

Chapter-I

Overview of Government companies and Statutory corporations

Introduction

1.1 As on 31 March 2003, there were 28 Government companies (19 working companies and nine non-working* companies) and two Statutory corporations (all working) as against 26 Government companies (22 working and four non-working companies) and two Statutory corporations as on 31 March 2002 under the control of the State Government. During the year, two companies viz. Haryana State Housing Finance Corporation Limited and Haryana Bus Stand Corporation Limited came under the audit purview of the Comptroller and Auditor General of India (CAG). In addition, the State had formed Haryana Electricity Regulatory Commission whose audit is also being conducted by CAG. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by the CAG as per provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The audit arrangements of the Statutory corporations are as shown below:

Sl. No.	Name of the corporation	Authority for the audit by the CAG	Audit arrangement
1.	Haryana Financial Corporation	Section 37(6) of the State Financial Corporations Act, 1951	Chartered Accountants and supplementary audit by CAG
2.	Haryana Warehousing Corporation	Section 31(8) of the State Warehousing Corporations Act, 1962	Chartered Accountants and supplementary audit by CAG

Working Public Sector Undertakings (PSUs)

Investment in working PSUs

1.2 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

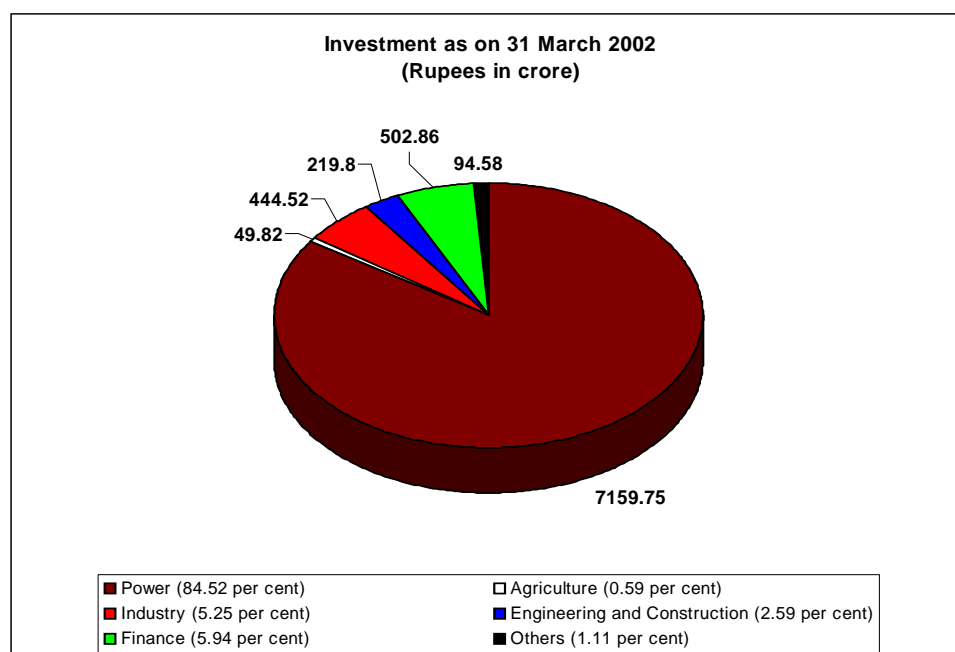
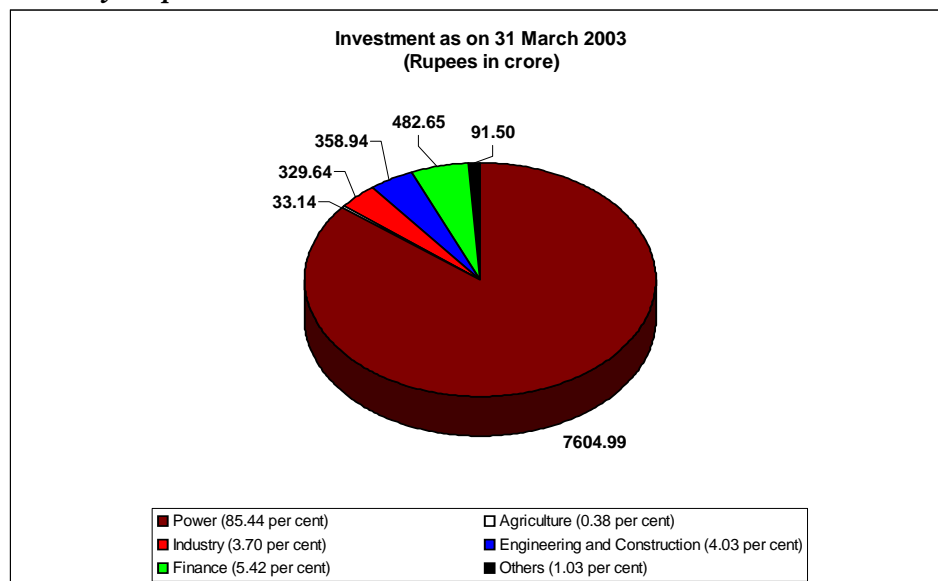
* Non-working companies are those, which are under process of liquidation/closure/merger etc.

