STRENGTHENING AND AUDITING OF STATE PUBLIC SECTOR ENTERPRISES

No. of PSUs and Classification

Out of the 131 SPSEs in the State, Sixty five enterprises (49.62%) are fully owned by the Government of Kerala, while 23 enterprises (17.56%) are jointly owned by the Government of Kerala and other entities. Additionally, 10 enterprises (7.63%) are jointly owned by the State and Central Governments.

Sector wise classification of State PSUs

SI. No.	Sector	No. of SLPEs	% of Total
1	Manufacturing & Production	35	26.72
2	Development & Infrastructure	31	23.66
3	Services/Trading/Consultancy	24	18.33
4	Traditional & Welfare	19	14.50
5	Agriculture/Plantation/Livestock	12	9.16
6	Financial Services	6	4.58
7	Public Utilities	4	3.05
	Total	131	100.00

In addition to the above 18 SPSEs are under liquidation or winding up process.

Performance

The performance of the State PSUs during the last two Financial years

SI. Particulars 2023-24 2022-23 % of % of % of No. No. No. Particulars 2023-24 2022-23 % of Sw of No No. No. No. Particulars 2023-24 2022-23 % of No No.	- P -		9 41 411 111 9	0223		<i>y</i>
No. Increase Decrease 1 Number of Employees 125976 129982 3.08 2 Paid up Capital 27905.56 26067.73 7.05 3 Investment (Financial) 90077.00 84257.29 6.91 4 Net Worth -39608.77 -38956.34 1.67 5 Net Turnover 44203.25 41000.64 7.81 6 Operating Profit generated by SLPEs 8750.60 5816.67 50.44 SLPEs 5 Rumber of Profit Earning 53 61 13.11 13.11 14.11 15						
1 Number of Employees 125976 129982 3.08 2 Paid up Capital 27905.56 26067.73 7.05 3 Investment (Financial) 90077.00 84257.29 6.91 4 Net Worth -39608.77 -38956.34 1.67 5 Net Turnover 44203.25 41000.64 7.81 6 Operating Profit generated by SLPEs 8750.60 5816.67 50.44 7 Number of Profit Earning Enterprises 53 61 13.11 8 Amount of Profit 1912.97 970.55 97.10 9 Number of Loss Incurring Enterprises 65 63 3.17 10 Amount of Loss 5383.43 5733.53 6.11 11 Net Profit/Loss (+/-) -3470.46 -4762.99 27.14 12 Contribution to State Exchequer 17289.13 16851.59 2.60 13 Contribution to Central Exchequer 1027.56 979.34 4.92 14 Guarantee Commission Paid <td< th=""><th></th><th>Particulars</th><th>2023-24</th><th>2022-23</th><th>% of</th><th>% of</th></td<>		Particulars	2023-24	2022-23	% of	% of
Paid up Capital 27905.56 26067.73 7.05 3 Investment (Financial) 90077.00 84257.29 6.91 4 Net Worth -39608.77 -38956.34 1.67 5 Net Turnover 44203.25 41000.64 7.81 6 Operating Profit generated by SLPEs 8750.60 5816.67 50.44 SLPEs 7 Number of Profit Earning 53 61 13.11 Enterprises 8 Amount of Profit 1912.97 970.55 97.10 9 Number of Loss Incurring 65 63 3.17 Enterprises 10 Amount of Loss 5383.43 5733.53 6.11 11 Net Profit/Loss (+/-) -3470.46 -4762.99 27.14 12 Contribution to State Exchequer 17289.13 16851.59 2.60 13 Contribution to Central Exchequer 1027.56 979.34 4.92 14 Guarantee Commission Paid 130.21 20.92 522.42 15 Corporate Social Responsibility (CSR) Expenditure 11.87 15.54 23.57 CSR) Expenditure 1496.02 1936.20 22.73 18 Budgetary Support from GoK 2003.46 1607.74 24.61 19 Dividend Paid/Proposed 29.68 18.67 58.97 25.44 Development 100.25 10.2	No.				Increase	Decrease
3 Investment (Financial) 90077.00 84257.29 6.91 4 Net Worth -39608.77 -38956.34 1.67 5 Net Turnover 44203.25 41000.64 7.81 6 Operating Profit generated by SLPEs 8750.60 5816.67 50.44 5 SLPEs 53 61 13.11 7 Number of Profit Earning 53 61 13.11 8 Enterprises 8 Amount of Profit 1912.97 970.55 97.10 9 Number of Loss Incurring 65 63 3.17 Enterprises 10 Amount of Loss 5383.43 5733.53 6.11 11 Net Profit/Loss (+/-) -3470.46 -4762.99 27.14 12 Contribution to State Exchequer 17289.13 16851.59 2.60 13 Contribution to Central Exchequer 1027.56 979.34 4.92 14 Guarantee Commission Paid 130.21 20.92 522.42 15 Corporate Social Responsibility 11.87 15.54 23.57 (CSR) Expenditure 1496.02 1936.20 22.73 18 Subsidies/Grants Received from 1496.02 1936.20 22.73 19 Dividend Paid/Proposed 29.68 18.67 58.97 20 Expenditure on Research & 6.74 9.04 25.44 Development 