

Audit Report-Commercial

This Report contains a general view of Government companies, Statutory corporations and reviews on:

- (i) Purchase, Performance and Repair of Energy Meters in respect of Haryana Vidyut Prasaran Nigam Limited, Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited.
- (ii) Sectoral Review on the Disbursement of Loans, Recoveries and Investments activities in respect of Haryana State Industrial Development Corporation Limited.
- (iii) Working of Haryana Tourism Corporation Limited.

This report also contains 19 paragraphs based on a test check of Government companies and Statutory corporations.

HIGHLIGHTS

- The accounts of 15 working Government companies and one working Statutory Corporation were in arrears for period ranging from one to six years as on 30 September 2003.
- Of the five loss incurring working Government companies, one Company had accumulated loss aggregating Rs. 2.87 crore, which exceeded its paid-up capital of Rs. 24.04 lakh by more than 11 times.
- Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) ignored the lowest rates against global tenders and subsequently procured three lakh single phase electronic meters at higher rates, which resulted in extra expenditure of Rs. 10.92 crore.
- The non performing assets of Haryana State Industrial Development Corporation Limited increased from Rs. 55.12 crore in 1998-99 to Rs. 85.22 crore in 2002-03. The percentage of doubtful and loss assets to total outstanding loans increased from 14.73 during 1998-99 to 22.16 during 2002-03.
- Due to non-closure of unviable complexes, low occupancy, excess food, fuel and electricity cost and poor performance of bars, the Haryana Tourism Corporation Limited suffered continuous losses of Rs. 17.46 crore in its core activities (accommodation, catering and liquor) during the five years up to 31 March 2002.

**Government companies and
Statutory corporations**

Working PSUs

As on 31 March 2003, the total investment in 21 working Public Sector Undertakings (19 Government companies and two Statutory corporations) was Rs. 8,900.86 crore (equity: Rs. 2,052.23 crore; long-term loans: Rs. 6,576.58 crore and share application money: Rs. 272.05 crore) as against 24 working PSUs (22 Government companies and two Statutory corporations) with a total investment of Rs. 8,471.33 crore (equity: Rs. 2,033.45 crore, long-term loans: Rs. 6,256.56 crore and share application money: Rs. 181.32 crore) as on 31 March 2002.

Non Working PSUs

As on 31 March 2003, the total investment in nine non-working PSUs (all Government companies) was Rs. 56.25 crore (equity: Rs. 23.99 crore; long-term loans: Rs. 32.19 crore and share application money: Rs. 7.05 lakh) as against total investment in four non-working Government companies of Rs. 15.54 crore (equity: Rs. 8.21 crore; long-term loans: Rs. 7.26 crore and share application money: Rs. 7.05 lakh) as on 31 March 2002.

The State Government guaranteed loans aggregating Rs. 1,159.93 crore obtained by six working Government companies (Rs. 694.93 crore) and one working Statutory corporation (Rs. 465 crore) during 2002-03. At the end of 2002-03, guarantees amounting to Rs. 5,837.19 crore against 12 working Government companies (Rs. 5,337.27 crore) and two working Statutory corporations (Rs. 499.92 crore) were outstanding.

Out of 19 working Government companies and two Statutory corporations, only four working companies and one working Statutory corporation, had finalised their accounts for the year 2002-03 within the stipulated period. The accounts of other 15 working Government companies and one Statutory corporation were in arrears for period ranging from one to six years. Out of nine non-working Government companies, only one Government Company finalised its accounts within the stipulated period. The accounts of other companies were in arrears for period ranging from one to five years.

Twelve profit earning working Government companies, which finalised their accounts for previous years by September 2003, earned profit aggregating Rs. 11.21 crore. These companies did not declare dividend.

Of the five loss incurring working Government companies, one company had accumulated loss of Rs. 2.87 crore which exceeded its aggregate paid-up capital of Rs. 24.04 lakh by more than 11 times.