** Long-term loans mentioned in para 1.2, 1.3 and 1.4 are excluding interest accrued and due on such loans.

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. The analysis of investment in working PSUs is given in the following paragraphs.

The investment (equity and long-term loans) in various sectors and percentage thereof at the end of 31 March 2003 and 31 March 2002 are indicated below in the pie charts:

Sector wise investment in working Government companies and Statutory corporations



Working Government companies

1.3 Total investment in 19 working Government companies as on 31 March 2003 was Rs. 8,401.67 crore (equity: Rs. 2,015.46 crore; long-term loans: Rs. 6,114.16 crore and share application money: Rs. 272.05 crore) as against total investment of Rs. 7,961.96 crore (equity: Rs. 1,996.68 crore; long-term loans: Rs. 5,783.96 crore and share application money: Rs. 181.32 crore) as on 31 March 2002 in 22 working Government companies. The increase in total investment was mainly due to investment in the power sector companies. The summarised statement of Government investment in working Government companies in the form of equity and loans is detailed in **Annexure-1**.

As on 31 March 2003, the total investment of working Government companies comprised 27.23 per cent equity capital and 72.77 per cent loans compared to 27.36 and 72.64 per cent, respectively as on 31 March 2002.

Due to increase in long-term loans of engineering, construction and power sectors, the debt equity ratio of working Government companies as a whole increased from 2.66:1 in 2001-02 to 2.67:1 in 2002-03.

Working Statutory corporations

1.4 The total investment in two working Statutory corporations at the end of March 2002 and March 2003 was as follows:

Name of corporation	2001-02		2002-03	
	Capital	Loans	Capital	Loans
(Rupees in crore)				
Haryana Financial Corporation	30.92	471.94	30.92	451.73
Haryana Warehousing Corporation	5.84	0.66	5.84	10.69
Total	36.76	472.60	36.76	462.42

The summarised statement of Government investment in working Statutory corporations in the form of equity and loans is detailed in **Annexure-1**.

Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

1.5 The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by State Government to working Government companies and working Statutory corporations are given in **Annexure-1** and **3**.