1496.02 19.04 10.07 10.07 20 Expenditure on Research & 6.74 9.04 25.44 Development 1496.02 19.04 10.07 20 Expenditure on Research & 6.74 9.04 10.07 20 Expenditure on Research & 6.74 9.04 10.07 21 Expenditure on Research & 6.74 9.04 10.07 22 Expenditure on Research & 6.74 9.04 10.07 23 Expenditure on Research & 6.74 9.04 10.07 24 Expenditure on Research & 6.74 9.04 10.07 25 Expenditure on Research & 6.74 9.04 10.07 25 Expenditure on Research & 6.74 9.04 10.07 26 Expenditure on Research & 6.74 9.04 10.07 27 Expenditure on Research & 6.74 9.04 10.07 28 Expenditure on Research & 6.74 9.04 10.07 29 Expenditure on Research & 6.74 9.04 10.07 20 Expenditure o				129982		3.08
4 Net Worth -39608.77 -38956.34 1.67 5 Net Turnover 44203.25 41000.64 7.81 6 Operating Profit generated by SLPES 8750.60 5816.67 50.44 7 Number of Profit Earning Enterprises 53 61 13.11 8 Amount of Profit 1912.97 970.55 97.10 9 Number of Loss Incurring Enterprises 65 63 3.17 10 Amount of Loss 5383.43 5733.53 6.11 11 Net Profit/Loss (+/-) -3470.46 -4762.99 27.14 12 Contribution to State Exchequer 17289.13 16851.59 2.60 13 Contribution to Central Exchequer 1027.56 979.34 4.92 14 Guarantee Commission Paid 130.21 20.92 522.42 15 Corporate Social Responsibility 11.87 15.54 23.57 (CSR) Expenditure 2178.89 1350.82 61.30 61.30 GoK Subsidies/Grants Receiv	2	Paid up Capital	27905.56	26067.73	7.05	
5 Net Turnover 44203.25 41000.64 7.81 6 Operating Profit generated by SLPEs 8750.60 5816.67 50.44 7 Number of Profit Earning Enterprises 53 61 13.11 8 Amount of Profit 1912.97 970.55 97.10 9 Number of Loss Incurring Enterprises 65 63 3.17 10 Amount of Loss 5383.43 5733.53 6.11 11 Net Profit/Loss (+/-) -3470.46 -4762.99 27.14 12 Contribution to State Exchequer 17289.13 16851.59 2.60 13 Contribution to Central Exchequer 1027.56 979.34 4.92 14 Guarantee Commission Paid 130.21 20.92 522.42 15 Corporate Social Responsibility 11.87 15.54 23.57 (CSR) Expenditure 2178.89 1350.82 61.30 16 Subsidies/Grants Received from GoK 2178.89 1350.82 61.30 18 Budgetary Support from G	3	Investment (Financial)	90077.00	84257.29	6.91	
6 Operating Profit generated by SLPEs 8750.60 5816.67 50.44 7 Number of Profit Earning Enterprises 53 61 13.11 8 Amount of Profit 1912.97 970.55 97.10 9 Number of Loss Incurring Enterprises 65 63 3.17 10 Amount of Loss 5383.43 5733.53 6.11 11 Net Profit/Loss (+/-) -3470.46 -4762.99 27.14 12 Contribution to State Exchequer 17289.13 16851.59 2.60 13 Contribution to Central Exchequer 1027.56 979.34 4.92 14 Guarantee Commission Paid 130.21 20.92 522.42 15 Corporate Social Responsibility (CSR) Expenditure 11.87 15.54 23.57 16 Subsidies/Grants Received from GoK 2178.89 1350.82 61.30 17 Subsidies/Grants Received from GoK 203.46 1607.74 24.61 19 Dividend Paid/Proposed 29.68 18.67 58.97 <				-38956.34		
SLPES SLPES SUmber of Profit Earning SI	5	Net Turnover	44203.25	41000.64	7.81	
Enterprises Samount of Profit 1912.97 970.55 97.10		SLPEs	8750.60	5816.67	50.44	
9 Number of Loss Incurring Enterprises 65 63 3.17 10 Amount of Loss 5383.43 5733.53 6.11 11 Net Profit/Loss (+/-) -3470.46 -4762.99 27.14 12 Contribution to State Exchequer 17289.13 16851.59 2.60 13 Contribution to Central Exchequer 1027.56 979.34 4.92 14 Guarantee Commission Paid 130.21 20.92 522.42 15 Corporate Social Responsibility (CSR) Expenditure 11.87 15.54 23.57 16 Subsidies/Grants Received from GoK 2178.89 1350.82 61.30 17 Subsidies/Grants Received from GoK 203.46 1607.74 24.61 18 Budgetary Support from GoK 2003.46 1607.74 24.61 19 Dividend Paid/Proposed 29.68 18.67 58.97 20 Expenditure on Research & 6.74 9.04 25.44	7	Enterprises				13.11
