

This chapter discusses the financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies (GCOCs). The impact of significant comments, issued as a result of supplementary audit of the Financial Statements of these State Public Sector Enterprises (SPSEs), conducted by the Comptroller and Auditor General (CAG) of India, for the year 2022-23 (or of earlier years which were finalised during the current year), has also been discussed.

### 5.1 Definition of Government Companies

A Government Company is defined in Section 2(45) of the Companies Act, 2013, as a company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government Company.

Besides, any other company<sup>1</sup> 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 are referred to in this Report as Government Controlled Other Companies.

### 5.2 Mandate of Audit

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG of India under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers, and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for Companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit of the company's financial statements. The statutes governing some Statutory Corporations require their accounts to be audited only by CAG.

### 5.3 SPSEs and their contribution to the GSDP of the State

SPSEs consist of State Government Companies and Statutory Corporations. SPSEs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the State economy. As on 31 March 2023, there were 76 SPSEs in Bihar, including three<sup>2</sup> Statutory Corporations, 69 Government Companies (including 39<sup>3</sup> inactive government companies<sup>4</sup>) and four<sup>5</sup> Government Controlled Other Companies (GCOCs) under the audit jurisdiction of the CAG. The

<sup>1</sup> *Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs vide Gazette Notification dated 4 September 2014.*

<sup>2</sup> *Bihar State Warehousing Corporation, Bihar State Transport Corporation and Bihar State Financial Corporation.*

<sup>3</sup> *There were 40 inactive SPSEs as on 31 March 2022. During the year 2022-23, one SPSE viz., Scada Agro Business & Industries Company Khagaul Limited has been strike off.*

<sup>4</sup> *Inactive SPSEs are those which have ceased to carry out their operations.*

<sup>5</sup> *Bhagalpur Smart City Limited, Muzaffarpur Smart City Limited, Biharsharif Smart City Limited and Patna Smart City Limited.*

names of these SPSEs are given in **Appendix 5.1**. None of the SPSEs were listed on the stock exchange.

There are 39 inactive SPSEs (including five under liquidation) in the State. These inactive SPSEs have investment of ₹ 786.92 crore<sup>6</sup>, towards capital ₹ 196.71 crore (State Government: ₹ 156.15 crore and Others: ₹ 40.56 crore) and long-term loans ₹ 590.21 crore (State Government: ₹ 540.56 crore and Others: ₹ 49.65 crore). This is a critical area as the investments in inactive SPSEs do not contribute to the economic growth of the State.

As the 39 inactive SPSEs had remained inactive for more than five years, their actual contribution to the economy of the State of Bihar and their financial performance could not be ascertained and, hence, their contribution to the State exchequer was also not reported to the State Legislature. Therefore, a detailed analysis of the financial performance of only 37 working SPSEs has been covered in this Chapter and is discussed in the subsequent paragraphs.

The ratio of turnover of the SPSEs to the Gross State Domestic Product (GSDP) shows the extent of activities of the SPSEs in the State economy. Details of the turnover of 37 working SPSEs, are given in **Appendix 5.2**. The turnover of working SPSEs and GSDP, for a period of three years ending 31 March 2023, are given in **Table 5.1**.

**Table 5.1: Details of turnover of 37 working SPSEs vis-à-vis GSDP of Bihar**

(₹ in crore)

| Particulars                                    | 2020-21          | 2021-22          | 2022-23          |
|--|------------------|------------------|------------------|
| <b>Turnover</b>                                |                  |                  |                  |
| Power Sector SPSEs                             | 18,056.98        | 22,226.47        | 21,948.47        |
| Agriculture and Allied sector SPSEs            | 341.41           | 341.41           | 341.41           |
| Other SPSEs                                    | 1,813.36         | 1,826.69         | 1,826.69         |
| <b>Total</b>                                   | <b>20,211.75</b> | <b>24,394.57</b> | <b>24,116.57</b> |
| GSDP of Bihar                                  | 5,67,263         | 6,50,302         | 7,51,396         |
| <b>Percentage of Turnover to GSDP of Bihar</b> |                  |                  |                  |
| Power Sector SPSEs                             | 3.18             | 3.42             | 2.92             |
| Agriculture and Allied sector SPSEs            | 0.06             | 0.05             | 0.05             |
| Other SPSEs                                    | 0.32             | 0.28             | 0.24             |
| <b>Total</b>                                   | <b>3.56</b>      | <b>3.75</b>      | <b>3.21</b>      |

(Source: Compilation based on Turnover figures as per latest finalised accounts of SPSEs and GSDP figures as per Economic and Statistical Organisation, Government of Bihar)

The contribution of 37 working SPSEs, to the GSDP of Bihar, reduced from 3.56 per cent, in 2020-21, to 3.21 per cent, in 2022-23. The contribution of Power sector SPSEs to the GSDP was 2.92 per cent, while Agriculture and Allied sector SPSEs contributed 0.05 per cent, in the year 2022-23.

Although contribution of the ‘Other’ sector SPSEs to the GSDP, was minimal (from 0.24 per cent to 0.32 per cent), they had staff of 4,356 employees (permanent/ on deputation/ employed on contract basis), including staff in district offices. As on 31 March 2023, State Government had investment of ₹ 1,889.51 crore (Equity: ₹ 846.65 crore and long-term loans: ₹ 1,042.86 crore) in these SPSEs. In

<sup>6</sup> As per latest finalized accounts.

addition to this, ₹ 559.81 crore of Grants and Subsidies were provided to seven of these SPSEs, by GoB, during the period from 2020-21 to 2022-23.

## 5.4 Investment in SPSEs and Budgetary Support

### 5.4.1 Equity holding and Loans in SPSEs

The sector-wise total equity, equity contribution by State Government and long-term loans (including loans given by State Government), in 37 working SPSEs, as on 31 March 2023, is given in **Table 5.2**.