The State Government did not provide financial support in the form of equity capital, loans and grants/subsidies to Statutory corporations during 2000-03. The budgetary outgo in the form of equity capital, loans and grants/subsidies from the State Government to working Government companies during

2000-03 are given below:

(Amount: Rupees in crore)						
	2000-01		2001-02		2002-03	
	Companies		Companies		Companies	
Particulars	No.	Amount	No.	Amount	No.	Amount
Equity capital	9	273.49	10	58.55	6	147.98
Loans	2	90.26	4	72.04	3	40.99
Grants/Subsidy towards						
i) Projects/ Programmes/ Schemes	9	73.18	5	95.65	2	2.84
ii) Others	3	769.62	5	852.58	6	851.51
Total (i+ii)		842.80		948.23		854.35
Total outgo		1206.55		1078.82		1043.32

During the year 2002-03, the Government had 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). At the end of the year, 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. The guarantee commission paid/payable to Government by seven Government companies and one Statutory corporation during the year was Rs. 12.37 crore and Rs. 58.41 lakh, respectively.

Finalisation of accounts by working PSUs

1.6 The accounts of the companies for every financial year are required to be finalised within six months from the end of relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

However, as could be noticed from **Annexure-2**, out of 19 working Government companies and two Statutory corporations, four working companies and one working Statutory corporation, had finalised their accounts for the year 2002-03 within the stipulated period. During the period from October 2002 to September 2003, 16 working Government companies finalised 17 accounts for previous years. The accounts of 15 working Government companies and one Statutory corporation were in arrears for period ranging from one to six years as on 30 September 2003 as detailed

below:

Sl. No.	No. of working companies/corporations		Period for which accounts were in arrears	Number of years for which accounts were in arrears	Reference to serial no. of Annexure – 2	
	Government companies	Statutory corporations				
1.	1	-	1997-98 to 2002-03	6	A8	
2.	3	-	1999-2000 to 2002-03	4	A12, A13, A15	
3.	3	1	2001-02 to 2002-03	2	A9, A14, A16	B1
4	8	-	2002-03	1	A5, A6, A7, A10, A11, A17, A18, A19	

The administrative departments have to oversee and ensure that the accounts are finalised and adopted by the PSUs within prescribed period. Though the concerned administrative departments and officials of the Government were apprised quarterly by the Audit regarding arrears in finalisation of accounts, no effective measures had been taken by the Government and as a result, the net worth of these PSUs could not be assessed in audit.

Financial position and working results of working PSUs

1.7 The summarised financial results of working PSUs (Government companies and Statutory corporations) as per their latest finalised accounts are given in **Annexure-2**. Besides, statements showing financial position and working results of individual working Statutory corporations for the latest three years for which accounts are finalised are given in **Annexure 4** and **5**, respectively.

According to the latest finalised accounts of 19 working Government companies and two working Statutory corporations, five companies had incurred loss for the respective year aggregating Rs. 185.40 crore and 12 companies and two corporations earned profit aggregating Rs. 11.21 crore and Rs. 19.14 crore respectively. One company did not prepare profit and loss account as it capitalised excess of expenditure over income and another company neither showed profit nor loss as its total income was equal to expenditure.

Working Government companies

Profit earning working Government companies and dividend

1.8 Twelve profit earning working Government companies, which finalised their accounts by September 2003, earned profit aggregating Rs. 11.21 crore. Of these, nine companies were earning profit for two or more successive years. These companies did not declare dividend. The State Government had not formulated a dividend policy for payment of minimum dividend.

Loss incurring working Government companies

1.9 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.

Working Statutory corporations

Profit earning Statutory corporations and dividend

1.10 Haryana Financial Corporation finalised its accounts for 2000-01 and Haryana Warehousing Corporation had finalised its accounts for 2002-03. Both the corporations earned profit aggregating Rs. 19.14 crore and declared dividend of Rs. 2.16 crore. The dividend as percentage of total share capital in the above profit-earning corporations worked out to 5.41 *per cent*.

Operational performance of working Statutory corporations

1.11 The operational performance of the working Statutory corporations is given in **Annexure-6**. In Haryana Financial Corporation, the overdue amount of loans had increased from Rs. 724.51 crore in 2000-01 to Rs. 1,069.95 crore in 2002-03. The percentage of overdue loans to total outstanding loans also increased from 36.99 to 48.67 during this period.

