

## Chapter I

### Overview of Government companies and Statutory corporations

#### 1.1 Introduction

As on 31 March 2003, there were 24 Government companies (16 working companies and eight non-working companies\*) and three working Statutory corporations as against 25 Government companies (17 working companies and eight non-working companies) and three Statutory corporations as on 31 March 2002 under the control of the State Government. One company viz. Rajasthan State Mineral Development Corporation Limited was amalgamated with Rajasthan State Mines and Minerals Limited effective from 20 February 2003. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by the Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The audit arrangements of the Statutory corporations are as shown below:

Sl. No.	Name of the corporation	Authority for audit by the CAG	Audit arrangement
1.	Rajasthan State Road Transport Corporation (RSRTC)	Section 33(2) of the Road Transport Corporations Act, 1950	Sole audit by CAG
2.	Rajasthan Financial Corporation (RFC)	Section 37(6) of the State Financial Corporations Act, 1951	Chartered Accountants and supplementary audit by CAG
3.	Rajasthan State Warehousing Corporation (RSWC)	Section 31(8) of the State Warehousing Corporations Act, 1962	Chartered Accountants and supplementary audit by CAG

### Working Public Sector Undertakings (PSUs)

#### *1.2 Investment in working PSUs*

As on 31 March 2003, the total investment<sup>#</sup> in 19 working PSUs (16 Government companies and three Statutory corporations) was Rs.12,849.32 crore (equity:

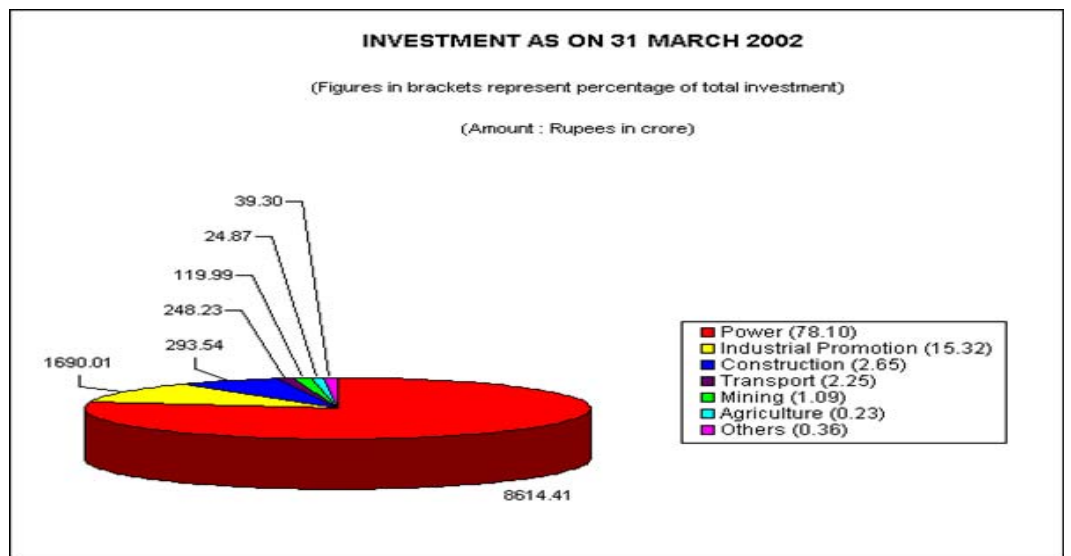
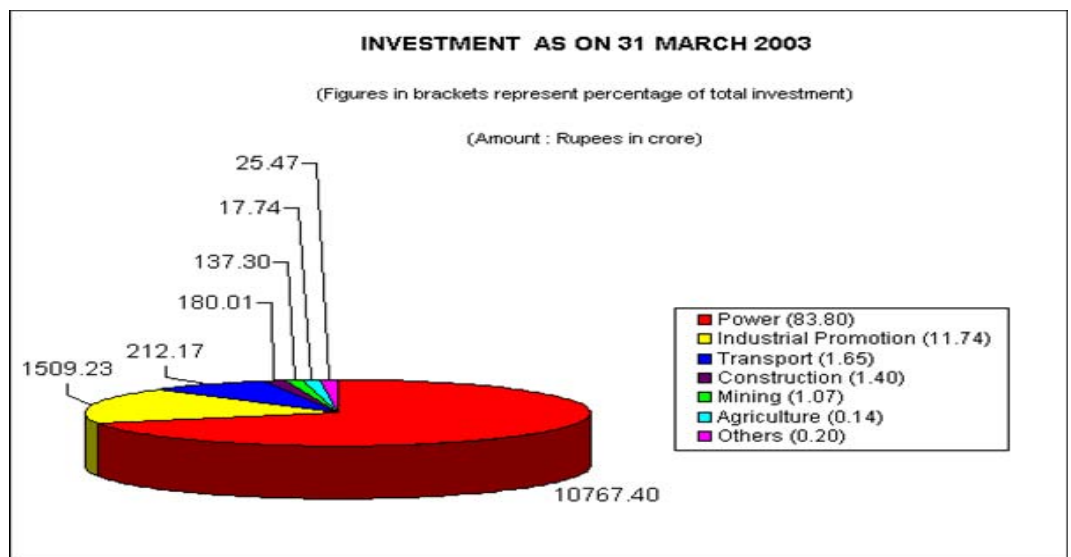
\* Non-working companies/corporations are those, which are under the process of liquidation/closure/merger, etc.

