

OVERVIEW

1. Overview of Government companies and Statutory corporations

The total investment in working PSUs increased from Rs.13,805.85 crore as on 31 March 2005 to Rs.16,108.92 crore as on 31 March 2006. The total investment in non-working PSUs increased from Rs.12.10 crore to Rs.13.98 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 working PSUs increased from Rs.1,545.02 crore in 2004-05 to Rs.1,856.83 crore in 2005-06. The State Government guaranteed loans aggregating Rs.4,281.76 crore in respect of five working Government companies during 2005-06. The total amount of outstanding loans guaranteed by the State Government to working PSUs increased from Rs.11,152.15 crore as on 31 March 2005 to Rs.11,534.63 crore as on 31 March 2006.

(Paragraph 1.5)

Twelve working Government companies and two Statutory corporations finalised their accounts for the year 2005-06. The accounts of remaining six working companies and one Statutory corporation were in arrears for one year.

(Paragraph 1.6)

According to the latest finalised accounts, eight working PSUs (six Government companies and two Statutory corporations) earned aggregate profit of Rs.226.25 crore. Five working Government companies declared dividend of Rs.17.21 crore. Against this, seven PSUs (six Government companies and one Statutory corporation) incurred an aggregate loss of Rs.10.87 crore as per their latest finalised accounts. Of these loss incurring working Government companies, two companies had accumulated loss of Rs.44.70 crore which exceeded their paid up capital of Rs.7.61 crore.

(Paragraphs 1.7 to 1.10)

One corporation, which earned profit during 2005-06, had accumulated loss of Rs.62.48 crore against its paid up capital of Rs.81.53 crore.

(Paragraph 1.11)

Even after existence for 22 and 41 years respectively, the turnover of two working Government companies had been less than rupees five crore in each of the preceding five years as per their latest finalised accounts. Four Government companies (two working and two non-working) had been incurring losses during the last five consecutive years as per their latest finalised accounts, leading to negative net worth. The Government should either improve their performance or consider their closure.

(Paragraph 1.49)

2. PERFORMANCE REVIEWS RELATING TO GOVERNMENT COMPANIES

2.1 Rajasthan State Seeds Corporation Limited

Production, Processing and Distribution activity

In absence of a penal clause in the agreements with the seed growers, the Company failed to obtain foundation and certified seed valuing Rs.71.66 crore from the seed growers during 2000-05.

(Paragraph 2.1.10)

In spite of budgetary support in the form of subsidy of Rs.45.86 crore, the market share of the Company in seed distribution declined from 40.5 to 35.2 per cent during 2000-05 due to lack of an appropriate marketing strategy and efficient production planning.

(Paragraph 2.1.17)

Deficient planning for distribution of available quantity of breeder and foundation seed for multiplication resulted in consequential production loss of 7.40 lakh quintals of certified seeds during 2000-05.

(Paragraph 2.1.9)

Excess purchase of Bajra seeds without sale potential led to carry over of unsold stock of Rs.1.62 crore which was fraught with the risk of failure in revalidation in the subsequent year.

(Paragraph 2.1.12)

The Company's continued production of old varieties instead of development of new varieties of cereal crops not only defeated the Government's aim to increase agricultural production but also deprived the Company of subsidy of Rs.5.82 crore during 2000-05.

(Paragraph 2.1.14)

Excess levy of overhead charges of Rs.9.45 crore in fixation of sale price of certified seed defeated the primary objective of the Company to provide seed to farmers at reasonable rates.

The Company did not pass on the benefit of marketing subsidy of Rs.4.20 crore to the farmers and appropriated the same towards its profit.

(Paragraph 2.1.20)

2.2 Rajasthan State Mines and Minerals Limited

Mining, Grinding and Marketing of Gypsum

Excess handling losses of Rs.1.60 crore were got written off without any investigation by obtaining approval of the Board based on misrepresentation of facts and information.

(Paragraph 2.2.22)

Due to acceptance of mines on agency basis without effective planning for excavation, the Company made avoidable payment of minimum premium charges of Rs.1.10 crore in 2004-05.

(Paragraph 2.2.11)

Due to delay in inviting tenders for excavation of gypsum, the Company incurred extra expenditure of Rs.22.67 lakh.

(Paragraph 2.2.14)

Mining operations in 11 leases had to be stopped due to not obtaining statutory environmental clearance leading to avoidable payment of dead rent of Rs.54.29 lakh for the years 2004-05 and 2005-06.

(Paragraph 2.2.10)

Sale of gypsum from ex-railway siding led to undue benefit of Rs.91.33 lakh to the customers on account of incidental charges.

(Paragraph 2.2.18)

Delay in filing and failure to pursue claims of duty draw back resulted in blocking of Rs.49.37 lakh.