Return on capital employed

1.12 As per the latest finalised accounts (up to September 2003), the capital employed* worked out to Rs. 5,809.98 crore in 19 working companies and total return** thereon amounted to Rs. 322.02 crore (5.54 *per cent*) as compared to total return of Rs. 236.53 crore on capital employed of Rs. 5,131.87 crore in previous year (accounts finalised up to September 2002) in 22 working companies. Similarly, the capital employed and total return thereon in case of working Statutory corporations as per latest finalised accounts (up to September 2003) worked out to Rs. 1,138.68 crore and Rs. 86.58 crore (7.60 *per cent*), respectively as against capital employed of Rs. 1,257.27 crore and the total return of Rs. 89.59 crore (7.13 *per cent*) thereon for previous year (accounts finalised up to September 2002). The details of capital employed and total return on capital employed in case of working Government companies and Statutory corporations are given in **Annexure-2**.

Sl. No. A 9 of Annexure-2.

* Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in finance companies and corporations where it represents a mean of aggregate of opening and closing balances of paid-up capital, free reserves, bonds, deposits and borrowings (including refinance).

** For calculating total return on capital employed, interest on borrowed funds is added to net profit/ subtracted from the loss as disclosed in the profit and loss account.

Reforms in Power Sector**Status of implementation of Memorandum Of Understanding between the State Government and the Central Government**

1.13 Memorandum of Understanding (MOU) was signed on 13 February 2001 between the Ministry of Power, Government of India (GOI) and the Department of Power, Government of Haryana (State Government) as a joint commitment for implementation of reforms programme in power sector with identified milestones. Status of implementation of reforms programme against each commitment made in the MOU is detailed below:

Sl No.	Commitment as per MOU	Targeted completion schedule	Status (As on 31 March 2003)
Commitments made by the State Government			
1	Reduction in transmission and distribution (T&D) losses	T&D losses set at 40.76 per cent by HERC during 2000-01 were proposed to bring down by 5 per cent each year (30.76 per cent by 2002-03)	39 per cent
2	100 per cent metering of all distribution feeder	31 March 2001	Completed in March 2001
3	100 per cent metering of all consumers	31 December 2001	Metering of all consumers except agriculture (2.85 lakh) has been completed.
4	Securitize outstanding dues of Central Public Sector Undertakings.	Outstanding dues were to be securitized and current dues were not to exceed two months billing	Regular payments were being made since October 2001 after securitisation of old dues.
5	Haryana Electricity Regulatory Commission (HERC)		
	(i) Establishment of HERC	-	Already established in August 1998
	(ii) Implementation of tariff orders issued by HERC during 2002-03.	-	Implemented
Commitments made by the GOI			
6	Supply of additional power	Not fixed	During 2002-03, additional power ranging between 18 and 30 per cent out of unallocated quota was given
General			
7	Monitoring of MOU	Quarterly	Being monitored regularly

State Electricity Regulatory Commission

1.14 Haryana Electricity Regulatory Commission (Commission) was formed on 17 August 1998 under the Haryana Electricity Reforms Act, 1997

(Act) with the object of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. The Commission is a body corporate and comprises three members including a Chairman, who are appointed by the State Government. As per Section 8(3) of the Act, all expenditure of the Commission are to be charged to the Consolidated Fund of the State. The audit of accounts of the Commission has been entrusted to CAG under Section 19(3) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 for the period 1998-2003. The Commission had finalised its accounts up to 2001-02.