Enterprises 10 Amount of Loss 5383.43 5733.53 6.11 11 Net Profit/Loss (+/-) -3470.46 -4762.99 27.14 12 Contribution to State Exchequer 17289.13 16851.59 2.60 13 Contribution to Central Exchequer 1027.56 979.34 4.92 14 Guarantee Commission Paid 130.21 20.92 522.42 15 Corporate Social Responsibility (CSR) Expenditure 11.87 15.54 23.57 16 Subsidies/Grants Received from GoK 2178.89 1350.82 61.30 17 Subsidies/Grants Received from GoK 1496.02 1936.20 22.73 18 Budgetary Support from GoK 2003.46 1607.74 24.61 19 Dividend Paid/Proposed 29.68 18.67 58.97 20 Expenditure on Research & 6.74 9.04 25.44 Development Development 27.14 27.14 10 Dividend Paid/Proposed 29.68 18.67 58.97 20 Expenditure on Research & 6.74 9.04 25.44 Development 27.14 27.14 27.14 27.14 27.14 27.			1912.97	970.55	97.10	
11 Net Profit/Loss (+/-) -3470.46 -4762.99 27.14 12 Contribution to State Exchequer 17289.13 16851.59 2.60 13 Contribution to Central Exchequer 1027.56 979.34 4.92 14 Guarantee Commission Paid 130.21 20.92 522.42 15 Corporate Social Responsibility (CSR) Expenditure 11.87 15.54 23.57 16 Subsidies/Grants Received from GoK 2178.89 1350.82 61.30 17 Subsidies/Grants Received from GoK 1496.02 1936.20 22.73 Gol 18 Budgetary Support from GoK 2003.46 1607.74 24.61 19 Dividend Paid/Proposed 29.68 18.67 58.97 20 Expenditure on Research & 6.74 9.04 25.44 Development 25.44	9	Enterprises			3.17	
12 Contribution to State Exchequer 17289.13 16851.59 2.60 13 Contribution to Central Exchequer 1027.56 979.34 4.92 14 Guarantee Commission Paid 130.21 20.92 522.42 15 Corporate Social Responsibility (CSR) Expenditure 11.87 15.54 23.57 16 Subsidies/Grants Received from GoK 2178.89 1350.82 61.30 17 Subsidies/Grants Received from GoK 1496.02 1936.20 22.73 18 Budgetary Support from GoK 2003.46 1607.74 24.61 19 Dividend Paid/Proposed 29.68 18.67 58.97 20 Expenditure on Research & 6.74 9.04 25.44 Development Development 25.44	10	Amount of Loss	5383.43	5733.53		6.11
13 Contribution to Central Exchequer 1027.56 979.34 4.92 14 Guarantee Commission Paid 130.21 20.92 522.42 15 Corporate Social Responsibility (CSR) Expenditure 11.87 15.54 23.57 16 Subsidies/Grants Received from GoK 2178.89 1350.82 61.30 17 Subsidies/Grants Received from GoI 1496.02 1936.20 22.73 18 Budgetary Support from GoK 2003.46 1607.74 24.61 19 Dividend Paid/Proposed 29.68 18.67 58.97 20 Expenditure on Research & Development 6.74 9.04 25.44	11	Net Profit/Loss (+/-)	-3470.46	-4762.99		27.14
14 Guarantee Commission Paid 130.21 20.92 522.42 15 Corporate Social Responsibility (CSR) Expenditure 11.87 15.54 23.57 16 Subsidies/Grants Received from GoK 2178.89 1350.82 61.30 17 Subsidies/Grants Received from GoI 1496.02 1936.20 22.73 18 Budgetary Support from GoK 2003.46 1607.74 24.61 19 Dividend Paid/Proposed 29.68 18.67 58.97 20 Expenditure on Research & Development 6.74 9.04 25.44		Contribution to State Exchequer	17289.13	16851.59	2.60	
15 Corporate Social Responsibility (CSR) Expenditure 11.87 15.54 23.57 16 Subsidies/Grants Received from GoK 2178.89 1350.82 61.30 17 Subsidies/Grants Received from GoK 1496.02 1936.20 22.73 18 Budgetary Support from GoK 2003.46 1607.74 24.61 19 Dividend Paid/Proposed 29.68 18.67 58.97 20 Expenditure on Research & G.74 9.04 25.44 Development 25.44	13	Contribution to Central Exchequer	1027.56	979.34	4.92	
(CSR) Expenditure 16 Subsidies/Grants Received from GoK 2178.89 1350.82 61.30 17 Subsidies/Grants Received from Gol 1496.02 1936.20 22.73 18 Budgetary Support from Gok 2003.46 1607.74 24.61 19 Dividend Paid/Proposed 29.68 18.67 58.97 20 Expenditure on Research & G.74 9.04 25.44 Development 25.44	14		130.21	20.92	522.42	
GoK 17 Subsidies/Grants Received from 1496.02 1936.20 22.73	15		11.87	15.54		23.57
Gol 18 Budgetary Support from GoK 2003.46 1607.74 24.61 19 Dividend Paid/Proposed 29.68 18.67 58.97 20 Expenditure on Research & 6.74 9.04 25.44 Development Develop	16		2178.89	1350.82	61.30	
19 Dividend Paid/Proposed 29.68 18.67 58.97 20 Expenditure on Research & 6.74 9.04 25.44 Development 25.44	17		1496.02	1936.20		22.73
20 Expenditure on Research & 6.74 9.04 25.44 Development	18		2003.46	1607.74	24.61	
Development	19	Dividend Paid/Proposed	29.68	18.67	58.97	
	20		6.74	9.04		25.44
21 Accumulated Loss -51104.63 -49131.63 4.02						
	21	Accumulated Loss	-51104.63	-49131.63	4.02	

