

OVERVIEW

1. General view of Government companies and Statutory corporations

As on 31 March 2001 the State had 28 Public Sector Undertakings (PSUs) comprising 25 Government companies (17 working companies and eight non-working companies*) and three working Statutory corporations as against 24 PSUs comprising 20 Government companies (13 working companies and seven non-working companies) and four working Statutory corporations as on 31 March 2000. During the year Rajasthan State Electricity Board (Statutory Corporation) was unbundled in July 2000 into five Government companies.

The total investment in working PSUs increased from Rs.10824.72 crore as on 31 March 2000 to Rs.11348.13 crore as on 31 March 2001. The total investment in non-working PSUs was Rs.13.77 crore as on 31 March 2001, which was same last year also.

The budgetary support in the form of capital, loans and grants/subsidy disbursed to working PSUs decreased to Rs.73.3 crore in 2000-2001 from Rs.688.59 crore in 1999-2000. The State Government guaranteed loans aggregating Rs.1020.39 crore during 2000-2001. The total amount of outstanding loans guaranteed by the State Government decreased from Rs.6180.01 crore as on 31 March 2000 to Rs.4748.10 crore as on 31 March 2001.

Out of 17 working Government companies only six working companies have finalised (September 2001) accounts for the year 2000-2001. The accounts of the remaining 11 companies were in arrears for one year. The accounts of six non-working Government companies were in arrears for the period ranging from one year to three years. Out of four Statutory corporations two have finalised accounts for the year 2000-2001 and remaining two Statutory corporations finalised accounts upto 1999-2000. Based on the latest finalised accounts, seven companies and two corporations earned an aggregate profit of Rs.23.74 crore and Rs.7.56 crore respectively. Of which only three companies declared dividend of Rs.3.50 crore. On the other hand four companies and one Corporation incurred aggregate loss of Rs.9.13 crore and Rs.73.79 crore respectively. Of these loss incurring PSUs, accumulated losses of Rs.218.99 crore exceeded their paid up capital of Rs.114.10 crore by 1.92 times in respect of one Company and one Corporation.

Rajasthan Financial Corporation finalised accounts for the year 2000-01 and earned a profit of Rs.1.11 crore. However, its accumulated loss of Rs.74.54 crore led to erosion of paid up capital of Rs.67.53 crore. As per latest available accounts Rajasthan State Warehousing Corporation earned a profit of Rs.6.45 crore and declared dividend of Rs.1.13 crore while Rajasthan State Road Transport

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

Corporation (RSRTC) incurred loss of Rs.73.79 crore. The loss per kilometer in RSRTC increased from Rs.1.11 in 1998-99 to Rs.2.48 in 2000-2001.

Even after existence of six years to 38 years the turnover of eight Government Companies (working: three; non-working: five) have been less than Rs.5.00 crore in each of the preceding five years of their latest finalised accounts. Seven Government companies (working: two; non-working: five) had been incurring losses during last five consecutive years leading to negative net worth. The Government could have either improved their performance or considered their closure.

(Paragraphs 1.2, 1.2.2, 1.2.4.1, Annexure 1, 2)

2A Review on Rajasthan State Mines and Minerals Limited

The company is involved primarily in mining of Rock Phosphate, Gypsum and Selenite, green marble and steel grade lime stone. During the period of review, activity of Rock Phosphate excluding beneficiation plant and Gypsum were earning profits, while green marble, lime stone and beneficiation plant of rock phosphate were incurring persistent losses. The losses were due to high cost of production, inefficient working of beneficiation plant of rock phosphate, lack of transparent sales policies, injudicious purchase of mining equipment, low utilisation of machines, equipment and plants and infructuous investment in green marble project.

- The recovery of concentrate from LGO processed was lower than that envisaged in Definitive Feasibility Report by 12.68 percent, which worked out to 232284 metric tonne, valued at Rs. 43.66 crore.

(Paragraph 2A.7.1.2.1)

- Four dumpers valued at Rs.10.36 crore were purchased in excess of requirement, leading to recurring cost of interest and depreciation and contributing to higher mining cost.

(Paragraph 2A.7.2.3.1)

- Undue benefit of bulk discount amounting to Rs.1.95 crore was given to 13 customers, of which Rs.1.31 crore was given to two customers.

(Paragraph 2A.7.3.1.3)

- Due to stagnation in sale price, high transportation cost, low utilisation of plant & equipment and investment in equipment in excess of requirement, the Company incurred overall cumulative loss of Rs.10.39 crore in its lime stone operations.