Non-working PSUs

Investment in non-working PSUs

1.15 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 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 in four non-working Government companies. The increase in investment was due to increase in number of non-working companies and release of loans to pay retrenchment benefits to staff of three closed companies. The summarised statement of Government investment in non-working Government companies in the form of equity and loans is detailed in **Annexure-1**. The classification of the non-working PSUs was as under:

Sl. No.	Status of non-working PSUs	Number of companies	Investment in companies	
			Equity	Long-term loans
			(Rupees in crore)	
(i)	Under liquidation [#]	2	6.85	3.69
(ii)	Others (non-working) [*]	7	17.21	28.50
	Total	9	24.06	32.19

Budgetary outgo

1.16 The State Government released Rs. 86.19 crore as short-term loan to two non-working Government companies and Rs. 52.25 crore as subsidy to one non-working Government company during the year 2002-03. At the end of the year, guarantees amounting to Rs. 31.84 crore against two non-working Government companies were outstanding as against the same amount as on 31 March 2002.

Total establishment expenditure of non-working PSUs

1.17 The year-wise details of total expenditure of non-working PSUs and the sources of financing them during 2000-03 are given below:

[#] Haryana Dairy Development Corporation Limited on 28 February 2001 and Haryana Concast Limited on 11 November 1999.
^{*} Sl No. C2, 3, 4, 6, 7, 8 and 9 of Annexure – 2.

(Amount: Rupees in lakh)

Year	Number of PSUs	Total establishment expenditure	Financed by			
			Disposal of investment/ assets	Government by way of		Others
				Loans	Subsidy	
Government companies						
2000-01	2	0.21	-	-	-	0.21
2001-02	1 ^x	0.39	-	-	-	0.48
2002-03	3 ^{xx}	49.96	31.41	8619.06	5225.00	-

Finalisation of accounts by non-working PSUs

1.18 Out of nine non-working Government companies, one company (Sl. No. C4 of **Annexure -2**) finalised its accounts for 2002-03 and the accounts of other companies were in arrears for period ranging from one to five years as on 30 September 2003 as could be noticed from **Annexure-2**.

Financial position and working results of non-working PSUs

1.19 The summarised financial results of non-working Government companies as per latest finalised accounts are given in **Annexure-2**. The net worth of nine non-working companies against their paid-up capital of Rs. 29.63 crore was (-) Rs. 101.23 crore. These companies suffered cash loss of Rs. 23.34 crore and their accumulated loss worked out to Rs 149 crore.

Status of placement of Separate Audit Reports of Statutory corporations and Commission in Legislature

1.20 The following table indicates the status of placement of various Separate Audit Reports (SARs) on the accounts of Statutory corporations and Commission issued by the CAG in the Legislature by the Government:

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Haryana Financial Corporation	1999-2000	2000-01	8 January 2003	SAR is yet to be translated in Hindi.

^x Sl. No. C3 of Annexure-2.

^{xx} Sl. No. C2, 6, 8 of Annexure-2.

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
2	Haryana Warehousing Corporation	1999-2000	2000-01 2001-02	13 February 2002 25 April 2003	The accounts of 2000-01 were placed in the Annual General Meeting (AGM) and agenda for placement in the Legislature was approved (September 2003). It is expected that same would be placed in the next session. SAR for 2001-02 would be sent to the Vidhan Sabha after placing the same in the AGM, which is likely to be held in September 2003.
3.	Haryana Electricity Regulatory Commission	-	1998-99 1999-2000 2000-01	28 March 2002 - do - 26 April 2002	Hindi version of Audit Report and replies of the Commission thereto was sent to the State Government on 6 September 2002.

Disinvestment, Privatisation and Restructuring of Public Sector Undertakings

1.21 The State Government did not undertake the exercise of disinvestment, privatisation and restructuring of any of its PSUs during 2002-03.

