

## Overview

### 1. Overview of Government companies and Statutory corporations

As on 31 March 2007, the State had 44 Public Sector Undertakings (PSUs) comprising 40 Government companies and four Statutory corporations. Out of 40 Government companies, 31 were working Government companies, while nine were non-working Government companies. All the four Statutory corporations were working corporations. In addition, there was one deemed Government company under Section 619-B of the Companies Act, 1956.

*(Paragraphs 1.1 and 1.29)*

The total investment in working PSUs increased from Rs.18796.34 crore as on 31 March 2006 to Rs.20308.37 crore as on 31 March 2007. The total investment in non-working PSUs also increased from Rs.225.47 crore to Rs.228.98 crore during the same period.

*(Paragraphs 1.2 and 1.16)*

The budgetary support in the form of capital, loans and grants /subsidy disbursed to the working PSUs decreased from Rs.4531.88 crore in 2005-06 to Rs.1,474.20 crore in 2006-07. The State Government guaranteed loans aggregating Rs.483.83 crore during 2006-07. The total amount of outstanding loans guaranteed by the State Government decreased from Rs.7236.07 crore as on 31 March 2006 to Rs.3,044.29 crore as on 31 March 2007.

*(Paragraph 1.5)*

Four working Government companies and one Statutory corporation had finalised their accounts for the year 2006-07. The accounts of 27 working Government companies and three Statutory corporations were in arrears for periods ranging from one to seven years as on 30 September 2007. Three Companies have yet to finalise their first accounts. None of the non-working Government company had finalised its accounts for the year 2006-07. Accounts of all non-working companies were in arrears for periods ranging from one to 17 years as on 30 September 2007.

*(Paragraphs 1.6 and 1.19)*

According to the latest finalised accounts, 12 working PSUs (10 Government companies and two Statutory corporations) incurred aggregate loss of Rs.854.86 crore. Nineteen working PSUs (17 Government companies and two Statutory corporations) earned aggregate profit of Rs.1,410.63 crore as per their latest finalised accounts. Five working Government companies declared dividend of Rs.9.39 crore during the year. Two loss incurring Statutory corporations had accumulated losses of Rs.1109.59 crore, which exceeded their paid-up capital of Rs.412.95 crore.

*(Paragraphs 1.7, 1.8 and 1.11)*

## **2      Reviews relating to Government Companies**

### **2.1    Performance of hotels including infrastructure development of Madhya Pradesh State Tourism Development Corporation Limited**

The Company was incorporated (May 1978) with a view to promote and develop tourism in the State. The Company could not achieve its objective as number of tourists availing its facilities declined due to poor infrastructural facilities and non availability of professional manpower. Some of the important points noticed in audit are as under:

- The Company has not fixed break even occupancy for its hotels. The Company could not even achieve acceptable average occupancy of 60 *per cent* resulting in loss of potential revenue of Rs. 16.12 crore during five years ending March 2007.
- The Company has fixed limits of cost of raw materials and fuel cost on the basis of menu rates without carrying out any cost analysis. The Company incurred extra expenditure of Rs. 7.93 lakh on food and fuel with reference to the norms fixed by the Company.
- The Company utilised only 39.48 *per cent* of the funds made available for creation of infrastructural facilities resulting in development of inadequate tourist infrastructure in the State.

*(Paragraph 2.1)*

### **2.2    Billing and collection of revenue by Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Limited**

The billing and collection procedures were deficient as the Company did not apply the tariff rate correctly resulting in incorrect billing, accounting and resultant loss of revenue. Some of the important points noticed in audit are as under:

- The Company suffered revenue loss of Rs.268.68 crore during July 2005 to August 2006 mainly on account of unrealistic assessment of consumption of agricultural consumers.
- There was short billing of Rs.4.58 crore in Ujjain region as demand raised during July 2005 to March 2006 was less than the subsidised rate and Rs.2.34 crore due to wrong categorization of tariff.
- Out of Rs.1,253.41 crore pending collection as on 31 March 2007, Rs. 538.17 crore (42.94 *per cent*) was pending for more than two years and the target set for collection was unrealistic.

- 
- Lack of internal control in pursuance of recovery of revenue pointed out during anti power theft drive resulted in non-realisation of arrears of Rs. 33.97 crore.