**Table-5.2: Sector-wise investment in SPSEs**

(₹ in crore)

| Particulars                  | Investment <sup>7</sup> |                         |                       |                        |                                  | Percentage of Total Equity and Long-Term Loans (Sector-wise) |
|------------------------------|-------------------------|-------------------------|-----------------------|------------------------|----------------------------------|--|
|                              | Total Equity            | State Government Equity | Total Long Term Loans | State Government Loans | Total Equity and Long Term Loans |  |
| Power Sector SPSEs           | 41,231.18               | 40,866.33               | 13,835.06             | 1,363.76               | 55,066.24                        | 91.92  |
| Agriculture and Allied SPSEs | 15.86                   | 11.21                   | 2,557.08              | 2,393.06               | 2,572.94                         | 4.30   |
| Other SPSEs                  | 1,173.88                | 846.65                  | 1,092.23              | 1,042.86               | 2,266.11                         | 3.78   |
| <b>Total</b>                 | <b>42,420.92</b>        | <b>41,724.19</b>        | <b>17,484.37</b>      | <b>4,799.68</b>        | <b>59,905.29</b>                 | <b>100.00</b>  |

(Source: Latest finalised accounts of the SPSEs)

Such investments were mainly concentrated in the power sector SPSEs, which had received as much as 91.92 per cent (₹ 55,066.24 crore), out of the total investment of ₹ 59,905.29 crore, as on 31 March 2023. The State Government share was 77.66 per cent (₹ 46,523.87 crore) of the total investment of ₹ 59,905.29 crore. Details of loans and advances given by the State Government to the SPSEs has also been given in **Paragraphs 2.5.1 and 4.14 of this Report**.

### 5.4.2 Disinvestment, Restructuring and Privatisation

During the year 2022-23, there was no case of disinvestment, restructuring and privatisation, of working, or inactive SPSEs.

## 5.5 Returns from SPSEs

### 5.5.1 Profit earned by SPSEs

The number of SPSEs<sup>8</sup> that earned profit was 16 in 2022-23, as compared to 18 in 2020-21. The profit earned decreased to ₹ 317.65 crore in 2022-23, from ₹ 463.26 crore in 2020-21.

<sup>7</sup> Investment includes equity and long-term loans.

<sup>8</sup> Accounts received up to 31 July 2023.

The top three SPSEs, which contributed maximum profit, are summarised in **Table 5.3**.

**Table 5.3: Top three SPSEs which contributed maximum profit**

| Name of SPSE  | Net profit<br>(₹ in crore) | Percentage of profit to<br>total profit of SPSEs |
|---|----------------------------|--|
| Bihar State Power Transmission Company Limited      | 89.53                      | 28.19  |
| Bihar State Textbook Publishing Corporation Limited | 62.68                      | 19.73  |
| Bihar State Road Development Company Limited        | 31.53                      | 9.93   |
| <b>Total</b>  | <b>183.74</b>              | <b>57.84</b>                                     |

(Source: Latest Financial Statements of SPSEs)

These three SPSEs alone had contributed as much as 57.84 per cent of the total profit (₹ 317.65 crore) earned by 16 SPSEs during 2022-23.

The net profit ratio<sup>9</sup> of SPSEs is depicted in **Table 5.4**.

**Table 5.4: Net Profit Ratio of SPSEs**

| Sector                              | Net Profit         | Turnover         | Net profit Ratio<br>(in per cent) |
|-------------------------------------|--------------------|------------------|-----------------------------------|
| Power Sector SPSEs                  | (-)2,243.96        | 21,948.47        | -                                 |
| Agriculture and Allied sector SPSEs | (-)329.55          | 341.41           | -                                 |
| Other SPSEs                         | 43.42              | 1,826.69         | 2.38                              |
| <b>Total</b>                        | <b>(-)2,530.09</b> | <b>24,116.57</b> | <b>-</b>                          |

### 5.5.2 Dividend paid by SPSEs

The Thirteenth Finance Commission had recommended (December 2009) that a minimum dividend of five per cent on Government equity should be paid by all enterprises. However, the State Government had not formulated any corresponding dividend policy for the SPSEs, to ensure that they would pay a minimum return of five per cent. The dividend paid by SPSEs is shown in **Table 5.5**.

**Table 5.5: Dividend Payout by SPSEs**

(₹ in crore)

| Year         | Particulars                          | No. of SPSEs<br>which declared<br>dividend | Paid Up<br>Capital | Net<br>Profit | Dividend<br>Declared |
|--------------|--------------------------------------|--|--------------------|---------------|----------------------|
| 1            | 2                                    | 3  | 4                  | 5             | 6                    |
| 2022-23      | Power Sector SPSEs                   | -  | -                  | -             | -                    |
|              | Agriculture and Allied sector \SPSEs | 1  | 6.42               | 11.54         | 2.10                 |
|              | Other SPSEs                          | 3  | 43.50              | 65.39         | 319.05               |
| <b>Total</b> |                                      | <b>4</b>                                   | <b>49.92</b>       | <b>76.93</b>  | <b>321.15</b>        |

(Source: Latest Financial Statement of SPSEs)

<sup>9</sup> Net profit / Turnover × 100.

During 2022-23, out of 16 SPSEs which had earned profits, as per their latest finalised accounts, only four<sup>10</sup> SPSEs had declared dividend, two<sup>11</sup> SPSEs had not earned enough profit to declare dividend and the remaining 10 SPSEs which had earned aggregate profit of ₹ 240.68 crore, had not declared/paid dividend.

## 5.6 Debt Servicing

### 5.6.1 Interest Coverage Ratio (ICR)

The interest coverage ratio is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An interest coverage ratio of below one indicates that the company is not generating sufficient revenues to meet its expenses on interest. Details of interest coverage ratio in SPSEs, which had interest burden, are given in Table 5.6.

