

## Overview

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

As on 31 March 2002, the State had 33 Public Sector Undertakings (PSUs) comprising 29 Government companies and four Statutory corporations. Out of 29 Government companies, 23 were working companies, while others were non-working Government companies. All the four Statutory corporations were working corporations. In addition, there was one company under the purview of Section 619-B of the Companies Act, 1956, as on 31 March 2002.

The total investment in working PSUs decreased from Rs.8642.54 crore as on 31 March 2001 to Rs.8473.97 crore as on 31 March 2002. The total investment in non-working PSUs also decreased from Rs.13.97 crore to Rs.13.93 crore during the same period.

The budgetary support in the form of capital, loans and grants /subsidy disbursed to the working PSUs increased from Rs.613.97 crore in 2000-01 to Rs.706.75 crore in 2001-02. The State Government also released Rs.10 lakh in the form of grant to one non-working Government company during 2001-02. The State Government guaranteed loans aggregating Rs.1703.81 crore during 2001-02. The total amount of outstanding loans guaranteed by the State Government decreased from Rs.5629.14 crore as on 31 March 2001 to Rs.3874.12 crore as on 31 March 2002.

Two working Government companies, but none of the Statutory corporations, have finalised their accounts for the year 2001-02. The accounts of remaining 21 working Government companies and all the four Statutory corporations were in arrears for periods ranging from one year to five years as on 30 September 2002. Two non-working Government companies have finalised their accounts for the year 2001-02 and accounts of remaining four non-working Government companies were in arrears for periods ranging from three years to 12 years as on 30 September 2002.

According to their latest finalised accounts, 14 working PSUs (12 Government companies and 2 Statutory corporations) earned aggregate profit of Rs.27.68 crore. None of the working Government companies, however, declared any dividend. On the other hand, 13 working PSUs (11 Government companies and two Statutory corporations) incurred aggregate losses of Rs.1580.64 crore, as per their latest finalised accounts. Of the loss incurring working Government companies, accumulated losses of six companies aggregated Rs.126.16 crore which exceeded their aggregate paid-up capital of Rs.48.33 crore. Two loss incurring Statutory corporations had accumulated losses of Rs.2254.55 crore, which exceeded their paid-up capital of Rs.413.52 crore.

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Even after completion of five years of their existence, the individual turnover of nine working Government companies has been less than Rs.5 crore in each of the preceding five years as per their latest finalised accounts. Similarly, two 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 11 Government companies or consider their closure.

*(Paragraphs 1.1, 1.2, 1.3, 1.7 and 1.10)*

## **2 REVIEWS RELATING TO GOVERNMENT COMPANIES**

### **2A Madhya Pradesh State Agro Industries Development Corporation Limited**

The Madhya Pradesh state Agro Industries Development Corporation Limited (Company) was incorporated in March 1969 with the objective of establishing agro-based industries in the State for production of machinery and implements required for agriculture, fisheries, poultry, etc. and promotion of agro-based industries. However, during the last five years under review, the Company assisted the setting up of only two units, did not establish any production unit on its own and on the contrary closed two of its functional units, depicting its very limited role in the promotional activities .

Four of its six functional units were incurring losses. Its mechanised agricultural farm at Babai incurred a loss of Rs.2.96 crore during 1996-2001 due to low yield.

*(Paragraphs 2.6 and 2.6A (ii))*

Non-levy of sales tax by Ready-to-eat food plant, Bari, resulted in a loss of Rs.1.05 crore.

*(Paragraph 2.6C (iii))*

The Company had to write off claims of Rs.0.93 crore for enhanced rate for supply of *Panjeeri* by Ready-to-eat Factory, Raigarh, due to lack of follow-up action.

*(Paragraph 2.6D)*

Setting up of two organic manure plants without developing market for their product resulted in a loss of Rs.35.98 lakh besides closure of one of the units.

*(Paragraph 2.6F)*

Fixation of service charges for custom hiring and well boring without considering the cost of operations, led to a loss of Rs.2.63 crore.