(Paragraph 2.2.21)

The contribution of Gypsum to the operating profit of the Company declined from 21.55 *per cent* in 2001-02 to 11.52 *per cent* in 2004-05.

(Paragraph 2.2.8)

2.3 Power Sector Companies

Transmission and Distribution losses

Against the norms of four *per cent* for Transmission loss and 11.5 *per cent* for Distribution loss, actual losses ranged between 6.01 and 8.15 *per cent* and 34.06 and 45.51 *per cent* respectively. Transmission & Distribution losses in excess of the norm of 15.5 *per cent* amounted to Rs.11,624.80 crore for the period of five years from 2000-01 to 2004-05.

(Paragraphs 2.3.11 and 2.3.18)

The performance of Rajasthan Rajya Vidyut Prasaran Nigam Limited with regard to evacuation of power within the State deteriorated during 2003-05 as within State transmission losses increased to 4.72 *per cent* in 2003-04 and 4.59 *per cent* in 2004-05 as compared to 4.10 *per cent* in 2000-01, despite a capital investment of Rs.1,125.16 crore.

(Paragraph 2.3.11)

Due to Transmission & Distribution losses in excess of the norm of 15.5 *per cent*, consumers had to bear additional burden of Rs.4,183.57 crore in the form of higher tariff equivalent to 17 *per cent* of average tariff for the year 2004-05.

(Paragraph 2.3.34)

Distribution Loss in excess of that allowed by the Regulatory Commission was Rs.2,508.75 crore during the period of four years from 2001-02 to 2004-05.

(Paragraph 2.3.18)

For every three cases of vigilance checking, two cases of theft were detected in Jaipur Vidyut Vitran Nigam Limited during 2003-05 indicating high incidence of theft prevailing in the system. Coverage of vigilance checking was not adequate as targets fixed were less than two and half *per cent* and actual checking was less than one *per cent* of the total consumers during 2003-04 and 2004-05.

(Paragraphs 2.3.32 and 2.3.33)

3. PERFORMANCE REVIEW RELATING TO STATUTORY CORPORATION

Rajasthan State Road Transport Corporation

Planning, Fabrication and Operation of buses

As on 31 March 2006, the Corporation held 4,553 buses against 6,904 buses required to operate all the notified schedules.

(Paragraph 3.7.1)

The Corporation replaced only 12.94 *per cent* of overage buses during 2000-05 resulting in excess operating cost of Rs.130.39 crore on operation of these buses.

(Paragraph 3.7.3)

Non-rationalisation of operating schedules for all the available buses resulted in non-recovery of fixed cost of Rs.30.08 crore.

(Paragraph 3.7.4)

One time increase of passenger fare instead of a phased increase as suggested by the Central Institute of Road Transport, Pune resulted in foregone operating revenue of Rs.89.82 crore.

(Paragraph 3.9.2)

Operation of 438 schedules without recovery of variable cost resulted in loss of Rs.12.26 crore during 2004-05.

(Paragraph 3.9.1)

Utilisation of man-hours in fabrication of City Transport Service bus bodies and ordinary bus bodies in its Central workshop at Ajmer was substantially high resulting in extra expenditure of Rs.1.37 crore.

(Paragraph 3.8.5)

4. Transaction Audit observations relating to Government companies and Statutory corporations

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

Extra avoidable expenditure of Rs.6.20 crore in seven cases.

(Paragraphs 4.1, 4.4, 4.5, 4.8, 4.10, 4.12, and 4.15)

Loss of revenue of Rs.19.75 crore in one case.

(Paragraph 4.16)

Violation of contractual obligations and undue favour to contractors resulting in loss of Rs.4.63 crore in nine cases.

(Paragraphs 4.2, 4.3, 4.6, 4.7, 4.9, 4.11, 4.13, 4.14 and 4.17)

Gist of some of the important audit observations is given below:

GOVERNMENT COMPANIES

Inordinate delay in obtaining Government's approval and placement of purchase order on MMTC without ascertaining the market rates resulted in extra expenditure of Rs.3.22 crore to Rajasthan Rajya Vidyut Utpadan Nigam Limited.

(Paragraph 4.4)

Non-opening of Letter of credit in time and acceptance of unreasonable request of supplier for price variation resulted in extra expenditure of Rs.1.33 crore to Jaipur Vidyut Vitran Nigam Limited on account of price variation despite contracts for firm and fixed price.

(Paragraph 4.6)

Rajasthan State Ganganagar Sugar Mills Limited suffered a loss of Rs.95.75 lakh due to procurement and crushing of infected sugar cane.

(Paragraph 4.15)

STATUTORY CORPORATION

Due to non-obtaining of valid permit for transportation of goods as required in the Motor Vehicle Act, 1988, Rajasthan State Road Transport Corporation lost revenue of Rs.19.75 crore.

(Paragraph 4.16)