Investments

The State Government provides additional resources to the state PSUs in the form of equity and long term loans. The State's share in capital and long term loans has increased by 7.40% from ₹ 37594.40 crore in 2022-23 to ₹ 40376.73 crore in 2023-24. Additional funding for them has been sourced from financial institutions (loans) and internal cash accruals. A detailed comparison of the State Government's investments in SLPEs, encompassing share capital and long-term loans for 2022-23 and 2023-24, is presented:

SI.	Particulars	2022-23	2023-24
No.			
1	Paid up Capital by Government of Kerala in SLPEs	19088.33	20308.92
2	% of Total Share Capital by Government of Kerala	74.38%	73.90%
3	Term Loan by the Government of Kerala in SLPEs	18506.07	20067.82
4	% of Total Term Loans by Government of Kerala	28.14%	29.11%
	Total Investment by GoK (Sl. No. 1 + Sl. No. 3)	37594.40	40376.73
	Total Investment (Financial) in SLPEs	84257.29	90077.00
	% of Total Investment by GoK in SLPEs	44.62%	44.82%

Submission of accounts for Audit

2022-23

According to AG, the details of arrears in submission of accounts:

	Pa	rticulars	Government companies	Government controlled other companies	Statutory corporations	Total
	Total number of of CAG's audit as	PSEs under the purview on 31.03.2023	130	15	4	149
	Working PSEs- Statutory corporat	Unlisted (including four ions)	121	6	4	131
	Listed Companies		0	0	0	0
Number of PSEs which presented the accounts for 2022-23 for CAG's audit		14	1	1	16	
		from which accounts for	107	5	3	115
	and prior to 2022-		(256)	(5)	(9)	(270)
	Age wise analysis of	One year (2022-23)	40 (40)	5 (5)	(2)	47 (47)
	arrears of working PSEs	Two years (2021-22 and 2022-23)	32 (64)	0 (0)	0 (0)	32 (64)
	_	Three years to five years (2018-19 to 2022-23)	29 (108)	0 (0)	0 (0)	29 (108)
		Six years and above (beyond 2017-18)	6 (44)	0 (0)	1 (7)	7 (51)