*(Paragraph 2.8)*

Arbitrary/unplanned production of bullock-drawn implements without assessing demand resulted in locking up of Rs.1.81 crore.

*(Paragraph 2.14(a))*

### **3. REVIEW RELATING TO STATUTORY CORPORATION**

#### **3A Madhya Pradesh State Electricity Board**

##### ***Fund management***

Efficient management of funds provides for establishing a sound system of cash and credit control in an organisation. The management of funds in Madhya Pradesh State Electricity Board, however, was deficient due to lack of effective control on transactions. However, due to poor fund management system, the Board failed to monitor its receipts to plan its payment obligations in a systematic manner.

Due to non-availing of loan from Power Finance Corporation on due dates, the Board had to pay commitment charges of Rs. 5.47 crore.

*(Paragraph 3A.4.1)*

Finance and interest charges increased from Rs.810.79 crore to Rs.1336.89 crore during last five years ending March 2001.

*(Paragraph 3A.5)*

Delayed transfer of funds by RAOs led to loss of interest of Rs.3.86 crore in the case of three Regional Accounts Offices alone.

*(Paragraph 3A.5.2(a))*

Non-transfer of surplus funds in banks to cash credit account resulted in avoidable payment of interest of Rs. 2.37 crore .

*(Paragraph 3A.5.2(b) and (c))*

Non-availing of 'at par' facility resulted in avoidable payment of commission charges of Rs. 0.90 crore in the case of another three Regional Accounts Offices .

*(Paragraph 3A.7.3)*

Unnecessary retention of funds in current accounts of Regional Accounts Offices resulted in further avoidable payment of interest of Rs. 2.08 crore on cash credit.

*(Paragraph 3A.8)*

**3B Power Sector Reforms –Implementation of the Terms of the Memorandum of Understanding (MoU)**

A Memorandum of Understanding (MoU) was signed (May 2000) between the Government of Madhya Pradesh (GOMP) and Government of India (GOI) as measure of joint commitment to undertake power sector reforms in a time-bound manner. Later on, in the conference of Chief Ministers/Power Ministers, too, held in March 2001, a consensus was reached to depoliticise power sector reforms and to speed up their implementation. The process of speeding up the reforms could not achieve the required momentum as there had been delays in implementation of reforms programme by GOMP, with reference to the commitments made in MoU.

*(Paragraph 3B)*

**4. MISCELLANEOUS TOPICS OF INTEREST**

**4A Government companies**

Due to failure to implement new project, stoppage of production activities in its plants, improper financial management, ineffective management of inventory and receivables coupled with stiff competition from private sector, and consequent decline in selling prices, the **Optel Telecommunications Limited** suffered heavy losses from 1997-98 and its accumulated losses stood at Rs. 70.07 crore as at 31 March 2001.

*(Paragraph 4A.1)*

**Madhya Pradesh State Civil Supplies Corporation Limited** incurred a loss of Rs.2.01 crore due to delay in preferring claims for lustre lost wheat coupled with its failure to furnish full details to Food Corporation of India.

*(Paragraph 4A.2.1)*

Injudicious decision of **Madhya Pradesh State Industrial Development Corporation Limited** to invest in a trust, and that too in excess of its own powers, resulted in erosion of investment by Rs.0.75 crore and loss of interest of Rs.0.58 crore.

*(Paragraph 4A.3.1)*

Improper change in the tender conditions by **Madhya Pradesh State Mining Corporation Limited** and its failure to accept the highest offer resulted in undue benefit to a contractor and loss of revenue of Rs.1.01 crore to the Company.

*(Paragraph 4A.4.1(a) and (b))*

**4B Statutory corporations**

Failure to avail concessional tax by **Madhya Pradesh State Road Transport Corporation** led to avoidable expenditure of Rs. 43.69 lakh on purchase of high speed diesel oil.

*(Paragraph 4B.1.1)*

Billing by **Madhya Pradesh State Electricity Board** for one year instead of three years resulted in undue benefit of Rs.8.59 crore to two HT consumers found indulging in theft of power.

*(Paragraph 4B.2.2)*