**Table 5.6: Interest coverage ratio of SPSEs**

(₹ in crore)

| Financial Year | Particulars                         | Interest        | EBIT               | Number of SPSEs* | Companies with ICR >1 | Companies with ICR <1 |
|----------------|-------------------------------------|-----------------|--------------------|------------------|-----------------------|-----------------------|
| 2020-21        | Power Sector SPSEs                  | 494.46          | (-)1,131.92        | 6                | 3                     | 3                     |
|                | Agriculture and Allied sector SPSEs | 396.90          | 78.26              | 3                | -                     | 3                     |
|                | Other SPSEs                         | 19.49           | 7.69               | 5                | -                     | 5                     |
|                | <b>Total</b>                        | <b>910.85</b>   | <b>(-)1,045.97</b> | <b>14</b>        | <b>3</b>              | <b>11</b>             |
| 2021-22        | Power Sector SPSEs                  | 816.88          | (-)917.96          | 6                | 3                     | 3                     |
|                | Agriculture and Allied sector SPSEs | 396.90          | 78.26              | 3                | -                     | 3                     |
|                | Other SPSEs                         | 19.49           | 2.37               | 5                | -                     | 5                     |
|                | <b>Total</b>                        | <b>1,233.27</b> | <b>(-)837.33</b>   | <b>14</b>        | <b>3</b>              | <b>11</b>             |
| 2022-23        | Power Sector SPSEs                  | 799.53          | (-)1,218.57        | 6                | 2                     | 4                     |
|                | Agriculture and Allied sector SPSEs | 396.90          | 78.26              | 3                | -                     | 3                     |
|                | Other SPSEs                         | 19.49           | (-)2.37            | 5                | -                     | 5                     |
|                | <b>Total</b>                        | <b>1,215.92</b> | <b>(-)1,137.94</b> | <b>14</b>        | <b>2</b>              | <b>12</b>             |

(Source: Latest Financial Statement of SPSEs)

\* SPSEs having liability of loans from Government, and other financial institutions

It was observed that, out of the six SPSEs pertaining to the power sector which had long term loans, the number of SPSEs having an interest coverage ratio of less than one, ranged between three to four, during the period from 2020-21 to 2022-23. All the three SPSEs pertaining to the Agriculture and Allied sector which had long term loans, had interest coverage ratio of less than one. This included two<sup>12</sup> SPSE which had not paid any interest during the period from 2020-21 to 2022-23. Further, out of five SPSEs

<sup>10</sup> Bihar State Warehousing Corporation, Bihar Rajya Pul Nirman Nigam Limited, Bihar State Road Development Corporation Limited, and Bihar State Educational Infrastructure Development Corporation Limited.

<sup>11</sup> Patna Smart City Limited and Bihar Sharif Smart City Limited.

<sup>12</sup> Bihar State Warehousing Corporation and Bihar Rajya Beej Nigam Limited.

pertaining to ‘other’ sectors, the Patna Metro Rail Corporation was not required to pay interest on loan, whereas the remaining four SPSEs had an interest coverage ratio of less than one during the period from 2020-21 to 2022-23. Thus, these SPSEs were not generating sufficient revenues to meet their expenses on interest.

## 5.7 Financial performance of SPSEs

### 5.7.1 Return on Capital Employed

The Return on Capital Employed (RoCE) ratio 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<sup>13</sup>. The details of RoCE of 37 working SPSEs, during the period from 2020-21 to 2022-23, are given in **Table 5.7**.

**Table-5.7: Return on Capital Employed**

(₹ in crore)

| Year    | Particulars                         | EBIT             | Capital Employed | RoCE (in per cent) |
|---------|-------------------------------------|------------------|------------------|--------------------|
| 2020-21 | Power Sector SPSEs                  | (-)1,134.71      | 33,331.40        | -                  |
|         | Agriculture and Allied sector SPSEs | 78.26            | 2,113.73         | 3.70               |
|         | Other SPSEs                         | 239.20           | (-)102.72        | -                  |
|         | <b>Total</b>                        | <b>(-)817.25</b> | <b>35,342.41</b> | <b>-</b>           |
| 2021-22 | Power Sector SPSEs                  | (-)920.75        | 33,101.58        | -                  |
|         | Agriculture and Allied sector SPSEs | 78.26            | 2,113.73         | 3.70               |
|         | Others SPSEs                        | 251.71           | 1,043.49         | 24.12              |
|         | <b>Total</b>                        | <b>(-)590.78</b> | <b>36,258.80</b> | <b>-</b>           |
| 2022-23 | Power Sector SPSEs                  | (-)1,221.36      | 33,005.91        | -                  |
|         | Agriculture and Allied sector SPSEs | 78.26            | 2,113.73         | 3.70               |
|         | Others SPSEs                        | 251.71           | 1,043.49         | 24.12              |
|         | <b>Total</b>                        | <b>(-)891.39</b> | <b>36,163.13</b> | <b>-</b>           |

(Source: Latest Financial Statement of working SPSEs)

It was observed that RoCE of power sector SPSEs had remained negative during the period from 2020-21 to 2022-23, mainly due to losses incurred by the two SPSEs, viz. South Bihar Power Distribution Company Limited and North Bihar Power Distribution Company Limited. Though there had been minimal increase in the EBIT of SPSEs, pertaining to the ‘other’ sector during the period, from 2020-21 to 2022-23, the negative RoCE had turned positive and had increased to 24.12 per cent during the year 2021-22 and 2022-23, mainly due to increase in amount of capital employed of Patna Metro Rail Corporation (from ₹ 429.59 crore, in 2020-21, to ₹ 1,534.68 crore, in 2021-22).

### 5.7.2 Return on Equity by SPSEs

Return on Equity (RoE) is a measure of financial performance that assesses how effectively a company’s assets are being used to create profits. RoE is calculated by dividing the net income (i.e. net profit after taxes) by the shareholder’s fund. It is

<sup>13</sup> Capital Employed = Paid up Share capital + Free Reserves and surplus + Long term loans – Accumulated losses – Deferred Revenue Expenditure.

expressed as a percentage and can be calculated for any company, if the net income and shareholders fund are both positive numbers.

The Return on Equity<sup>14</sup> (RoE) of the profit earning 16 working SPSEs stood at 2.89 *per cent* in 2022-23. The RoE in all the 36<sup>15</sup> working SPSEs including 15 loss making SPSEs and five<sup>16</sup> SPSEs which had nil profit / loss, was negative, in 2022-23.

The Shareholder's fund is calculated by adding the paid-up capital and free reserves and reducing the net accumulated losses and deferred revenue expenditure. It reveals how much would be left for a company's shareholders if all its assets were sold and all debts paid. A positive shareholder's fund reveals that the company has enough assets to cover its liabilities, while negative shareholder equity implies that liabilities exceed assets.