- ❖ Out of the total of 131 working PSEs, only 16 PSEs has submitted their accounts for the year 2022-23 to the CAG for audit, thus representing merely 12.21 per cent of the total number of PSEs under its audit jurisdiction.
- ❖ A total of 270 accounts (for FY 2022-23 and prior periods) were due from 115 PSEs in the year 2022-23.
- * Age-wise analysis revealed that for six years and above (i.e. beyond 2017-18), 51 accounts were pending from seven PSEs; for three to five years (i.e., 2018-19 to 2022-23) 108 accounts were pending from 29 PSEs, for two years (i.e., 2021-22 and 2022-23) 64 accounts were pending from 32 PSEs.

2023-24

During the year 2023-24, 33 PSUs (25.19% of the total) have furnished the audited accounts for the review of BPT. Out of them, 10 enterprises that had submitted audited figures in the previous review have not completed their audit for the financial year 2023-24. A total of 97 enterprises have outstanding audit arrears, ranging from one to eight years. Although, 39 enterprises (39.80%) have finalized their accounts up to 2023-24, which are ready for statutory audit.

A summary of the statutory audit status as of March 31, 2024, is provided below

SI. No.	Number of Years in Arrears	Number of SLPEs
1	8 Years	2
2	7 Years	1
3	6 Years	1
4	5 Years	4
5	4 Years	8
6	3 Years	8
7	2 Years	24
8	1 Year	49
	Sub Total (SLPEs with Arrears in Audit)	97
9	Audit up-to-date	33
10	Information not available	1
	Total	131

Returns

Out of 131 working PSEs, 16 PSEs submitted their accounts for the year 2022-23. Out of the 16 only 10 PSEs12 reported aggregate profit of ₹276.73 crore. As per the latest finalised accounts submitted till 30 September 2023, 58 PSEs (including the aforementioned 10 PSEs) earned profit of ₹1,368.72 crore. Whereas for the period ended 30 September 2022, there were 55 PSEs which earned a profit of ₹654.99 crore. Three PSEs13 which incurred loss in their respective previous years earned profit as per their latest finalised accounts made available in 2022-23. Likewise, six PSEs which earned profit in their respective previous years suffered loss as per their latest finalised accounts submitted till September 2023.

The Return on Equity (ROE) of these 58 PSEs mentioned above (including the three Statutory corporations) was 32.37 per cent as compared to 10.32 per cent in 55 PSEs during 2021-22. The increase in the ROE was due to increase in the profit of PSEs from ₹654.99 crore to ₹1,368.72 crore. ROE in all the 128 PSEs (i.e., excluding three working PSEs which have not submitted their first accounts) i.e., including 58 profit earning, 66 loss making, and four zero profit/loss companies was negative as the overall net income and shareholders' fund of these PSEs was negative during 2022-23.

Returns continues.....

In the fiscal year 2023-24, fifty-three State-Level Public Enterprises (SLPEs) reported a total profit of ₹1,912.97 crore, a significant increase from the ₹970.55 crore earned by sixty-one profit-making enterprises in the previous year. However, sixty-five enterprises incurred losses totalling ₹5,383.44 crore, resulting in an overall net loss of ₹3,470.46 crore for 2023-24. Notably, thirty-seven enterprises reported an increase in net profit compared to the previous year. Seven PSUs had incurred losses during the previous year have reported profits during 2023-24, while twelve enterprises, which had earned profits during 2022-23 have incurred losses in 2023-24. Profitability during the year has declined in 8 PSUs.

Returns continues.....

During 2023-24, fifty two enterprises have reported positive Return of investment (RoI), while sixty six enterprises have reported negative ROI. The overall ROI for the year 2023-24 is found to be -6.89%.

It is reported that five State PSUs have declared/proposed dividends worth ₹29.67 Crs during the year 2023-24 as against seven enterprises with a total dividend of ₹18.67 Crs during 2022-23. The enterprises which paid/proposed dividends during the year 2023-24 are Kerala State Beverages (Manufacturing & Marketing) Corporation Limited, Kerala Tourism Infrastructure Limited, The Kerala Minerals & Metals Limited, The Kerala State Financial Enterprises Limited, and The Pharmaceutical Corporation (IM) Kerala Limited.