*(Paragraph 2.2)*

### **2.3 Operational performance of Amarkantak Thermal Power Station, Chachai of Madhya Pradesh Power Generating Company Limited**

The Amarkantak Thermal Power Station (ATPS), Chachai has an installed capacity of 290 MW with two units of 30 and 20 MW each (PH-I) and two units of 120 MW each (PH-II). The performance of Power Station was far from satisfactory. Some of the important points noticed in audit are as under:

- There was shortfall in generation of 3,801.16 MUs valued at Rs. 1,140.35 crore mainly due to planning deficiency in maintenance activities and delay in taking up Renovation and Modernisation works.
- Low thermal efficiency resulted in excess consumption of 18.27 lakh MT of coal valuing Rs.196.92 crore and excess station heat over designed parameters resulted in excess consumption of 5.54 lakh MT of coal valuing Rs.59.74 crore.
- Hours lost due to planned and forced outages in excess of norms prescribed by Central Electricity Authority led to loss of generation of 1,305.08 MUs valued at Rs.391.52 crore.
- Excess time taken in overhauling/capital overhauling over and above the norms prescribed by Kukde Committee appointed by Government of India resulted in loss of generation of 160.56 MUs valued at Rs.48.17 crore.

*(Paragraph 2.3)*

### **2.4 Information Technology Audit of Revenue Billing Software for low tension consumers in respect of Power Distribution Companies**

The companies decided to develop in-house, a new ORACLE based software for LT Billing called Revenue Management System (RMS). More than five years have elapsed since inception of the RMS project. However, out of 143 divisions, only five divisions have RMS running on online basis. The RMS in its present form has only eight modules as against 14 that were to be developed. Some of the important points noticed in audit are as under:

- Due to inadequate input controls and lack of proper validation checks resulted in non-detection of certain concessions like employee rebate, zero security deposit and non-enhancement of security deposit made available to ineligible consumers.

- Inadequate password controls rendered the data vulnerable to unauthorized access/ modifications.
- Unfruitful expenditure of Rs. 4.25 crore was incurred on purchase of hardware and software by Madhya Pradesh State Electricity Board.

*(Paragraph 2.4)*

### **3. Review relating to Statutory Corporation**

#### ***Construction, operation and maintenance of warehouses by Madhya Pradesh Warehousing and Logistics Corporation***

The Corporation did not have a satisfactory plan for purchase of land, construction of godowns and their utilisation. Despite having sufficient funds, the Corporation was not able to augment its storage capacity as envisaged in MoU targets. Some of the important points noticed in audit are as under:

- Delay in completion and commissioning of godowns resulted in loss of revenue of Rs.1.74 crore.
- Construction of godown on disputed land resulted in blocking of funds of Rs. 1.76 crore.
- Utilization of hired godowns during 2002-07 ranged between 80 to 92 *per cent*, whereas the utilization of own godowns was only 53 to 67 *per cent*. By utilising its own surplus available capacity of godowns instead of hiring private godowns, the Corporation would have earned additional revenue of Rs. 6.28 crore.
- The Corporation failed to attract primary producers for storing food grains in its godowns as the business during 2002-07 from the farmers constituted 8.62 to 12.27 *per cent* of the utilised capacity

*(Paragraph 3)*

### **4. Transaction Audit observations**

Transaction audit observations included in this Report highlight deficiencies in the management of PSUs, which had serious financial implications. The irregularities pointed out are broadly of the following nature:

Infructuous, avoidable and extra expenditure of Rs. 9.26 crore in nine cases.

*(Paragraphs 4.1, 4.3, 4.6, 4.7, 4.8, 4.9, 4.11, 4.15, and 4.16)*

Undue benefit of Rs. 0.66 crore to joint venture partner/contractor in two cases.

*(Paragraphs 4.4 and 4.13)*

Blocking of funds of Rs. 3.53 crore in two cases.

*(Paragraphs 4.12 and 4.14)*

Loss of revenue and loss of interest of Rs. 1.66 crore in three cases.

*(Paragraphs 4.2, 4.5 and 4.10)*

Some important observations are below:

**Madhya Pradesh State Mining Corporation Limited** has foregone revenue of Rs.25.98 lakh due to irregular allotment of mine for excavation, transportation and selling of sand.

*(Paragraph 4.5)*

Non-adherence to the approved specifications by **Madhya Pradesh Road Development Corporation Limited** resulted in extra expenditure of Rs.4.62 crore on upgradation of State highways.

*(Paragraph 4.9)*

Failure to take timely action by **Madhya Pradesh Power Generating Company Limited** to transfer Damua-Sarni road to PWD resulted in infructuous expenditure of Rs. 1.32 crore on its maintenance.

*(Paragraph 4.15)*

Failure of **Madhya Pradesh Power Generating Company Limited** to include the additional quantity as per the revised indent in the original order resulted in extra expenditure of Rs.47.83 lakh on purchase of admiralty brass condensed tubes.

*(Paragraph 4.16)*