The details of Shareholders' Fund and RoE, relating to 37 working SPSEs, are given in **Table 5.8**.

**Table 5.8: Return on Equity relating to SPSEs**

| Financial Year | Particulars                         | Net Income<br>(₹ in crore) | Shareholders' Fund<br>(₹ in crore) | RoE<br>(Percentage) |
|----------------|-------------------------------------|----------------------------|------------------------------------|---------------------|
| 2020-21        | Power Sector SPSEs                  | (-)1,723.93                | 20,213.52                          | -                   |
|                | Agriculture and Allied sector SPSEs | (-)329.55                  | (-)443.35                          | -                   |
|                | Others SPSEs                        | 33.70                      | (-)387.50                          | -                   |
|                | <b>Total</b>                        | <b>(-)2,019.78</b>         | <b>19,382.67</b>                   | <b>-</b>            |
| 2021-22        | Power Sector SPSEs                  | (-)2,011.81                | 19,235.82                          | -                   |
|                | Agriculture and Allied sector SPSEs | (-)329.55                  | (-)443.35                          | -                   |
|                | Others SPSEs                        | 43.42                      | (-)48.74                           | -                   |
|                | <b>Total</b>                        | <b>(-)2,297.94</b>         | <b>18,743.73</b>                   | <b>-</b>            |
| 2022-23        | Power Sector SPSEs                  | (-)2,243.96                | 19,170.85                          | -                   |
|                | Agriculture and Allied sector SPSEs | (-)329.55                  | (-)443.35                          | -                   |
|                | Others SPSEs                        | 43.42                      | (-)48.74                           | -                   |
|                | <b>Total</b>                        | <b>(-)2,530.09</b>         | <b>18,678.76</b>                   | <b>-</b>            |

(Source: Latest finalised accounts of SPSEs)

During the period from 2020-21 to 2022-23, RoE of all the sectors had not been calculated, as the net income of the major number of SPSEs had remained negative, mainly due to heavy losses incurred by two<sup>17</sup> SPSEs in the Power sector, one<sup>18</sup> SPSE in the Agriculture and Allied sector and one<sup>19</sup> SPSE in the 'other' sector.

<sup>14</sup> Return on equity = (Net Profit after Tax / Shareholder's Equity) × 100 (where Shareholder's equity = paid up capital + free reserves - accumulated losses - deferred revenue expenditure).

<sup>15</sup> Excluding one SPSE i.e., Bihar Forestry Development Corporation Limited which operates on no profit/loss basis.

<sup>16</sup> Bihar State Power (Holding) Company Limited, Pirpainti Bijlee Company Private Limited, Lakhisarai Bijlee Company Private Limited, Bhagalpur Smart City Limited, and Muzaffarpur Smart City Limited.

<sup>17</sup> South Bihar Power Distribution Company Limited and North Bihar Power Distribution Company Limited.

<sup>18</sup> Bihar State Food & Civil Supplies Corporation Limited.

<sup>19</sup> Bihar State Road Transport Corporation.

### 5.7.3 Rate of Return on the basis of Present Value (PV) of Investment

In order to bring the historical cost of investment to its present value at the end of each year up to 31 March 2023, the past investments/ year-wise funds, infused by the State Government, in the SPSEs, have been compounded at the year-wise average rate of interest on Government borrowings, which is considered as the minimum cost of funds to the Government for the concerned year. Therefore, the PV of the State Government investment was computed, where funds had been infused by the State Government in the shape of equity, interest free loans and grants/subsidies for operational and management expenses, if any, less disinvestments since the inception of these Companies, till 31 March 2023.

The PV of the State Government investment in SPSEs was computed on the basis of following assumptions:

- ✦ Interest-free loans have been considered as investment infusion by the State Government, as no amount of interest-free loans have been repaid by the SPSEs. Further, in those cases where interest-free loans given to the SPSEs were later converted into equity, the amount of loan converted into equity has been deducted from the amount of interest-free loans and added to the equity of that year.
- ✦ The average rate of interest on Government borrowings, for the concerned financial year, was adopted as the compounded rate for arriving at the PV, since it represents the cost incurred by the Government towards investment of funds for the year and is, therefore, considered as the minimum expected rate of return on investments made by the Government.

The SPSE-wise position of State Government investment, in the 35<sup>20</sup> working SPSEs, in the form of equity and interest-free loans, on historical cost basis, for the period from 2011-12 to 2022-23, is given in **Appendix 5.3**. The consolidated position of the PV of the State Government investment and the total earnings relating to 35 working SPSEs for the same period, is indicated in **Table 5.9**.

<sup>20</sup> Including four subsidiary SPSEs viz., Bihar State Power Transmission Company Limited (BSPTCL), Bihar State Power Generation Company Limited (BSPGCL), South Bihar Power Distribution Company Limited (SBPDCL), North Bihar Power Distribution Company Limited (NBPDC) and one joint venture SPSE viz., Bihar Grid Company Limited (BGCL) of Bihar State Power (Holding) Company Limited (BSP(H)CL) which receives equity from GoB through its holding Company. It excludes two SPSEs viz., Pirpainti Bijlee Company Private Limited, and Lakhisarai Bijlee Company Private Limited which are subsidiary SPSEs of Bihar State Power Generation Company Limited.



**Table 5.9: Year-wise details of investment by the State Government and its present value (PV) of Government investment for the period from 2011-12 to 2022-23***(₹ in crore)*