Contribution to the exchequer

Top Ten Enterprises in terms of Contribution to State Exchequer: 2023-24:

(₹ in Crore)

			(thi croic)
SI. No.	Name of the Enterprise	Contribution to State Exchequer During 2023-24	% of Total Contribution to State Exchequer
1	Kerala State Beverages (Manufacturing & Marketing) Corporation Limited	16610.62	96.08
2	The Kerala State Financial Enterprises Limited	346.20	2.00
3	Kerala State Electricity Board Limited	94.01	0.54
4	The Kerala State Civil Supplies Corporation Limited	56.31	0.33
5	Malabar Cements Limited	27.00	0.16
6	KCCP Limited	18.56	0.11
7	Kerala Tourism Development Corporation Limited	13.03	0.08
8	Kerala State Ex-servicemen Development & Rehabilitation Corporation	9.81	0.06
9	Kerala State Bamboo Corporation Limited	8.40	0.05
10	The Travancore-Cochin Chemicals Limited	8.18	0.05
	Total	17192.13	99.44

Top Ten Enterprises in terms of Contribution to Central Exchequer: 2023-24:

(₹ in Crore)

SI. No.	Name of Enterprise	Contribution to Central Exchequer during 2023-24	% of Total Contribution to Central Exchequer
1	The Kerala State Financial Enterprises Limited	335.00	32.60
2	The Kerala Minerals & Metals Limited	139.09	13.54
3	Kerala State Electricity Board Limited	104.76	10.19
4	Kerala State Beverages (Manufacturing & Marketing) Corporation Limited	68.26	6.64
5	Travancore Titanium Products Limited	57.61	5.61
6	The Kerala State Civil Supplies Corporation Limited	56.82	5.53
7	The Travancore-Cochin Chemicals Limited	30.13	2.93
8	Malabar Cements Limited	28.35	2.76
9	Keltron Component Complex Limited	25.16	2.45
10	The Pharmaceutical Corporation (Indian Medicines) Kerala Limited	21.97	2.14
	Total	867.14	84.39

The top 10 Profit making Public sector Enterprises: 2023-24:

(₹ in Crore)

SI. No.	Name of Enterprise	Amount of Net Profit	% of Total Net Profit
1	Kerala Transport Development Finance Corporation Limited	538.13	28.13
2	The Kerala State Financial Enterprises Limited	404.10	21.12
3	Kerala State Beverages (Manufacturing & Marketing) Corporation Limited	236.29	12.35
4	Kerala State Electricity Board Limited	218.51	11.42
5	The Kerala Minerals & Metals Limited	99.79	5.22
6	Kerala Financial Corporation	74.04	3.87
7	Kerala State Industrial Development Corporation Limited	71.83	3.75
8	Kerala State Backward Classes Development Corporation Limited	57.31	3.00
9	The Pharmaceutical Corporation (Indian Medicines) Kerala Limited	45.90	2.40
10	Kerala Medical Services Corporation Limited	32.46	1.70

The top ten profit making enterprises together contributed 92.96% of the total profit earned by the PSUs in the State. The Kerala Transport Development Finance Corporation Limited tops the list with a profit of ₹ 538.13 crores (28.13% of total profit) followed by The Kerala State Financial Enterprises Limited (profit of ₹ 404.10 crores, 21.12% of total profit) and Kerala State Beverages (Manufacturing & Marketing) Corporation Limited (profit of ₹ 236.29 crores, 12.35% of total profit).

The top 10 loss making Public sector Enterprises: 2023-24:

(₹ in Crore)

SI.	Name of Enterprise	Amount of	% of Total
No.		Net Loss	Net Loss
1	Kerala State Social Security Pension Limited	-3321.07	61.69
2	Kerala State Road Transport Corporation	-1314.05	24.41
3	The Kerala State Civil Supplies Corporation Limited	-77.89	1.45
4	Travancore Titanium Products Limited	-75.32	1.40
5	The Kerala State Cashew Development Corporation Limited	-71.29	1.32
6	Kerala State Textile Corporation Limited	-61.27	1.14
7	Traco Cable Company Limited	-34.05	0.63
8	Malabar Cements Limited	-28.43	0.53
9	The Travancore-Cochin Chemicals Limited	-27.79	0.52
10	Autokast Limited	-25.35	0.47

The top ten loss incurring enterprises together contributed 93.56% of the total loss incurred by the PSUs in the State. Kerala State Social Security Pension Limited tops the list with a loss of ₹ 3321.07 crores (61.69% of total loss) followed by Kerala State Road Transport Corporation (₹ 1314.05 crores, 24.41% of total loss) and The Kerala State Civil Supplies Corporation Limited (₹ 77.89 crores, 1.45% of total loss).