# Figures are as furnished by the companies/corporations.

Rs.2,737.57 crore; long-term loans<sup>\*\*</sup>: Rs.9,900.90 crore and share application money: Rs.210.85 crore) as against total investment of Rs.11,030.35 crore (equity: Rs.1,852.77 crore; long-term loans: Rs.8,410.48 crore and share application money: Rs.767.10 crore) as on 31 March 2002 in 20 working PSUs (17 Government companies and three Statutory corporations). The particulars of investments in the working PSUs have been given in Annexe - 1. An analysis of investment in PSUs is given in the following paragraphs.

The investment (equity and long-term loans) in various sectors and percentage thereof at the end of 31 March 2003 and 31 March 2002 are indicated in the pie charts.

**Sector wise investment in working Government companies and Statutory corporations**



<sup>\*\*</sup> Long-term loans mentioned in para 1.2, 1.2.1 and 1.2.2 are excluding interest accrued and due on such loans.

### 1.2.1 Working Government companies

Total investment in 16 working Government companies as on 31 March 2003 was Rs.11,906.71 crore (equity: Rs.2,554.24 crore; long-term loans: Rs.9,141.62 crore and share application money: Rs.210.85 crore) as against total investment of Rs.10,023.14 crore (equity: Rs.1669.88 crore; long-term loans: Rs.7,586.22 crore and share application money: Rs.767.04 crore) as on 31 March 2002 in 17 working Government companies.

As on 31 March 2003, the total investment of working Government companies comprised 23.22 per cent of equity capital and 76.78 per cent of loans as compared to 24.31 per cent and 75.69 per cent respectively as on 31 March 2002.

### 1.2.2 Working Statutory corporations

The total investment in three working Statutory corporations at the end of March 2003 and March 2002 was as follows:

Name of Corporation	2001-02		2002-03	
	Capital	Loan	Capital	Loan
Rajasthan State Road Transport Corporation	107.95	140.27	107.95	104.21
Rajasthan Financial Corporation	67.49	682.13	67.53	654.02
Rajasthan State Warehousing Corporation	7.50	1.86	7.85	1.05
<b>Total</b>	<b>182.94</b>	<b>824.26</b>	<b>183.33</b>	<b>759.28</b>

### 1.3 Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

The details of budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by State Government to working Government companies and Statutory corporations are given in Annexe 1 and 3.

The budgetary outgo (in the form of equity capital and loans) and grants/subsidies from the State Government to working Government companies and Statutory corporations for the three years up to 2002-03 are indicated below:

	2000-2001				2001-02				2002-2003	
	Companies		Corporations		Companies		Corporations		Companies*	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity capital	1	0.80	-	-	2	333.20	-	-	7	333.85
Loans	3	3.70	1	56.29	1	1.24	1	0.60	6	143.85
Grant/ subsidy towards:										
(i) Projects/ programmes/ schemes	3	10.23	1	0.03	2	7.55	1	0.03	9	432.46
(ii) Other	-	-	1	2.25	1	0.03	-	-	-	-
Total (i+ii)	3	10.23	2	2.28	3	7.58	1	0.03	9	432.46
<b>Total outgo</b>		<b>14.73</b>		<b>58.57</b>		<b>342.02</b>		<b>0.63</b>		<b>910.16</b>

\* During 2002-03, none of the corporations received budgetary outgo and grants/subsidies from the State Government.