| Year          | PV of total investment at the beginning of the year | Equity infused during the year | Interest free loans given during the year | Grants/subsidies given for operational and management expenses | Total investment during the year | Total investment at the end of the year | Average rate of interest on borrowings (in per cent) | PV of total investment at the end of the year | Minimum expected return to recover cost of funds for the year | Total earning for the year |
|---------------|---|--------------------------------|---|--|----------------------------------|---|--|---|---|----------------------------|
| i             | ii  | iii                            | iv  | v  | vi= (iii+iv+v)                   | vii = (ii + vi)                         | viii   | ix= {vii× (1+viii/100)}                       | x= ix-vii   | xi                         |
| Up to 2011-12 | 343.09 <sup>21</sup>                                | 0.00                           | 0.00                                      | 0.00   | 0.00                             | 343.09                                  | 6.35   | 364.88  | 21.79   | 0.00                       |
| 2012-13       | 364.88  | 8,929.90 <sup>22</sup>         | 0.00                                      | 0.00   | 8,929.90                         | 9,294.78                                | 5.79   | 9,832.94                                      | 538.17  | (-)104.75                  |
| 2013-14       | 9,832.94  | 0.10                           | 0.00                                      | 0.00   | 0.10                             | 9,273.09                                | 6.68   | 9,892.53                                      | 619.44  | 37.18                      |
| 2014-15       | 9,892.53  | 1,475.00                       | 77.00                                     | 0.00   | 1,552.00                         | 10,825.09                               | 6.59   | 11,538.46                                     | 713.37  | (-)32.88                   |
| 2015-16       | 11,538.46   | 5,469.59                       | 0.00                                      | 0.00   | 5,469.59                         | 16,294.68                               | 6.58   | 17,366.87                                     | 1,072.19  | (-)599.47                  |
| 2016-17       | 17,366.87   | 5,272.38                       | 87.04                                     | 0.00   | 5,359.42                         | 21,654.10                               | 6.42   | 23,044.29                                     | 1,390.19  | (-)1642.58                 |
| 2017-18       | 23,044.29   | 9,015.57                       | 0.00                                      | 2.50   | 9,018.07                         | 30,672.17                               | 6.13   | 32,552.37                                     | 1,880.20  | (-)7636.25                 |
| 2018-19       | 32,552.37   | 5,119.65                       | 13.96                                     | 5.00   | 5,138.61                         | 35,810.78                               | 6.18   | 38,023.89                                     | 2,213.11  | (-)2324.37                 |
| 2019-20       | 38,023.89   | 3,139.25                       | 0.00                                      | 7.65   | 3,146.90                         | 38,957.68                               | 5.68   | 41,170.48                                     | 2,212.80  | (-)2500.51                 |
| 2020-21       | 41,170.48   | 1,278.91                       | 0.00                                      | 8.33   | 1,287.24                         | 40,244.92                               | 5.94   | 42,635.47                                     | 2,390.55  | (-)2,019.78                |
| 2021-22       | 42,635.47   | 1,696.83                       | 808.08                                    | 7.00   | 2,511.91                         | 42,756.83                               | 5.70   | 45,193.97                                     | 2,437.14  | (-)2,297.94                |
| 2022-23       | 45,193.97   | 11.60                          | 0.00                                      | 0.00   | 11.60                            | 42,768.43                               | 5.51   | 45,124.97                                     | 2,356.54  | (-)2,530.09                |
| <b>Total</b>  |   | <b>41,408.78</b>               | <b>986.08</b>                             | <b>30.48</b>   | <b>42,425.34</b>                 |   |  |   |   |                            |

The balance of investment by the State Government, in the SPSEs, at the end of the year, increased to ₹ 42,768.43 crore, in 2022-23, from ₹ 9,294.78 crore at the end of 2011-12. The State Government made further investments in the form of equity (₹ 41,408.78 crore), interest-free loans (₹ 986.08 crore) and grants/subsidies for operational and management expenses (₹ 30.48 crore), during the period 2012-13 to 2022-23, in these SPSEs. The PV of funds infused by the State Government, up to 31 March 2023, amounted to ₹ 45,124.97 crore. During all the years from 2012-13 to 2022-23, except 2013-14, the total earnings remained below the minimum return expected to recover the cost of funds infused in these SPSEs.

## 5.8 SPSEs incurring losses

### 5.8.1 Losses incurred

There were 15 working SPSEs that had incurred losses, as per their latest finalised accounts, during the year 2022-23. As per their latest finalised accounts, the

<sup>21</sup> The figure includes investment in the form of equity of ₹ 315.41 crore and interest free loans of ₹ 27.68 crore on historical cost basis in 35 SPSEs by Government of Bihar upto 2011-12.

<sup>22</sup> This represents the equity of BSP(H)CL, created out of transfer of assets and liabilities on unbundling of the erstwhile Bihar State Electricity Board, which was subsequently allocated to its four subsidiary SPSEs, viz. BSPGCL, BSPTCL, NBPDCCL and SBPDCL.

losses incurred by these SPSEs had increased to ₹ 2,847.74 crore in 2022-23, from ₹ 2,483.04 crore in 2020-21, as shown in **Table 5.10**.

**Table 5.10: Losses incurred by SPSEs during 2020-21 to 2022-23**

(₹ in crore)

| Financial Year | Particulars                  | No. of loss making SPSEs | Net loss for the year | Accumulated loss | Net Worth <sup>23</sup> |
|----------------|------------------------------|--------------------------|-----------------------|------------------|-------------------------|
| 2020-21        | Power Sector SPSEs           | 4                        | (-)1,970.15           | 21,079.22        | 8,747.55                |
|                | Agriculture and Allied SPSEs | 1                        | (-)348.83             | 461.87           | (-)456.48               |
|                | Other SPSEs                  | 8                        | (-)164.06             | 2,791.03         | (-)2,426.32             |
|                | <b>Total</b>                 | <b>13</b>                | <b>(-)2,483.04</b>    | <b>24,332.12</b> | <b>5,864.75</b>         |
| 2021-22        | Power Sector SPSEs           | 4                        | (-)2,245.31           | 23,739.00        | 7,284.02                |
|                | Agriculture and Allied SPSEs | 1                        | (-)348.83             | 461.87           | (-)456.48               |
|                | Other SPSEs                  | 9                        | (-)165.42             | 2,791.03         | (-)1,699.73             |
|                | <b>Total</b>                 | <b>14</b>                | <b>(-)2,759.56</b>    | <b>26,991.90</b> | <b>5,127.81</b>         |
| 2022-23        | Power Sector SPSEs           | 5                        | (-)2,333.49           | 23,739.00        | 8,243.21                |
|                | Agriculture and Allied SPSEs | 1                        | (-)348.83             | 461.87           | (-)456.48               |
|                | Other SPSEs                  | 9                        | (-)165.42             | 2,791.03         | (-)1,699.73             |
|                | <b>Total</b>                 | <b>15</b>                | <b>(-)2,847.74</b>    | <b>26,991.90</b> | <b>6,087.00</b>         |

(Source: As per latest finalised accounts of SPSEs)

In 2022-23, out of the total loss of ₹ 2,847.74 crore incurred by 15 SPSEs, loss of ₹ 2,798.28 crore had been incurred by five SPSEs<sup>24</sup> only.