During the year 2023-24, 53 enterprises have reported net profit, the net position for the year being a net loss of ₹ 3470.46 crore as against a net loss of ₹4762.99 crore during the year 2022-23. The Net Turnover (Revenue) registered an increase of 7.81% during 2023-24. Sixty four enterprises have reported operating profits worth of ₹ 8750.60 crore (an increase of 50.44% as against ₹ 5816.67 crore during the previous year. The contribution to the State exchequer has increased to ₹ 17289.13 crore (an increase of 2.60%) during the 2023-24 FY

Corporate Governance

Out of 131 working PSEs, 97 companies and four Statutory corporations had furnished the details regarding Corporate Governance to CAG. Out of the 97 PSEs, 20 PSEs did not conduct the mandatory four meetings of the Board of Directors during 2022-23. Eleven out the 17 public companies which satisfied the criteria, had not appointed independent directors in the Board

Audit Committee was constituted in 35 (including two Statutory corporations) out of 101 PSEs. Out of 35 PSEs, the Audit Committee of 11 PSEs did not evaluate the internal financial control systems, 14 PSEs did not review and monitor the Statutory auditors' performance and effectiveness of audit process, seven PSEs did not review financial statements and auditors' reports, 14 PSEs did not review the findings of CAG and examine the management letters issued by CAG, and 24 PSEs did not discuss the nature and scope of audit with the Statutory auditors before commencement and after completion of audit to focus on the areas of concern.

Corporate Governance continues.....

Public Enterprises has been graded in to 4 Categories by BPE as per G.O. (P).No.131/2022/Fin dated 29/10/2022 viz Diamond, Gold, Silver and Bronze.

In every financial year, BPE publishes an annual review book with regard to the overall performance of the state PSUs and the overall performance of state PSUs is monitored via this book and corrective measures are suggested accordingly.

Corporate Governance continues.....

Kerala Public Enterprises (Selection and Recruitment) board was established during 2022 as an autonomous body to conduct selection and recruitment of candidates for appointment to various posts except for those for which appointments are made by KPSC, in PSUs under the administrative control of Industries Dept. Appointments to various posts including the MDs of PSUs are being made transparently through the board.

Besides, as a part of transformation, BPT has initiated a format for MoU (memorandum of Understanding) at Industry level and a business plan for performance monitoring by BPT and signed during 2024-25. The performance of the PSUs were improved than the previous years.

ISSUES

As per the latest finalised accounts submitted till 30 September 2023, out of the 131 working PSEs, 77 had accumulated losses aggregating to ₹18,026.49 crore. Net worth of 44 out of these 77 PSEs had been completely eroded by accumulated losses and their net worth was negative. The net worth of these 44 PSEs was (-)₹11,227.04 crore against equity investment of ₹5,954.33 crore. Out of 44 PSEs, whose capital had been eroded, 40 PSEs reported loss of ₹1,684.48 crore and three PSEs reported a profit of ₹736.97 crore and one PSE (Vizhinjam International Sea Port Limited) reported no profit/ loss as per their latest accounts. The consolidated net worth of the 131 working PSEs was negative at ₹2,098.34 crore against their paid up capital of ₹10,889.88 crore.

ISSUES continues.....

A review of financial statements received during 2017-18 to 2022-23 from 44 PSEs with negative net worth revealed that 19 PSEs had negative net worth for periods ranging from one to 13 years. Two recently formed PSEs reported negative net worth right from the commencement of their operations. The remaining 23 PSEs had continuous negative net worth throughout the review period. Net worth was less than half of their paid-up capital in respect of aforesaid 44 out of 77 PSEs with accumulated loss, indicating their potential financial sickness.

Remedial Measures for avoiding delay in submission of Annual Accounts

As per Circular No. 72/2023/Fin dated 20.07.2023 all secretaries of Administrative Department were instructed to ensure that Public Sector Undertakings/Autonomous Bodies under their control which have arrears of accounts should finalise the accounts in a time bound manner, failing which Government shall be forced to withhold future grants for the defaulting PSUs/Autonomous Bodies.

State Finance Audit Report of C&AG for the year ended 31.03.2023 points out that 24 Autonomous Bodies which were to render Annual Accounts to C&AG, 79 accounts were in arrear ranging from 1 to 10 years. In addition, the report of C&AG on State Public Sector Enterprises for the year ended 31st March 2023 shows that out of the total 131 working PSEs, only 16 PSEs submitted their accounts for the year 2022-23 to the C&AG for audit thus representing merely 12.21% of the total number of PSEs under its audit jurisdiction and a total of 270 accounts for the FY 2022-23 and prior periods were due from 115 PSEs in the year 2022-23.