During the year 2002-03, the Government had guaranteed loans aggregating Rs.2,840.49 crore obtained by eight working Government companies (Rs.2,806.99 crore) and one working Statutory corporation (Rs.33.50 crore). As on 31 March 2003, guarantees amounting to Rs.8,882.92\* crore against nine working Government companies (Rs.8,582.87 crore) and one working Statutory corporation (Rs.300.05 crore) were outstanding, while as on 31 March 2002, guarantees amounting to Rs.7,729.43 crore against five working Government companies (Rs.7,334.45 crore) and two working Statutory corporations (Rs.394.98 crore) were outstanding. The guarantee commission paid/payable to Government by six Government companies and two Statutory corporations during 2002-03 was Rs.5.70 crore and Rs.3.37 crore respectively.

#### ***1.4 Finalisation of accounts by working PSUs***

The accounts of the companies for every financial year are required to be finalised within six months from the end of relevant financial year under Section 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of Comptroller and Auditor General's (Duties, Power and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year. Similarly, in case of Statutory corporations their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

However, as could be noticed from Annexe 2, only eleven out of 16 working Government companies and two out of three working Statutory corporations had finalised their accounts for the year 2002-03 up to September 2003. During the period from October 2002 to September 2003, five working Government companies and one Statutory corporation finalised accounts for previous years.

The accounts of five working Government companies and one Statutory corporation were in arrears for one year as on 30 September 2003.

#### ***1.5 Financial position and working results of working PSUs***

The summarised financial results of working PSUs (Government companies and Statutory corporations) as per their latest finalised accounts are given in Annexe-2. Besides, statements showing financial position and working results of individual working Statutory corporations for the latest three years, for which accounts were finalised, are given in Annexe-4 and 5, respectively.

According to the latest finalised accounts of 16 working Government companies and three working Statutory corporations, four companies and one corporation had incurred an aggregate loss of Rs.13.27 crore and Rs.62.91 crore respectively; seven companies and two corporations earned an aggregate profit of Rs.47.31 crore and Rs.12.50 crore, respectively. Five power sector companies, incorporated in 2000-01, have not shown any profit/loss in the accounts finalised for the year 2002-03.

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\* Figures are as furnished by the companies/corporations.

## ***Working Government companies***

### ***1.5.1 Profit earning working companies and dividend***

Five working Government companies, which finalised their accounts for 2002-03 by September 2003, earned an aggregate profit of Rs.46.43 crore, of which only three companies (Sl. No.2,6 and 8 of Annexe 2) declared dividend of Rs.4.23 crore. The dividend as percentage of share capital in the above five profit earning companies worked out to 1.70 *per cent*. The total return by way of above dividend of Rs.4.23 crore worked out to 0.15 *per cent* in 2002-03 on total equity investment of Rs.2,769.40 crore by State Government in all Government companies as against 0.15 *per cent* in 2001-02.

Similarly, out of five working Government companies which finalised their accounts for previous years by September 2003, two companies earned an aggregate profit of Rs.88 lakh. However, these companies did not declare dividend. Only one company earned profit for two or more successive years.

### ***1.5.2 Loss incurring working Government companies***

Of the four loss incurring working Government companies, Rajasthan State Handloom Development Corporation Limited had accumulated loss of Rs.31.65 crore up to March 2002, which exceeded its paid-up capital of Rs.6.15 crore.

## ***Working Statutory corporations***

### ***1.5.3 Profit earning Statutory corporations and dividend***

Out of three Statutory corporations, two corporations finalised their accounts for 2002-03 and earned profit aggregating Rs.12.50 crore. Rajasthan State Warehousing Corporation declared dividend of Rs.1.56 crore. The total return by way of dividend of Rs.1.56 crore worked out to 1.20 *per cent* on the total equity investment of Rs.129.76 crore by the State Government in all the three Statutory corporations.