In power sector two SPSEs viz., South Bihar Power Distribution Company Limited and North Bihar Power Distribution Company Limited had incurred losses mainly due to increase in power purchase cost and other operational costs whereas the revenue has not increased in that proportion. Bihar Grid Company Limited had incurred losses during the current financial year only. The Company has incurred losses due to adjustment of tariff rates pertaining to the earlier years. Bihar State Hydroelectric Power Corporation Limited has incurred losses mainly due to charging of finance cost of ₹ 26.11 crore. In Agriculture and allied Sector, Bihar State Food and Civil Supplies Corporation Limited has incurred losses of ₹ 348.83 crore due to increase in borrowings, which in turn, resulted in increase of finance cost by ₹ 351.21 crore. In other sector, major losses were incurred by Bihar State Road Transport Corporation (₹144.10 crore), mainly due to making provision for interest on loans given by the State Government, which amounted to ₹ 144.20 crore.

The total investment in these 15 loss making SPSEs, as per their latest finalised accounts was ₹ 46,325.17<sup>25</sup> crore. Out of these 15 SPSEs ₹ 41,908.65 crore (90.47 per cent of the total investment) had been invested in five power sector SPSEs which incurred

<sup>23</sup> Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits but do not include reserves created out of revaluation of assets and write-back of depreciation provision.

<sup>24</sup> South Bihar Power Distribution Company Limited, North Bihar Power Distribution Company Limited, Bihar Grid Company Limited (Power sector); Bihar State Food and Civil Supplies Corporation Limited (Agriculture and Allied sector) and Bihar State Road Transport Corporation (other sector).

<sup>25</sup> Equity: ₹ 32,695.16 crore and Long term borrowings: ₹ 13,630.01 crore.

81.94 per cent of the total losses. Further, 12.25 per cent of the total losses were incurred by the Bihar State Food and Civil Supply Corporation Limited in which the State Government had invested ₹ 2,325.80 crore in the form of equity /loans.

### 5.8.2 Erosion of Capital in SPSEs

As on 31 March 2023, there were 14 SPSEs, with accumulated losses of ₹ 27,037.44 crore (**Appendix 5.4**). Of these, 10 SPSEs had incurred losses amounting to ₹ 2,754.67 crore, as per their latest finalised accounts. The net worth of 10 out of these 14 SPSEs had been completely eroded by accumulated losses and their net worth was either zero or negative. The net worth of these 10 SPSEs was (-) ₹ 3,210.48 crore, against equity investment of ₹ 303.50 crore, as on 31 March 2023. Out of 10 SPSEs, whose capital had eroded, two<sup>26</sup> had earned profit of ₹ 7.75 crore and two<sup>27</sup> SPSEs had nil profit/ loss during 2022-23. Out of these 10 SPSEs, there were five SPSEs with outstanding Government loans of ₹ 3,631.13 crore, as on 31 March 2023, as detailed in **Table 5.11**.

**Table 5.11: Details of SPSEs whose net worth has eroded, as per their latest finalised accounts**

(₹ in crore)

| Sl. No. | Name of SPSE  | Latest year up to which accounts have been finalised | Total Paid up capital | Net profit (+)/ (-) After Interest and Tax | Accumulated Losses | Net worth | Period since Net Worth has remained negative | State Government Equity as on 31 March 2023 | State Government Loans (as on 31 March 2023) |
|---------|---|--|-----------------------|--|--------------------|-----------|--|---|--|
| 1       | Bihar State Hydroelectric Power Corporation Limited     | 2015-16  | 99.04                 | (-)25.35                                   | 228.31             | (-)129.27 | 2010-11                                      | 68.34                                       | 1,009.10                                     |
| 2       | Pirpainti Bijlee Company Private Limited                | 2019-20  | 0.01                  | 0.00                                       | 0.04               | (-)0.03   | 2015-16                                      | 0   | 0.00   |
| 3       | Lakhisarai Bijlee Company Private Limited               | 2019-20  | 0.01                  | 0.00                                       | 0.04               | (-)0.03   | 2015-16                                      | 0   | 0.00   |
| 4       | Bihar State Food and Civil Supplies Corporation Limited | 2013-14  | 5.39                  | (-)348.83                                  | 461.87             | (-)456.48 | 1980-81                                      | 5.39  | 2,320.41                                     |
| 5       | Bihar Rajya Beej Nigam Limited                          | 2012-13  | 3.71                  | 7.74                                       | 45.30              | (-)41.59  | 1992-93                                      | 2.27  | 72.65  |
| 6       | Bihar State Credit and Investment Corporation Limited   | 2017-18  | 15.12                 | (-)0.13                                    | 95.22              | (-)80.10  | 1995-96                                      | 15.12                                       | 0.00   |

<sup>26</sup> Bihar Rajya Beej Nigam (₹ 7.74 crore) and Patna Smart City Limited (₹ 0.01 crore).

<sup>27</sup> Pirpainti Bijlee Company Private Limited and Lakhisarai Bijlee Company Private Limited had not commenced their operation even after lapse of 10 years of their inception.

| Sl. No.            | Name of SPSE   | Latest year up to which accounts have been finalised | Total Paid up capital | Net profit (+)/ (-) After Interest and Tax | Accumulated Losses | Net worth          | Period since Net Worth has remained negative | State Government Equity as on 31 March 2023 | State Government Loans (as on 31 March 2023) |
|--------------------|--|--|-----------------------|--|--------------------|--------------------|--|---|--|
| 7                  | Bihar State Film Development and Finance Corporation Limited | 2019-20  | 1.00                  | (-)0.26                                    | 2.32               | (-)1.32            | 2014-15                                      | 1.00  | 0.50   |
| 8                  | Bihar State Financial Corporation                            | 2020-21  | 77.84                 | (-)13.00                                   | 506.28             | (-)428.44          | 1998-99                                      | 39.95                                       | 228.47                                       |
| 9                  | Patna Smart City Limited                                     | 2018-19  | 0.10                  | 0.01                                       | 0.16               | (-)0.06            | 2017-18                                      | 0.05  | 0.00   |
| 10                 | Bihar State Road Transport Corporation                       | 2018-19  | 101.28                | (-)144.10                                  | 2,174.44           | (-)2,073.16        | 1995-96                                      | 74.76                                       | 0.00   |
| <b>Grand Total</b> |  |  | <b>303.50</b>         | <b>(-)523.92</b>                           | <b>3,513.98</b>    | <b>(-)3,210.48</b> |  | <b>206.88</b>                               | <b>3,631.13</b>                              |