Reviews

Reviews on Government companies

Haryana Vidyut Prasaran Nigam Limited, Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited

Purchase, Performance and Repair of Energy Meters

Introduction

In order to assess the quantum of energy sold, the companies (erstwhile Haryana State Electricity Board) were required to install and maintain correct energy meters on each point of supply of energy to consumers for measuring the energy sold as per Section 26 (2) of the Indian Electricity Act, 1910.

Major audit findings

Non-achievement of Metering Plan

As per decision taken during Power Ministers' conference (February 2000), 100 *per cent* metering up to 11 KV feeders and all other consumers were to be achieved by March and December 2001, respectively. Though the companies procured 15.76 lakh meters at a cost of Rs. 194.59 crore during 1998-2003, these were not adequate to replace the defective meters and achieve target of 100 *per cent* metering.

Defective Energy Meters

Due to non replacement of defective meters ranging between 6.3 and 8.2 *per cent* of metered connections during three years up to 2002-03 the companies suffered loss of revenue of Rs. 71.86 crore as the consumers were billed on average basis.

Haryana State Industrial Development Corporation Limited

Introduction

Haryana State Industrial Development Corporation Limited was incorporated in March 1967 as a wholly owned Government company with the objective to promote industries in the State. To meet its objective, the Company was engaged in providing financial assistance by extending term loans and making investments in shares of companies.

Irregular disbursement of loan and acceptance of collateral security at inflated values

The Company's funds to the extent of Rs. 8.84 crore (principal: Rs. 4.99 crore, interest: Rs. 3.85 crore) were at stake due to acceptance of inflated and defective collateral security, relaxing the conditions of sanction and disbursement of loan to units.

Poor recovery performance

Due to poor recovery performance, the overdue amount increased from Rs. 49.94 crore in 1998-99 to Rs 88.66 crore in 2002-03. Out of these, Rs. 75.62 crore were overdue for more than three years. In nine cases involving overdues of Rs. 31.98 crore not even a single instalment had been paid and in three cases involving Rs. 8.35 crore only one instalment had been paid since April 1995.

Haryana Tourism Corporation Limited

Introduction

Haryana Tourism Corporation Limited was incorporated in May 1974 with a view to promote tourism in the State. The Company had divided its activities into core (accommodation, catering and liquor) and non-core (leasing, gate entry fee, parking fee, boating and petrol pump). Core activities are directly related to tourism and non-core activities are ancillary to the tourism.

Occupancy ratio below the acceptable norms

During 1997-2002, the occupancy in 25 to 30 out of 42 to 44 complexes of the Company was below the accepted norm of 60 *per cent* resulting in shortfall of potential revenue of Rs. 10.17 crore. Of these, 15 complexes accounted for 85 *per cent* of the shortfall in potential revenue earnings.

Food/Fuel/Electricity cost in excess of norms

Due to high cost of food, fuel and electricity, the operational loss in catering activity amounted to Rs. 4.35 crore during the last five years up to 31 March 2002. The actual cost of food, fuel and electricity in excess of norms resulted in extra expenditure of Rs. 2.21 crore during the five years up to 31 March 2002.

Paragraphs

Haryana Power Generation Corporation Limited

Extra Expenditure in the payment of insurance premium

Failure of the Company to ascertain from Bharat Heavy Electricals Limited the time required for commissioning the Unit-VI at Panipat Thermal Power Station after January 2001 resulted in payment of premium on monthly basis instead of quarterly basis thereby entailing extra expenditure of Rs. 51.98 lakh.

Avoidable loss

Laxity on the part of the Company to ensure the codal provisions for recovery of its dues followed by implementation of a 'final surcharge waiver scheme' without ensuring that the beneficiaries would pay their bills regularly thereafter led to avoidable loss of Rs. 37.37 crore.

Haryana Financial Corporation

Non-recovery of loan

Disbursement of loan against fraudulently inflated collateral security led to non-recovery of Rs. 1.67 crore.

Haryana Warehousing Corporation

**Misappropriation of paddy
and gunny bales**

Failure of the Corporation to obtain bank guarantee and adequate security from the miller resulted in loss of Rs. 23.71 lakh.

Accountant General