### ***1.5.4 Loss incurring Statutory corporations***

Out of three Statutory corporations, Rajasthan State Road Transport Corporation finalised accounts for 2001-02 up to September 2003 and incurred a loss of Rs.62.91 crore. Its accumulated loss of Rs.260.94 crore exceeded its paid up capital of Rs.107.95 crore. Moreover, Rajasthan Financial Corporation had (although earned profit during the year) accumulated loss of Rs.73.28 crore against its paid-up capital of Rs.67.52 crore.

### ***1.5.5 Operational performance of working Statutory corporations***

The operational performance of the working Statutory corporations is given in Annexe-6. The following observations are made:

### **Rajasthan State Warehousing Corporation**

Average capacity utilized decreased from 5.88 lakh tonne in 2001-02 to 5.00 lakh tonne in 2002-03.

#### **1.6 Return on capital employed**

As per latest finalised accounts (upto September 2003), the capital employed\* worked out to Rs.15,173.28 crore in 16 working companies. Total return thereon amounted to Rs.1,217.20 crore (8.02 *per cent*) as compared to total return of Rs.697.37 crore (6.41 *per cent*) in the previous year (accounts of six companies finalised upto September 2002). Similarly, the capital employed and total return thereon in case of three<sup>\$\$</sup> working Statutory corporations as per the latest finalised accounts (upto September 2003) worked out to Rs.775.46 crore and Rs.56.02 crore (7.22 *per cent*), respectively against the total return of Rs.40.25 crore (4.88 *per cent*) in previous year. The details of capital employed and total return on capital employed in case of working Government companies and Statutory corporations are given in Annexe- 2.

#### **Reforms in Power sector**

##### **1.7 Status of implementation of Memorandum of Understanding between the State Government and the Central Government**

In pursuance of Chief Ministers' conference on power sector reforms, held in March 2001, a Memorandum of Understanding (MOU) was signed on 23 March 2001 between the Ministry of Power, Government of India (GOI) and Government of Rajasthan (GOR) as a joint commitment for implementation of reforms programme in power sector with identified milestones. Status of implementation of reform programme against each commitment made in the MOU is detailed below:

Sl. No.	Commitment as per MOU	Targeted completion schedule	Status (as on 31 March 2003)
	<b>Commitments made by the State Government</b>		
1.	Reduction in transmission and distribution losses	20 <i>per cent</i> by 2006-07	39.96 <i>per cent</i>
2.	100 <i>per cent</i> metering of all 11 KV distribution feeders	September 2001	Achieved
3.	100 <i>per cent</i> electrification of all villages	37,889 villages by 2005	37,075 villages electrified
4.	100 <i>per cent</i> metering of all consumers	30 June 2002	3.28 lakh agriculture consumer were unmetered
5.	Securitise outstanding dues of Central Public Sector Undertakings	Not given	Agreement has been executed between Government of India, Government of Rajasthan and Reserve Bank of India

\* Capital employed represents net fixed assets (including capital works-in-progress) plus working capital, except in finance companies and corporations, where it represents a mean of aggregate of opening and closing balances of paid-up capital, free reserves, bonds, deposits and borrowings (including refinance).

\$\$ For calculating total return on capital employed, interest on borrowed funds is added to net profit/subtracted from the loss as disclosed in the profit and loss accounts.

6.	State Electricity Regulatory Commission (SERC)		
	(i) Establishment of SERC	Not given	Constituted
	(ii) Implementation of tariff orders issued by SERC during the year	An order for distribution tariff was to be implemented from April 2001.	Since implemented
	<b>General</b>		
7.	Monitoring of MOU	Monitoring was required on quarterly basis	Monitoring is done regularly

### 1.8 State Electricity Regulatory Commission

The Rajasthan State Electricity Regulatory Commission (Commission) was formed on 10 January 2000 under Section 17 of the Electricity Regulatory Commission Act, 1998 with the object to regulate the functioning of power sector on sound commercial principles. The Commission comprises three members including a Chairperson who were appointed by the State Government. The entrustment of audit of accounts of the Commission under Section 19 (3) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 is under consideration of State Government.