(Source: Based on latest finalised accounts of SPSEs)

The main source of receipts of these SPSEs were operational income, revenue grants<sup>28</sup>, interest income and other miscellaneous receipts. Out of these 10 SPSEs, net worth amounting to ₹ 3,209.04 crore had been eroded in six SPSEs. In these six SPSEs, four<sup>29</sup> had incurred losses mainly due to finance cost on large amount of borrowings taken from the State Government/other financial institutions. One SPSE viz., Bihar State Credit and Investment Corporation Limited had incurred losses continuously as the revenue from operations remained nil. Although, the Bihar Rajya Beej Nigam Limited had accumulated losses, it had earned profit in recent years.

## 5.9 Audit of State Public Sector Enterprises

CAG appoints the statutory auditors of a Government Company and Government Controlled Other Company, under Sections 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some Corporations require that their accounts be audited by the CAG and a report be submitted to the Legislature.

### 5.10 Appointment of statutory auditors of State Public Sector Enterprises by CAG

Section 139 (5) of the Companies Act, 2013, provides that the statutory auditors, in case of a Government Company or Government Controlled Other Company, are to be appointed by the CAG, within a period of 180 days from the commencement of the financial year.

<sup>28</sup> Bihar State Road Transport Corporation received revenue grant of ₹ 127.34 crore.

<sup>29</sup> Bihar State Food and Civil Supplies Corporation Limited (₹ 398.52 crore), Bihar State Road Transport Corporation (₹ 144.20 crore), Bihar State Hydroelectric Power Corporation Limited (₹ 26.11 crore) and Bihar State Financial Corporation (₹ 17.89 crore).

Out of the total 27<sup>30</sup> working SPSEs, the accounts of which were in arrears for the years 2021-22 and earlier years, the statutory auditors of 21 working SPSEs, for the year 2021-22, had been appointed by the CAG, whereas, statutory auditors for the year 2021-22, for the remaining six working SPSEs and 33<sup>31</sup> inactive SPSEs, could not be appointed, since they had arrears of accounts, ranging from three to 19 years and seven to 45 years, respectively.

## 5.11 Submission of accounts by State Public Sector Enterprises

### 5.11.1 Need for timely submission

According to Section 394 of the Companies Act, 2013, an Annual Report on the working and affairs of a Government Company, is to be prepared within three months of its Annual General Meeting<sup>32</sup> (AGM). As soon as may be after such preparation, the Annual Report must be laid before Legislature, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary Legislative control over the utilisation of public funds invested in the Companies from the Consolidated Fund of State.

Section 96 of the Companies Act, 2013, requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013, stipulates that the audited Financial Statements, for the financial year, have to be placed in the said AGM, for its consideration.

Section 129 (7) of the Companies Act, 2013, also provides for levy of penalties like fines and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

The annual accounts of various SPSEs were pending, as on July 2023, as detailed in the following paragraph.

### 5.11.2 Timeliness in preparation of accounts by SPSEs

As of 31 March 2023, there were 73 SPSEs<sup>33</sup> (34 working and 39 inactive) under the purview of CAG's audit. Of these, accounts for the year 2021-22 were due from all the 68 SPSEs, excluding five SPSEs, which are under liquidation. However, only nine SPSEs had submitted their accounts for the year 2021-22, for audit by CAG, by

<sup>30</sup> Excluding nine SPSEs who has submitted its accounts for the year 2021-22, one Statutory Corporation viz., BSRTC for which C&AG is the sole auditor and one Statutory corporation viz., Bihar State Financial Corporation whose auditor is not appointed by the C&AG.

<sup>31</sup> Excluding one SPSE who had submitted its accounts for the year 2021-22 and five SPSEs which are under liquidation.

<sup>32</sup> In case of the first AGM, it shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case within a period of six months, from the date of closing of the financial year i.e., 30 September.

<sup>33</sup> Excluding three Statutory Corporations as discussed in paragraph 5.11.3.

31 July 2023. 1,133<sup>34</sup> accounts of 59 SPSEs (26 working and 33 inactive), were in arrears, as detailed in **Appendix 5.5**, for various reasons. Details of arrears, in submission of accounts of SPSEs, are given in **Table 5.12**.

**Table-5.12: Details of arrears in submission of accounts**

| Particulars   |                                     | SPSEs            | Number of Accounts |
|---|-------------------------------------|------------------|--------------------|
| Total number of Companies under the purview of CAG's audit as on 31.03.2023                         |                                     | 73               | --                 |
| Less: New Companies from which accounts for 2021-22 were not due                                    |                                     | 0                | 0                  |
| Number of companies from which accounts for 2021-22 were due  |                                     | 68               | 68                 |
| Number of companies which presented the accounts for the year 2021-22 for CAG audit by 31 July 2023 |                                     | 09               | 09                 |
| Number of accounts in arrears   |                                     | 59 <sup>35</sup> | 1,133              |
| Break up of Arrears   | (i) Under Liquidation <sup>36</sup> | 05               | --                 |
|   | (ii) Inactive                       | 33               | 1,027              |
|   | (iii) Others (Working)              | 26               | 106                |
| Age-wise analysis of arrears against 'Others' category  | One year (2021-22)                  | 05               | 05                 |
|   | Two years (2020-21 and 2021-22)     | 06               | 12                 |
|   | Three years and more                | 15               | 89                 |

(Source: Complied on the basis of annual accounts received in the office of Accountant General (Audit), Bihar)

### 5.11.3 Timeliness in preparation of accounts by Statutory Corporations

Audit of three<sup>37</sup> statutory corporations is conducted by the CAG. Out of these, CAG is the sole auditor for one Statutory Corporation, *i.e.*, Bihar State Road Transport Corporation. No Statutory Corporation presented the accounts for the year 2021-22 for audit before 31 July 2023. As on 31 July 2023, seven accounts of three Statutory Corporations were pending.

