OVERVIEW

1. Overview of Government companies and Statutory corporations

As on 31 March 2003, the State had 30 Public Sector Undertakings (PSUs) comprising 28 Government companies and two Statutory corporations as against 28 PSUs comprising 26 Government companies and two Statutory corporations as on 31 March 2002. Out of 28 Government companies, 19 were working Government companies while nine were non-working Government companies. All the two Statutory corporations were working corporations.

(Paragraph 1.1)

The total investment in working PSUs increased from Rs. 8,471.33 crore as on 31 March 2002 to Rs. 8,900.86 crore as on 31 March 2003. The total investment in non-working PSUs increased from Rs. 15.54 crore to Rs. 56.25 crore during the same period.

(Paragraphs 1.2 and 1.15)

The budgetary support from the State Government in the form of capital, loans and grants/subsidies disbursed to the working PSUs decreased from Rs. 1,078.82 crore in 2001-02 to Rs. 1,043.32 crore in 2002-03. The State Government guaranteed loans aggregating Rs. 1,159.93 crore to seven PSUs (all working) during 2002-03. The total amount of outstanding loans guaranteed by the State Government to all PSUs decreased from Rs. 6,970.78 crore as on 31 March 2002 to Rs. 5,869.03 crore as on 31 March 2003.

(Paragraphs 1.5 and 1.16)

Out of 19 working Government companies and two working Statutory corporations, only four working companies and one working Statutory corporation had finalised their accounts for the year 2002-03 by 30 September 2003. The accounts of 15 working Government companies and one working Statutory Corporation were in arrears for period ranging from one to six years.

(Paragraph 1.6)

According to the latest finalised accounts, 14 working PSUs (12 Government companies and two Statutory corporations) earned aggregate profit of Rs. 30.35 crore. Of these, two PSUs (both Statutory corporations) declared dividend of Rs. 2.16 crore. Against this, five working PSUs (all Government companies) incurred aggregate loss of Rs. 185.40 crore as per their latest finalised accounts. Of the 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.

(Paragraphs 1.7, 1.9 and 1.10)

Even after completion of eight years of their existence, the individual turnover of four working and three non-working Government companies had been less than Rs. 5 crore in each of the preceding five years as per their latest finalised accounts. Further, two non-working Government companies, had been incurring losses for five consecutive years as per their latest finalised accounts, leading to negative net worth. As such, the Government may either improve the performance of these nine Government companies or consider their closure.

(Paragraph 1.40)

2. Reviews relating to Government companies

2.1 Haryana Vidyut Prasaran Nigam Limited, Uttar Haryana Bijli Vitran Nigam Limited and Dakshin Haryana Bijli Vitran Nigam Limited (erstwhile Haryana State Electricity Board)

Purchase, performance and repair of energy meters

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. Assessment and procurement of meters was not commensurate with the requirement for replacement of defective meters and achievement of target of 100 *per cent* metering. Orders for procurement of energy meters were placed at higher rates resulting in extra expenditure. The companies also failed to convert flat rate agricultural connections into metered supply and could not assess actual consumption recorded by them. Some of the important points noticed in the review are as under:

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.

(Paragraph 2.1.4)

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.

(Paragraph 2.1.9)

Procurement of one lakh meter cupboards on single tender basis at unjustified rates resulted in extra expenditure of Rs. 4.33 crore.

(Paragraph 2.1.10)

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

(Paragraph 2.1.27)

2.2 Haryana State Industrial Development Corporation Limited

Disbursement of loans, recoveries and investment activities

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. Relaxing the terms of sanction of loans while making disbursements and inadequacy of recovery system led to heavy incidence of non performing assets and locking up of funds. Further, failure of the Company to apply its own laid down procedure in accepting the documents relating to collateral security contributed in accumulation of arrears. There was delay in disposal of the units in its possession resulting in decrease in their realisable value. Some of the important points noticed in the review are as under:

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.

(Paragraph 2.2.7 to 2.2.13)

The non performing assets 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.

(Paragraph 2.2.14)

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.

(Paragraphs 2.2.15 and 2.2.16)

The number of units in possession increased from 10 involving Rs. 5.17 crore recoverable in 1997-98 to 19 involving Rs. 16.21 crore recoverable in 2002-03, besides incurring an expenditure of Rs. 1.58 crore during April 1998 to December 2002 on the security of the assets of the units in possession.

(Paragraph 2.2.17)

2.3 Haryana Tourism Corporation Limited

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. The Company suffered losses continuously from its core activities and earned profits from its non-core activities. Most of the complexes had been consistently incurring losses due to low occupancy and poor turnover of catering activity. Further, excessive food, fuel, electricity and salary cost also contributed to the losses in its core activities.

Some of the important points noticed in the review are as under:

Due to non-closure of unviable complexes, low occupancy, excess food, fuel and electricity cost and poor performance of bars, the Company 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.

(Paragraph 2.3.6)

During 1997-2002, the occupancy in 25 to 30 out of 42 to 44 complexes 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.

(Paragraph 2.3.12)

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.

(Paragraph 2.3.14 to 2.3.17)

Due to high food, electricity and salary cost, four fast food counters suffered loss of Rs. 56.99 lakh during the five years up to 31 March 2002.

(Paragraph 2.3.18)

Due to non-availability of popular brands and fixation of higher rates of liquor, three to 16 liquor bars suffered loss of Rs. 56.91 lakh during the four years up to 31 March 2002.

(Paragraph 2.3.20)

3 Miscellaneous topics of interest

Besides the reviews mentioned above, test check of records of Government companies and Statutory corporations in general revealed the following points:

Haryana Power Generation Corporation Limited

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.

(Paragraph 3.1)

Dakshin Haryana Bijli Vitran Nigam Limited

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.

(Paragraph 3.5)

Execution of deposit work relating to Haryana Urban Development Authority without getting advance deposit coupled with subsequent non pursuance resulted in non recovery of Rs. 1.78 crore.

(Paragraph 3.6)

Haryana Forest Development Corporation Limited

The Company suffered loss of interest of Rs. 47.96 lakh due to investment of its surplus funds at lower rate of interest.

(Paragraph 3.13)

Haryana Financial Corporation

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

(Paragraph 3.16)

Irregular disbursement of loan due to acceptance of grossly unrealistic value of collateral security (114 times of its purchase price) resulted in non-recovery of Rs. 47.29 lakh.

(Paragraph 3.17)

Haryana Warehousing Corporation

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

(Paragraph 3.19)