## Non-working PSUs

### 1.9 Investment in non-working PSUs

As on 31 March 2003, the total investment in eight non-working Government companies was Rs.41.81 crore (equity: Rs.10.93 crore, long-term loans: Rs.30.78 crore and share application money: Rs.10 lakh) as against total investment of Rs.13.77 crore (equity: Rs.10.98 crore, long-term loans: Rs.2.74 crore and share application money: Rs.0.05 crore) in the same number of companies as on 31 March 2002.

The classification of the non-working PSUs was as under:

Sl. No.	Status of non-working PSUs	Number of companies	(Rupees in crore)	
			Equity*	Long term loans
(i)	Under liquidation	2	1.53	0.42
(ii)	Others**	6	9.50	30.36
	<b>Total</b>	<b>8</b>	<b>11.03</b>	<b>30.78</b>

Of the above non-working PSUs, two companies viz. Rajasthan State Tungsten Development Corporation Limited and Rajasthan State Granites and Marbles Limited are under liquidation under Section 560 of the Companies Act, 1956 for

\* Equity includes share application money of Rs.0.10 crore for companies under 'others'.

\*\* All the six companies are defunct.

two years and four years respectively and investment of Rs.1.95 crore was involved in these companies. Effective steps need to be taken for their expeditious liquidation<sup>#</sup>.

### 1.10 Total establishment expenditure of non-working PSUs

The total establishment expenditure of Rs.15.95 lakh (2000-01: Rs.0.13 lakh; 2001-02: Rs.6.93 lakh; 2002-03: Rs.8.89 lakh) of one non-working company<sup>@</sup> was financed by its holding company. The remaining non-working companies are not incurring any expenditure towards establishment.

### 1.11 Finalisation of accounts by non-working PSUs

Out of eight non-working companies, five companies finalised their accounts for 2002-03 and the accounts of three non-working companies were in arrears for period ranging from one to five years as on 30 September 2003 as could be noticed from Annexe-2.

### 1.12 Financial position and working results of non-working PSUs

The summarised financial results of non-working Government companies as per their latest finalised accounts are given in Annexe- 2. The net worth of eight non-working Government companies was Rs.(-)30.89 crore against their total paid-up capital of Rs.11.03 crore. These companies suffered a cash loss of Rs.1.67 crore and their accumulated loss worked out to Rs.43.02 crore.

## 1.13 Status of placement of Separate Audit Reports of Statutory corporations in Legislature

The following table indicates the status of placement of various Separate Audit Reports (SARs) on the accounts of Statutory corporations issued by the CAG in the Legislature by the Government.

Sl. No.	Name of Statutory corporation	Years up to which SARs placed in Legislature	Years for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in the Legislature
1.	Rajasthan State Road Transport Corporation	2000-01	2001-02	28.2.2003	NA
2.	Rajasthan Financial Corporation	2000-01	2001-02	18.11.2002	NA
3.	Rajasthan State Warehousing Corporation	2001-02	2002-03	Audit is in progress	-

<sup>#</sup> Rajasthan State Tungsten Development Corporation Limited has been dissolved on 4.7.2003 of the order of Hon'ble High Court, Rajasthan.

<sup>@</sup> Excluding those, whose accounts are in arrears.



### 1.14 Disinvestment, privatisation and restructuring\* of Public Sector Undertakings

No disinvestment and privatisation of Public Sector Undertakings has taken place during 2002-03. The management of Rajasthan State Hotels Corporation Limited and Rajasthan Tourism Development Corporation Limited proposed merger of both the companies in February/August 2001. However, merger has not taken place (September 2003).

With the objective of achieving economy of scale and reduction in overheads and to meet tougher competition due to opening up of mineral imports, Rajasthan State Mineral Development Corporation Limited has been amalgamated with Rajasthan State Mines and Minerals Limited in public interest effective from 20 February 2003.