## 5.12 CAG's oversight–Audit of accounts and Supplementary Audit of Government Companies

### 5.12.1 Financial reporting framework

Companies are required to prepare their Financial Statements in the format laid down in Schedule III to the Companies Act, 2013, and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, renamed as the National Financial Reporting Authority<sup>38</sup>. Statutory Corporations are required to prepare their accounts in the format prescribed under the rules framed in consultation with the CAG and any other specific provisions relating to accounts, in the Acts governing such Corporations.

<sup>34</sup> 106 accounts of 26 working SPSEs and 1,027 accounts of 33 inactive SPSEs.

<sup>35</sup> Excluding Five SPSEs, which are under liquidation.

<sup>36</sup> The number of arrear of accounts w.r.t. SPSEs under liquidation is considered as Nil.

<sup>37</sup> Bihar State Road Transport Corporation, Bihar State Warehousing Corporation and Bihar State Financial Corporation.

<sup>38</sup> Effective from 01 October 2018.

### 5.12.2 Audit of accounts of Government Companies by Statutory Auditors

The statutory auditors, appointed by the CAG, under Section 139 of the Companies Act, 2013, conduct audit of accounts of the Government Companies and submit their reports thereon, in accordance with Section 143 of the Companies Act, 2013.

CAG plays an oversight role, by monitoring the performance of the statutory auditors in audit of public sector undertakings, with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power to:

- ✦ issue directions to the statutory auditors, under Section 143 (5) of the Companies Act, 2013; and
- ✦ supplement or comment upon the statutory auditor's report, under Section 143 (6) of the Companies Act, 2013.

### 5.12.3 Supplementary Audit of accounts of Government Companies

The primary responsibility for preparation of Financial Statements, in accordance with the financial reporting framework prescribed under the Companies Act, 2013, or other relevant Act, is of the management of an entity.

The statutory auditors, appointed by the CAG, under Section 139 of the Companies Act, 2013, are responsible for expressing an opinion on the Financial Statements, under Section 143 of the Companies Act, 2013, based on independent audit, in accordance with the Standard Auditing Practices of the Institute of Chartered Accountants of India and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG, under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies, along with the reports of the statutory auditors, are reviewed by CAG, by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013, to be placed before the AGM.

## 5.13 Results of CAG's oversight role

### 5.13.1 Audit of accounts of SPSEs

Fifty-four Financial Statements, for the year 2022-23 and previous years, were received from 29 SPSEs, from August 2022 to 31 July 2023. 42 Financial Statements of 24 SPSEs were reviewed in audit and Non-Review Certificate was issued for the twelve<sup>39</sup> accounts of six SPSEs. Results of the review are detailed below:

### 5.13.2 Amendment of Financial Statements

During 2022-23, there were no cases of SPSEs amending their Financial Statements, as a result of audit conducted by CAG, before laying the same in the AGM.

<sup>39</sup> Including two accounts related to the Muzaffarpur Smart City Ltd., wherein non-review certificate was under process.

### 5.13.3 Revision of Auditors Report

During 2022-23, there were no cases of revision of statutory auditors' report, as a result of supplementary audit of the Financial Statements conducted by the CAG.

### 5.13.4 Impact of comments

The financial impact of significant comments, issued during August 2022 to July 2023, on the Financial Statements of SPSEs, was ₹ 568.65 crore on profitability and ₹ 4,154.13 crore on the financial position.

## 5.14 Conclusions

- ✦ As on 31 March 2023, there were 76 SPSEs, including three Statutory Corporations. Out of 76 SPSEs, there are 39 inactive SPSEs.
- ✦ The SPSEs had not adhered to the prescribed timelines regarding submission of their Financial Statements. There were 1,140 accounts of 62 SPSEs, in arrears.
- ✦ Out of the total profit of ₹ 317.65 crore earned by 16 SPSEs, 57.84 per cent was contributed by three SPSEs. Out of the total loss of ₹ 2,847.74 crore incurred by 15 SPSEs, loss of ₹ 2,798.28 crore was incurred by just five SPSEs, viz. South Bihar Power Distribution Company Limited, North Bihar Power Distribution Company Limited, Bihar Grid Company Limited, Bihar State Food and Civil Supplies Corporation Limited and Bihar State Road Transport Corporation.
- ✦ Out of 16 SPSEs which had earned profits, as per their latest finalised accounts, only four SPSEs had declared dividend. Two SPSEs did not earn enough profit to declare dividend and the remaining 10 SPSEs, which had earned aggregate profit of ₹ 240.68 crore, had not declared/paid dividend.

## 5.15 Recommendations

Audit recommends that:

- ✦ State Government may impress upon the managements of SPSEs to ensure timely submission of their Financial Statements. As many as 1,140 accounts of 62 SPSEs were in arrears, in the absence of finalised accounts, Government investments in such SPSEs remain outside the oversight of the State Legislature.
- ✦ The 39 inactive SPSEs are neither contributing to State economy, nor meeting the intended objectives. Out of these 39 SPSEs, five SPSEs have been under the process of liquidation for more than 10 years. The State Government needs to take a policy decision regarding commencement of liquidation process in regard to the remaining 34 inactive SPSEs.




- ✦ Out of the 16 SPSEs which had earned profits, as per their latest finalised accounts, only four SPSEs had declared dividend. The State Government may formulate a dividend policy for the SPSEs.
- ✦ The State Government may analyse the reasons of losses in SPSEs whose net worth has been eroded and initiate steps to make their operations efficient and profitable.

Patna  
The 09 May 2024

  
(RAJ KUMAR)  
Principal Accountant General (Audit), Bihar

**COUNTERSIGNED**

New Delhi  
The 13 May 2024

  
(GIRISH CHANDRA MURMU)  
Comptroller and Auditor General of India