Remedial Measures for avoiding delay in submission of Annual Accountscontinues

As per Circular No. 57/25/Fin dated 16.07.2025, all Public Sector Undertakings as well as Autonomous Bodies should ensure that their accounts are up-to-date and 50% of the pending audit paras/Annual Accounts should be reduced/completed within 30.09.2025. It is also mentioned in the Circular that any lapse in this regard will be viewed seriously and the Finance Officers concerned will be held responsible and will lead to the denial of further access to Government Grants/Funds.

Government will review the status after 30.09.2025.

Conclusion

There are 149 SPSEs in Kerala, out of which 18 are non- working. These companies are either defunct or at various stages of liquidation since 1986-87. The Govt is in the path of speeding up the process of winding up of the defunct SPSEs to avoid future strain on public finances.

Govt also takes steps to evaluate the business models of loss making SPSEs to address the underlying cause of their financial losses, if the business models is not suitable, Govt should review and consider shutting down/diversification of such companies especially in those whose net worth has been fully eroded.

Source: Report of the C&AG on SPSEs for the period 2022-23.

Review on Public Sector Undertakings of the State by BPE 2023-24.

STRENGTHENING AND AUDITING OF AUTONOMOUS BODIES

Introduction

Autonomous body is set up by the government for a specific purpose. It is independent in day-to-day functioning, but the government has some control over autonomous bodies. State Autonomous Bodies (SABs) are institutions established by State Governments through statutes, executive orders, or under specific schemes to carry out functions of public interest – often in sectors such as health, education, welfare and infrastructure. According to Kerala, there are 27 autonomous bodies which are substantially funded by state exchequer. Most of them are District Legal Services Authority in various districts which is under the Law Department.

Audit and Separate Audit Report (SAR)

Sections 19 and 20 of the CAG's Act empower the C&AG of India to conduct audit of bodies/ authorities and to perform such duties and exercise such powers in relation to them as prescribed under the Act. On completion of financial audit, audit certificate is issued in case of the autonomous bodies. Apart from audit certificate, the audit office also issues Separate Audit Report (SAR) that is part of the audit certificate on the accounts. These SARs are to be placed before the State Legislature. According to the report from the State Legislature, it is clear that there has been a delay in the submission of SARs by institutions since the financial year 2014-15.

Annual Accounts of SABs

The autonomous bodies coming under the audit purview as per Section 19 or 20 are required to submit annual accounts to audit before 30th June every year. According to C&AG Report for the year ended on 31st March 2023, in respect of 24 autonomous bodies which were to render annual accounts to C&AG. The details are listed below:

Years from which	No. of Autonomous	Years of	No. of Accounts
accounts pending	Bodies	Pendency	pending
2013-14	01	10	10
2015-16	02	8	16
2016-17	01	7	7
2017-18	01	6	6
2018-19	02	5	10
2019-20	02	4	8
2020-21	01	3	3
2021-22	05	2	10
2022-23	09	1	9
Total	24		

Conclusion

- ✓ Finance Department had issued strict instructions vide Circular No.50/2015/Fin dated: 23.05.2015 to furnish Utilisation Certificates, in respect of grants-in-aid/autonomous institutions, to the Head of Departments/Principal Accountant General (A&E) in time.
- ✓ Later, instructions were repeatedly issued vide Circular No.86/2018/Fin dated:19.09.2018 & Circular No.113/2021/Fin dated:25.11.2021 to the Grantee Institutions/Controlling Officers/Administrative Department were requested to strictly adhere to the instructions in the above Circulars.
- ✓ In view of the non submission of Audit Reports by the Autonomous Bodies, strict direction will be issued to clear the pending reports.

Conclusion

✓ "Loan Monitoring and Fund Management Module" was introduced by adding additional "Menus" in the existing web applications of e-ledger, BiMS and WAMS as per G.O.(P)No.157/2021/Fin., dated 26.11.2021. Now in this application, the 'Loan module' is presently operational. As per this Module, the succeeding loan entry can be carried out by Administrative Department only after the entry of details of preceding loan released and the submission of UC by the institutions. In the same way, in order to monitor the grants-inaid given by State Government the 'new module for Grant-in-aid' is now active in e-ledger application and is in the final stage. By the introduction of this Grant-in-Aid Monitoring Module, it will be possible to better monitor the grants provided to the autonomous institution.