### 1.15 Result of audit of accounts of PSUs by Comptroller and Auditor General of India

During October 2002 to September 2003, the accounts of 24 Government companies (working: 21 and non-working: three) and three working Statutory corporations were selected for review. The net impact of the important audit observations as a result of review of the PSUs were as follows:

Details	Number of accounts		Rupees in lakh	
	Government companies	Statutory corporations	Government companies	Statutory corporations
	Working	Working	Working	Working
(i) Decrease in profit	2	-	31.61	-
(ii) Increase in profit	1	-	7.48	-
(iii) Increase in loss	1	1	4.00	1137.00

#### 1.16 Errors and omissions noticed in case of Government companies

As a result of review of accounts of various companies under section 619(4) of the Companies Act 1956, the following important points were noticed in audit:

##### 1.16.1 Rajasthan Rajya Vidyut Prasaran Nigam Limited (2001-02)

- Revenue from sale of power was understated by Rs.23.45 crore due to billing at the rate of Rs.2.126643983 per unit instead of Rs.2.13 per unit as determined by Rajasthan Electricity Regulatory Commission.
- Expenditure on purchase of power was overstated by Rs.16.63 crore due to incorrect account of global revision bills of National Thermal Power Corporation.

\* Restructuring includes merger and closure of PSUs.

- Expenditure on employees cost was understated by Rs.1.55 crore due to short provision of terminal benefits.
- Interest and finance charges was understated by Rs.57.50 crore due to non/incorrect accountal of surcharge/interest payable to power supplying agencies.

***1.16.2 Jaipur Vidyut Vitran Nigam Limited (2001-02)***

- Other income was overstated by Rs.16.47 crore due to incorrect accountal of electricity duty payable as miscellaneous receipt.
- Expenditure on purchase of power was understated by Rs.2.72 crore due to charging tariff at the rate of Rs.2.126643983 per unit instead of Rs.2.13 per unit as fixed by Rajasthan Electricity Regulatory Commission.
- Expenditure on purchase of power was overstated by Rs.12.71 crore due to non accountal of credit given by Rajasthan Rajya Vidyut Prasaran Nigam Limited.
- Net interest and finance charges was understated by Rs.1.37 crore due to non accountal of foreign exchange rate variance.

***1.16.3 Rajasthan Rajya Vidyut Prasaran Nigam Limited (2002-03)***

- Purchase of power is understated by Rs.32.30 crore due to non-accountal of liability based on global energy account (Rs.8.05 crore) of National Hydro Power Corporation (NHPC) intimated by North Region Electricity Boards (NREB) on 7 April 2003 and liability (Rs.24.25 crore) on account of revision of tariff by Government of India on 8 April 2003 (effective from 7 April 2001) for power received from Narode Atomic Power Station of Nuclear Power Corporation (India) Limited (NPCIL).
- Finance charges is understated by Rs.1.94 crore being non-accountal of liability of stamp duty on lease agreements executed during 1995-96 and agreed by Company (January 2003) for payment to State Government.
- Cost of purchase of power is understated by Rs.24.61 crore being non-accountal of interest/surcharge payable to power supplying agencies as per Central Electricity Regulatory Commission (CERC) tariff order/tariff notification/agreed settlement terms.
- Land and Rights is understated by Rs.4.11 crore being cost of land allotted by State Government.

***1.16.4 Ajmer Vidyut Vitran Nigam Limited (2002-03)***

- Income is understated by Rs.25 crore being non-accountal of subsidy received from State Government against Electricity duty for the year 2000-01.

- Current liabilities and provisions is understated by Rs.2.38 crore being non-provision of Electricity duty payable to State Government relating to period 1993-94 to 2002-03.

#### **1.16.5 Rajasthan Rajya Vidyut Utpadan Nigam Limited (2002-03)**

- Finance charges is understated by Rs.81.42 crore due to non-provision of stamp duty payable on sale/lease deeds entered during 1995-99.
- Cost of generation is overstated by Rs.39.54 crore being credit notes for coal grade difference received from coal companies during the year and accounted for as prior period income.
- Capital work-in-progress is overstated by Rs.2.42 crore being interest rebate received/receivable on borrowing cost of power plants.
- Land and Rights is understated by Rs.2.90 crore being non-accountal of cost of land allotted by State Government.

#### **1.16.6 Jaipur Vidyut Vitran Nigam Limited (2002-03)**

- Land and Rights is understated by Rs.9.01 lakh being non-accountal of cost of land as demanded by State Government.
- Finance charges is understated by Rs.17.80 crore being non-provision of stamp duty payable on sale/lease deeds entered during 1995-99.