(Paragraph 2A.8)

- The Company incurred overall loss of Rs.9.58 crore against the projected profit of over Rs.51.13 crore in five years in its green marble operation.
(Paragraph 2A.9)
- Injudicious purchase of wheel loader for Rs.2.82 crore resulted in fixed expenditure of Rs.1.00 crore per annum towards interest and depreciation.
(Paragraph 2A.9.1.2)
- Inventory of rock phosphate and lime stone activity included non-moving stores and spares of Rs.1.98 crore and Rs.0.18 crore respectively.
(Paragraph 2A.11)
- Due to allowing of interest free credit facility to the buyers of Rock Phosphate and concentrate, sundry debtors increased from Rs. 55.28 crore in 1995-96 to Rs.84.01 crore in 1999-2000. The doubtful sundry debtors had also increased from Rs.0.17 crore in 1995-96 to Rs.3.86 crore in 1999-2000.
(Paragraph 2A.12.1)

2B Review on Rajasthan State Industrial Development and Investment Corporation Limited

Investment activity

Rajasthan State Industrial Development and Investment Corporation (RIICO) was incorporated in November 1979 to meet its objectives of promoting entrepreneurship. The Company is engaged in providing financial assistance by extending term loans and making investments in shares of companies. Deficiency in appraisal of the proposals before sanction and disbursements of loans, lack of monitoring of performance of assisted units, inadequate follow up of recovery led to heavy incidence of NPAs. Imprudent settlement of cases under One Time Settlement Scheme and ineffective system of sale of possessed units and failure to recover deficit amount from the guarantor/collateral securities led to decline in profits. The policy of not off-loading the shares below the acquisition price also resulted in huge losses.

- The profit of the Company declined sharply from Rs.21.29 crore during 1996-97 to Rs.2.72 crore during 1999-2000.
(Paragraph 2B.4)

- The administrative cost of term loan assistance increased from 2 percent in 1996-97 to 4.09 percent in 1999-2000, which was abnormally high, compared to other financial institutions. It was higher than the total margin of 3.5 percent fixed for term loan activity.
(Paragraph 2B.6.1)
- The non-performing assets were Rs.133.03 crore against the total loan assets of Rs.252.34 crore as on 31 March 2000, representing 52.72 percent of total loan assets.
(Paragraph 2B.6.2)
- Due to poor recovery performance, the overdue shot up from Rs.94.51 crore in 1996-97 to Rs.199.37 crore in 1999-2000.
(Paragraph 2B.6.5)
- As on 31 March 2000, 43 units involving outstanding dues of Rs.51.34 crore were lying unsold of which 18 units were lying unsold for more than four years against whom the outstanding amount was Rs.18.29 crore.
(Paragraph 2B.6.8)
- The market value of investments in 37 listed companies of Rs.28.82 crore reduced to Rs.7.81 crore as on 31 March 2000 resulting in erosion of over 73 percent of investment.
(Paragraph 2B.7.1)
- Disinvestment of Rs.12.48 crore in 50 cases was overdue as on 31 March 2000.
(Paragraph 2B.7.1.2)

2C Review on Jaipur Vidyut Vitran Nigam Limited (Unbundled from erstwhile Rajasthan State Electricity Board)

Working of Board Level Settlement Committee for Consumers' dues

The Board level Settlement Committee (BLSC) was constituted in July 1990 to settle the disputed revenue cases of the consumers of erstwhile Rajasthan State Electricity Board (Board). The BLSC did not follow an objective and consistent policy in settling disputed revenue cases.

- Out of 225 cases relating to Jaipur Vidyut Vitran Nigam Limited (Jaipur Discom) settled by committee, in 127 cases involving an amount of Rs.53.13 crore, a sum of Rs. 27.23 crore was sacrificed.

(Paragraph 2C.4.1 & 2C.5.1)

- The BLSC settled 49 cases relating to theft and vigilance, involving an amount of Rs.10 crore, of which Rs.1.16 crore only was recovered. From five units found committing theft of energy in a very systematic and planned manner, only a sum of Rs.0.66 crore was recovered against a sum of Rs.5.57 crore.

(Paragraph 2C.6 & 2C.6.1)

- Out of Rs.7.61 crore relating to minimum charges and late payment surcharge, an amount of Rs. 6.02 crore was waived, despite High Court/ Supreme Court judgment upholding levy of such charges.

(Paragraph 2C.7)

- The Board allowed an unauthorized waiver of Rs. 14.84 crore to a consumer.

(Paragraph 2C.8.1)

3. Miscellaneous topics of interest

- Ex-gratia payment of Rs.0.79 crore was paid in violation of the guidelines issued by the Bureau of Public Enterprises.

(Paragraph 3A.1.1)

- Irregular payment of Rs.1.09 crore was made by Rajasthan Paryatan Vikas Nigam Limited due to non-reduction of import fees included in quoted price.

(Paragraph 3A.1.3)

- Wrong application of rates of land resulted in avoidable payment of Rs.0.45 crore by the Rajasthan State Industrial Development and Investment Corporation Limited.

(Paragraph 3A.3.1)

- Excessive procurement of raw cotton and consequent higher production of seeds resulted in loss of Rs.1.41 crore to the Rajasthan State Seeds Corporation Limited.

(Paragraph 3A.6)

- Avoidable payment of Sales Tax of Rs.0.93 crore was made by Rajasthan Rajya Vidyut Utpadan Nigam Limited due to failure to review the terms and conditions of contract.

(Paragraph 3A.8.2)

- Failure to ensure the installation of frequency meter resulted in irregular payment of Rs.2.32 crore towards purchase of power by Jodhpur Vidyut Vitran Nigam Limited.

(Paragraph 3A.9)