) 1,932.57
Loans	4,816.18	1,235.16	3,581.02	3,454.45
Guarantees	4,803.76	4,392.02	411.74	4,317.73

(Source: Information furnished by Power Sector SPSEs and SFAR for the year ended March 2020)

During the year 2019-20, the amount of Guarantees as per Finance Accounts was reconciled with the records of the SPSEs and as a result, the difference was brought down.

2.8.2 Non- Power Sector SPSEs

The position in this regard for Non-Power SPSEs as on 31 March 2020 is stated in the **Table 2.28**:

Table 2.28: Equity, Loans and Guarantees outstanding as per Finance Accounts of Government of West Bengal for 2019-20 vis-à-vis records of SPSEs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per SPSEs	Total Difference in 2019-20	Total Difference in 2018-19
(1)	(2)	(3)	(4) = (2) – (3)	(5)
Equity	5,488.55	4,220.50	1,268.05	1,494.78
Loans	4,325.92	4,573.04	(247.12)	(908.94)
Guarantees Outstanding	1,799.79	1,858.07	(58.28)	3,608.56

(Source: Information furnished by SPSEs and SFAR for the year ended March 2020)

Audit observed on comparing the figures of equity, loans and guarantees as per records of SPSEs was different from that in the State Finance Accounts; the differences were due to reconciliation pending for many years. During the year 2019-20, the amount of Guarantees as per Finance Accounts was reconciled with the records of the SPSEs and the difference brought down after necessary adjustments provided by GoWB.

2.9 Submission of accounts by SPSEs

Of the 85 SPSEs under the purview of CAG as on 31 March 2020, 66 were working and 19 were inactive. The status of timelines followed by the State SPSEs in preparation of accounts is as detailed under:

2.9.1 Age-wise analysis of arrears in submission of accounts

Accounts for the year 2019-20 were required to be submitted by all the 85 SPSEs by 30 September 2020. However, in view of the prevailing pandemic related restrictions, the Ministry of Corporate Affairs, Government of India directed all Registrars of Companies to liberally grant, against applications submitted by companies, extension for holding Annual General Meetings, at which the audited accounts are adopted, up to 31 December 2020. Seven out of the 76 Government Companies submitted their accounts for the year 2019-20 for audit by CAG on or before 30 September 2020. Further, details of age-wise arrears in submission of accounts of SPSEs as of 30 September of following year for each of the last three financial years ending 31 March 2020 are given at **Table 2.29**:

Table 2.29: Accounts Position as on 30 September for the respective year

Year	Upto date accounts		Accounts delayed Upto 1 year		Accounts delayed for 2-3 years		Accounts delayed for 4-5 years		Accounts delayed for more than 5 years		Total no. of SPSEs with arrear accounts	
	SPSEs	Accounts	SPSEs	Accounts	SPSEs	Accounts	SPSEs	Accounts	SPSEs	Accounts	SPSEs	Accounts
2017-18	41	41	33	33	9	19	5	21	6	57	53	130
2018-19	35	35	30	30	8	17	5	21	6	52	49	120
2019-20	7	7	53	53	14	32	5	23	6	58	78	166

(Source: Based on accounts of SPSEs received during the period from October 2019 to September 2020)

2.9.2 Timeliness in preparation of accounts by the Power Sector SPSEs

Accounts for the year 2019-20 were required to be submitted by all the Power Sector SPSEs by 30 September 2020. However, in view of the prevailing

pandemic related restrictions, the Ministry of Corporate Affairs, Government of India directed all Registrars of Companies to liberally grant, against applications submitted by companies, extension for holding Annual General Meetings, at which the audited accounts are adopted, up to 31 December 2020. Two out of the six Government Companies submitted their accounts for the year 2019-20 for audit by CAG on or before 30 September 2020. Further, details of arrears in submission of accounts of Power Sector SPSEs as of 30 September of following year for each of the last five financial years ending 31 March 2020 are given at **Table 2.30**:

Table 2.30: Position relating to submission of accounts by the working State SPSEs

Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20 ³⁰
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Number of SPSEs	7	8	8	6	6
2.	Number of accounts submitted during current year	6	9	7	8	6
3.	Number of SPSEs which finalised accounts for the current year	6	7	4	5	2
4.	Number of previous year accounts finalised during current year	-	1	3	3	4
5.	Number of SPSEs with arrears in accounts	1	1	4	1	4
6.	Number of accounts in arrears	1	2	4	1	4
7.	Extent of arrears (in years)	1	2	1	1	1

(Source: Based on accounts of SPSEs received during the period October 2019 to September 2020)

During the period from 01 October 2019 to 30 September 2020, the Power Sector SPSEs had finalised six annual accounts comprising two accounts for 2019-20 and four accounts for previous years. The Chief Secretary to the Government of West Bengal is informed quarterly regarding arrears in accounts.