#### **1.16.7 Jodhpur Vidyut Vitran Nigam Limited (2002-03)**

Electricity duty payable to State Government is understated by Rs.2.05 crore being recovered from consumer during the period 1993-94 to 2002-03 but not deposited with State Government.

### **1.17 Errors and omissions noticed in case of Statutory corporations**

#### **Rajasthan State Road Transport Corporation (2001-02)**

Loss of the Corporation remained understated by Rs.11.37 crore mainly due to non creation of fund as per passenger accident compensation scheme (Rs.7.14 crore), non provision of statutory liability of employees provident fund on arrears of dearness allowance (Rs.1.74 crore) and due to non provision of other liabilities (Rs.2.49 crore).

## **1.18 Internal Audit**

The statutory auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including the internal control/internal audit system in the companies audited in accordance with the directions issued by the Comptroller and Auditor General of India to them under section 619(3) (a) of the Companies Act 1956, and to identify areas which needed improvement. An

illustrative resume of major recommendations made/comments made by statutory auditors on possible improvement in the internal audit/internal control system in respect of State Government companies is indicated in Annexe-9. It is noticed from the Annexe that major comments were of following nature:

- (a) There was no internal audit system in three companies.
- (b) Internal Audit system was not commensurate with the size and nature of business of ten Government companies which needed to be strengthened.
- (c) There was scope for improvement in the area, frequency and manner of audit, communication of observations and their follow up and compliance in ten companies.

### **1.19 Recommendations for closure of PSUs**

Even after existence of seven to 40 years, the turnover of eight<sup>#</sup> Government companies (working: three and non-working: five) had been less than Rs.5.00 crore in each of the preceding five years as per their latest finalised accounts.

Similarly, seven<sup>\*</sup> Government companies (working: two and non-working: five) had been incurring losses for five consecutive years (as per their latest finalised accounts) leading to negative net worth. In view of poor turnover and continuous losses, the Government should either improve performance of these companies or consider their closure.

### **1.20 Response to Inspection Reports, Draft paras and Reviews**

Audit observations noticed during audit and not settled on the spot are communicated to the head of PSUs and concerned departments of State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through respective heads of departments within a period of six weeks. Inspection Reports issued upto March 2003 pertaining to 21 PSUs disclosed that 3064 paragraphs relating to 1013 Inspection Reports remained outstanding at the end of September 2003. Department-wise break up of Inspection Reports and Audit observations outstanding as on 30 September 2003 is given in Annexe-7.

Similarly, draft paragraphs and reviews on the working of PSUs are forwarded to the Principal Secretary / Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. Audit, however, observed that out of nine draft paragraphs and three draft reviews forwarded to the various departments

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<sup>#</sup> Sl. No. A-1, 9, 11 and C-2, 3, 4, 5 and 8 of Annexe 2.

<sup>\*</sup> Sl. No. A-5, 9 and C-1, 2, 4, 6 and 7 of Annexe 2.

during March to October 2003, one draft paragraph and three reviews, as detailed in Annexe-8, had not been replied to so far (31 October 2003).

It is recommended that the Government should ensure that procedure exists for (a) action against the officials who failed to send replies to Inspection Reports/draft paragraphs/reviews as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayment is taken within prescribed time, and (c) the system of responding to the audit observations is revamped.

### **1.21 Position of discussion of Audit Reports (Commercial) by the Committee on Public Undertakings (COPU)**

The position of discussion of Audit Reports (Commercial) by the COPU, reviews and paragraphs pending for discussion in the COPU as on 30 September 2003 was as under:

Period of Audit Report	Number of reviews and paragraphs appeared in the Audit Report		Number of reviews / paragraphs pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1998-99	4	30	2	20
1999-2000	4	29	2	25
2000-01	3	26	3	23
2001-02	3	24	3	24
<b>Total</b>	<b>14</b>	<b>109</b>	<b>10</b>	<b>92</b>

During October 2002 to September 2003, 42 paras (involving four reviews and nine draft paragraphs) were discussed/deemed discussed by the COPU.

### **1.22 619-B companies**

There was no company covered under Section 619-B of the Companies Act, 1956.