Results of Audit by Comptroller and Auditor General of India

1.22 During the period from October 2002 to September 2003, the accounts of 19 Government companies (17 working and two non-working) were selected for review. The net impact of important audit observations as a result of review of the PSUs were as follows:

Sl No.	Details	No. of Accounts		(Rupees in crore)	
		Government companies	Statutory corporations	Government companies	Statutory corporations
(i)	Decrease in profit	4	1	12.13	37.04
(ii)	Increase in loss	4	-	2.25	-
(iii)	Decrease in loss	-	1	-	5.75
(iv)	Non disclosure of material facts	4	2	131.62	3.96
(v)	Errors of classification	2	1	225.85	1.40

Some of the major errors and omissions noticed in the course of review of annual accounts of these PSUs are mentioned below:

Errors and omissions in case of Government companies

***Haryana State Industrial Development Corporation Limited
(2001-02, 2002-03)***

Accounts for 2001-02

1.23 Short provision for bad and doubtful debts for loss assets had resulted in overstatement of profit by Rs. 1.84 crore.

1.24 Non-provision of leave encashment on accrual basis (Rs. 1.41 crore) and short provision for bad and doubtful debts (Rs. 1.84 crore) had resulted in overstatement of profit and understatement of liabilities by Rs. 3.25 crore.

Accounts for 2002-03

1.25 Investments and profit were overstated by Rs. 1.40 crore due to non-valuation of investments in six units as per RBI guidelines (Rs. 48.80 lakh) and non-provision in respect of investments in four units (Rs. 90.94 lakh), due for disinvestments for seven to thirteen years since these units were closed/under liquidation and promoters were not traceable.

1.26 Short provision for bad and doubtful debts for loss assets had resulted in overstatement of profit by Rs. 77.59 lakh.

Haryana Agro Industries Corporation Limited (2001-02)

1.27 Closing stock and profit were overstated by Rs. 1.62 crore due to inclusion of Rural Development Cess at 2 per cent against 1 per cent being paid by Food Corporation of India (FCI).

***Haryana State Minor Irrigation and Tubewells Corporation Limited
(1997-98)***

1.28 Non-provision of penal interest had resulted in understatement of current liabilities as well as loss by Rs. 60.03 lakh.

Haryana Vidyut Prasaran Nigam Limited (2001-02)

1.29 Non-provision of the fuel surcharge adjustment amounting to Rs. 4.98 crore had resulted in overstatement of profit and understatement of liabilities by Rs. 4.98 crore.

Uttar Haryana Bijli Vitran Nigam Limited (2001-02)

1.30 Non-provision of interest (Rs. 14.17 lakh) and penal interest (Rs. 35.11 lakh) had resulted in understatement of loss and current liabilities by Rs. 49.28 lakh.

Dakshin Haryana Bijli Vitran Nigam Limited (2001-02)

1.31 Loss and other liabilities had been understated by Rs. 49.70 lakh due to overstatement of miscellaneous receipts (Rs. 44.70 lakh) on account of penalty for delayed supplies and non-provision for processing fee (Rs. 5 lakh) in respect of a loan.

Haryana Power Generation Corporation Limited (2000-01)

1.32 Loss and current liabilities had been understated by Rs. 54.30 lakh due to non-provision of penal interest (Rs. 34.59 lakh), liability for pay and allowances (Rs. 10.28 lakh) and short provision of commitment charges (Rs. 9.43 lakh).

Errors and omissions in case of Statutory corporations

Haryana Warehousing Corporation (2001-02)

1.33 Non-provision of storage losses deducted by the FCI from the storage bills had resulted in overstatement of recoverables from parties and profit to the extent of Rs. 98.21 lakh.

1.34 Inclusion of incidentals recoverable from FCI as per provisional rate (Rs. 111.28 per quintal) on stock of 27.12 lakh quintal against the actual expenditure (Rs. 102.73 per quintal) had resulted in overstatement of income and profit by Rs. 2.32 crore.

1.35 Inclusion of storage charges and interest of Rs. 4.95 crore and Rs. 28.99 crore respectively as income on undelivered stock had resulted in overstatement of profit by Rs. 33.94 crore.

Haryana Financial Corporation (2000-01)

1.36 Non-provision for fraudulent drawal of advances by loanee units had resulted in overstatement of loans and advances and understatement of accumulated loss by Rs. 3.17 crore.