2.9.3 Timeliness in preparation of accounts by the Non- Power Sector SPSEs

Accounts for the year 2019-20 were required to be submitted by all the Non-Power Sector SPSEs by 30 September 2020. However, in view of the prevailing pandemic related restrictions, the Ministry of Corporate Affairs, Government of India directed all Registrars of Companies to liberally grant, against applications submitted by companies, extension for holding Annual General Meetings, at which the audited accounts are adopted, up to 31 December 2020. Five out of the 79 Government Companies submitted their accounts for the year 2019-20 for audit by CAG on or before 30 September 2020. Further, details of arrears in submission of accounts of Power Sector SPSEs as of 30 September of following year for each of the last five financial years ending 31 March 2020 are given at **Table 2.31**:

³⁰ General Circular No. 28/2020 (F. No. 2/4/2020-CL-V) of 17 August 2020.

Table 2.31: Position relating to submission of accounts by the working SPSEs

Sl. no.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Number of SPSEs	82	84	86	78	79 ³¹
2.	Number of accounts submitted during current year	80	78	96	84	37
3.	Number of SPSEs which finalised accounts for the current year	30	31	37	30	5
4.	Number of previous year accounts finalised during current year	50	47	59	54	32
5.	Number of SPSEs with arrears in accounts	52	53	49	48	74
6.	Number of accounts in arrears	123	138	126	119	162 ³²
7.	Extent of arrears (years)	1 to 10	1 to 11	1 to 12	1 to 13	1 to 14

(Source: Based on accounts of SPSEs received during the period October 2019 to September 2020)

During the period from 01 October 2019 to 30 September 2020, 59 of the 79 SPSEs had finalised 37 annual accounts which, included 5 accounts for the year 2019-20 and 32 accounts for previous years. Thus, 162 accounts of 74 SPSEs (working: 55, inactive: 19) were in arrears. The details of the latest accounts of the SPSEs received up to 30 September 2020 are given at **Appendix-7**. 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 SPSEs within the stipulated period. The Chief Secretary to the Government of West Bengal is informed quarterly regarding arrears in accounts. Fifteen SARs in respect of the seven Statutory Corporations were issued to Government during May 2015 to April 2021, these are yet to be placed in the State Legislature.

In absence of finalisation of accounts for 2019-20 as well as earlier years and their subsequent audit in 74 out of 79 SPSEs, 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 these SPSEs, therefore, remained outside the oversight of State Legislature to that extent.

Recommendation: Administrative Departments should strictly monitor and issue necessary directions to clear the arrears in accounts. The Government may also look into the constraints in preparing the accounts of the SPSEs and take necessary steps to clear the arrears in accounts.

³¹ Incorporation of One SPSE namely, New Town Kolkata Green Smart City Corporation Limited.

³² Including two accounts of New Town Kolkata Green Smart City Corporation Limited, for 201819.

2.10 Follow up action on Audit Reports

2.10.1 Power Sector SPSEs

2.10.1.1 Discussion of Audit Reports by COPU

The status of discussion of Performance Audits and Paragraphs that appeared in Audit Reports (SPSEs) by the COPU as on 30 September 2020 was as under in **Table 2.32**:

Table 2.32: Performance Audits/ Paragraphs on Power Sector SPSEs in Audit Reports *vis-à-vis* discussed as on 30 September 2020

Period of Audit Report	Number of Performance Audits/ Paragraphs			
	Appeared in Audit Reports		Discussed	
	PAs	Paragraphs	PAs	Paragraphs
2011-2017	4	25	2	14

(Source: Database maintained in the PAG Office based on replies received and evidence taken)

2.10.1.2 Compliance with Reports of COPU

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 eight COPU reports where Action Taken Notes were yet to be received from the Department of Power as on 30 September 2020 contain 15 recommendations in respect of paragraphs, which had appeared in the Reports of the CAG of India for the years 2010-11 to 2016-17.

2.10.2 Non- Power Sector SPSEs

2.10.2.1 Discussion of Audit Reports by COPU

The status of discussion of Performance Audits and paragraphs that appeared in Audit Reports (SPSEs) by the COPU as on 30 September 2020 was as under in **Table 2.33**:

Table 2.33: Performance Audits/ Paragraphs appeared in Audit Reports *vis-à-vis* discussed as on 30 September 2020

Period of Audit Report	Number of Performance Audits/ Paragraphs			
	Appeared in Audit Reports		Discussed	
	PAs	Paragraphs	PAs	Paragraphs
2011-17	6	39	2	15

(Source: Database maintained in the Pr. AG's Office w.r.t. taking of evidence by COPU)

2.10.2.2 Compliance with Reports of COPU

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 nine COPU reports where Action Taken Notes are yet to be received from the Departments as on 30 September 2020 contain 27 recommendations in respect of paragraphs pertaining to five Departments, which had either appeared in the Reports of the CAG of India for the years 2003-04 to 2014-15 or were taken up for *suo-motu* study.