1.37 Non-provision of depreciation on leasing assets, which have outlived their usual life, had resulted in overstatement of assets and profit by Rs. 11.95 crore.

1.38 Non-provision of Rs. 1.57 crore on account of loan disbursed to four sub-lessors against fake documents resulted in overstatement of loans and advances and understatement of accumulated loss to that extent.

Internal audit/internal control

1.39 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including the internal control/internal

audit systems in the companies audited in accordance with the directions issued by the Comptroller and Auditor General of India to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major recommendations made/comments made by Statutory Auditors on possible improvement in the internal audit/ internal control system in respect of State Government companies is indicated below:

Sl. No.	Nature of comment	Number of the companies in which defects were noticed	Reference to serial number of the companies as per Annexure-2
1.	Non preparation of periodical trial balances	1	A13
2.	Absence of system of monitoring and timely recovery of outstanding dues	2	A13, A15
3.	Non-preparation of segment-wise profit and loss account	2	A13, A15
4.	Non-fixation of minimum/maximum limits of store and spares and economic order quantity for procurement of stores	2	A13, A15
5.	Absence of internal audit system commensurate with the nature and size of business of the company	2	A13, A15
6.	Absence of regular procedure for identifying and monitoring disposal of non-moving, obsolete or surplus material	2	A13, A15
7.	Absence of internal control/audit system for reconciliation of control ledger with individual ledger in respect of loanees under various benefit schemes	1	A13
8.	Absence of internal control/audit system to check recovery of loans along with interest from defaulters	1	A13

Recommendations for closure of PSUs

1.40 Even after completion of eight to 38 years of their existence, the individual turnover of seven Government companies (four* working and three** non-working) had been less than Rs. 5 crore in each of the preceding five years of latest finalised accounts. Two*** Government companies (both non-working) had been incurring losses for five consecutive years (as per their latest finalised accounts) leading to negative net worth. In view of poor turnover and continuous losses, the Government may either improve the performance of above nine Government companies or consider their closure.

* Sl. No. A-7, 12, 13 and 14 of Annexure - 2.

** Sl. No. C-1, 3 and 4 of Annexure - 2.

*** Sl. No. C-2 and 8 of Annexure - 2.

Response to Inspection Reports, Draft paragraphs and Reviews

1.41 Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through respective heads of departments within a period of six weeks. Inspection Reports issued up to March 2003 pertaining to 25 PSUs disclosed that 795 paragraphs relating to 385 Inspection Reports remained outstanding at the end of September 2003. Department-wise break up of Inspection Reports and audit observations outstanding as on 30 September 2003 is given in **Annexure-7**.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Secretary of the Administrative Department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that 14 draft paragraphs and two draft reviews forwarded to the various departments during February to May 2003 as detailed in **Annexure-8** had not been replied to so far (September 2003).

It is recommended that the Government should ensure that (a) procedure exists for action against the officials who failed to send replies to Inspection Reports/draft paragraphs/reviews as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayment is taken within prescribed time and, (c) the system of responding to the audit observations is revamped.

Position of discussion of Audit Reports (Commercial) by the Committee on Public Undertakings (COPU)

1.42 Details of reviews and paragraphs relating to Audit Reports (Commercial) that were yet to be discussed by the COPU as on 30 September 2003 was as under:

Period of Audit Report	Number of reviews/paragraphs appeared in Audit Report		Number of reviews/paragraphs pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1999-2000	3	18	1	9
2000-01	4	16	4	16
2001-02	2	14	2	14

During the year 2002-03, the COPU completed discussion of six reviews and seven paras in respect of Audit Reports for the year 1998-99. The COPU also discussed two reviews and nine paragraphs of Audit Report for the year 1999-2000. Audit Report (Commercial) for the year 2001-02 was placed before the State Legislature on 5 March 2003.

619-B Companies

1.43 There was no company under Section 619-B of the Companies Act, 1956.