

CHAPTER-VIII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

Overview of Government companies and Statutory corporations

8.1 Introduction

8.1.1 As on 31 March 2003, there were 12⁺ Government companies (nine working companies and three non-working companies) and three Statutory corporations (three working Statutory corporations) as against the nine Government companies (six working companies and three non-working companies) and the same number of Statutory corporations (three working Statutory corporations) as on 31 March 2002 under the control of the State Government. The Companies Act, 1956 is not extended to the State of Sikkim. The companies in Sikkim are registered under the 'Registration of Companies Act, Sikkim, 1961'. The accounts of the Government companies are audited by the Auditors who are directly appointed by the Board of Directors of the respective companies. The audit of these companies had been taken up by the Comptroller and Auditor General of India (CAG) on the request of the State Government under Section 20(1)/20(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

There are three Statutory corporations in the State viz. Sikkim Mining Corporation (SMC), State Bank of Sikkim (SBS) and State Trading Corporation of Sikkim (STCS) established in February 1960, June 1968 and March 1972 respectively under the proclamations of the erstwhile Chogyal of Sikkim.

The accounts of these corporations are audited by the Chartered Accountants who are directly appointed by the Board of Directors of the respective corporations. Audit of these corporations was taken up by CAG under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Condition of Service) Act, 1971 at the request of the State Government as detailed below:

Table-8.1

Name of the Corporation	Authority for Audit by CAG	Audit arrangement
1. Sikkim Mining Corporation (SMC)	Section 19 (3) of Comptroller and Auditor General of India's (DPC) Act, 1971	Audited by Chartered Accountant and superimposed audit by CAG
2. State Bank of Sikkim (SBS)	-do-	-do-
3. State Trading Corporation of Sikkim (STCS)	-do-	-do-

⁺ Three companies, viz., Sikkim Precision Industries Limited, Sikkim Poultry Development Corporation Limited and Sikkim Hatcheries Limited were formed in February 1999, March 1991 and August 1994 respectively but audit was entrusted to the CAG only in August 2002.

There are two departmentally managed undertakings viz. Sikkim Tea Board and Government Fruit Preservation Factory under the Industries Department.

The accounts of these departmentally managed undertaking are audited by Chartered Accountants who are directly appointed by the Industries Department. Audit by the CAG is taken up under Section 13 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

8.2 Working Public Sector Undertakings (PSUs)

Investment in working PSUs

8.2.1 As on 31 March 2003, the total investment in 12 PSUs (nine Government companies and three Statutory corporations) was Rs.129.12 crore (equity Rs.64.21 crore and long-term loans*: Rs.64.91 crore) as against a total investment of Rs.119.87 crore (equity: Rs.56.11 crore and long term loans : Rs.63.76 crore) in nine PSUs (six Government companies and three Statutory corporations) as on 31 March 2002. The analysis of investment in working PSUs is given in the following paragraphs:

Working Government companies

8.2.2 Total investment in nine Government companies as on 31 March 2003 was Rs.117.49 crore (equity: Rs.53.12 crore and long term loans: Rs.64.37 crore) as against total investment of Rs.108.74 crore (equity: Rs.45.52 crore and long term loans: Rs.63.22 crore) as on 31 March 2002 in the six Government companies.

Increase in investment of Rs.8.75 crore was due to investment of Rs.4.42 crore (equity : Rs.4.16 crore and loan: Rs.0.26 crore) in newly formed Sikkim Precision Industries Limited, Sikkim Hatcheries Limited and Sikkim Poultry Development Corporation and additional equity and loans of Rs.4.33 crore received during 2002-03 in six working companies.

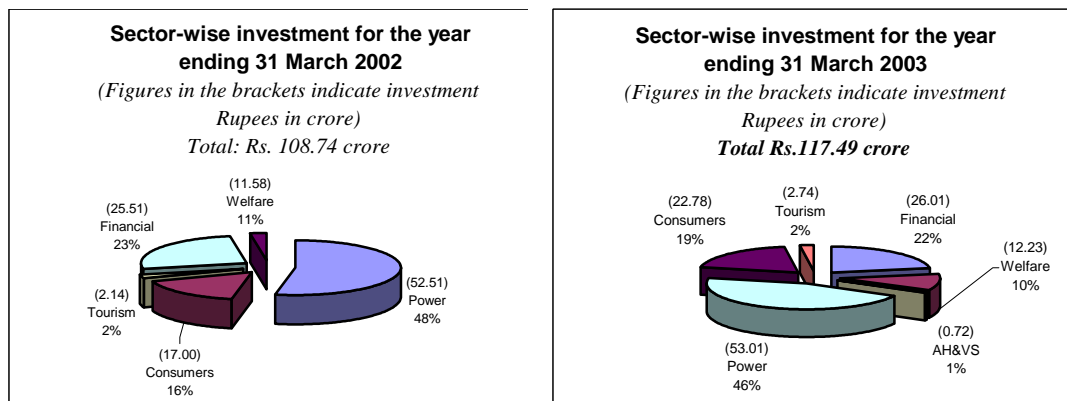
The summarised statement of Government investment in working Government companies in the form of equity and loans is detailed in **APPENDIX-XVI**.

Sectorwise investment in working Government companies

8.2.3 As on 31 March 2003, in total investment of working Government companies, 45 per cent comprised equity capital and 55 per cent comprised loans compared to 42 per cent and 58 per cent respectively as on 31 March 2002. The sector-wise investment (equity including share application money and long term loans) for the years ended 31 March 2002 and 31 March 2003 is given in two separate pie charts below:

* Long term loans are excluding interest accrued and dues on such loans.

Chart-8.1



Working Statutory corporations

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

Table-8.2

(Rupees in crore)

Name of Corporation	2001-2002		2002-03	
	Capital	Loan	Capital	Loan
State Bank of Sikkim (SBS)	0.58	-	0.58	-
Sikkim Mining Corporation (SMC)	8.88	0.54	9.39	0.54
State Trading Corporation of Sikkim (STCS)	1.11	-	1.11	-
Total	10.57	0.54	11.08	0.54

The summarised financial results of all the Statutory corporations are given in APPENDIX-XVII and financial position and working results of individual Statutory corporation are given in APPENDIX-XIX and XX.

8.3 Budgetary outgo, Subsidies, Guarantees and Waiver of dues

8.3.1 The details regarding budgetary outgo, subsidies, guarantees, waiver of dues and conversion of loans into equity by State Government to working Government companies and working Statutory corporations are given in APPENDIX-XVI and XVIII

The budgetary outgo from the State Government to working Government companies and working Statutory corporations for the last three years ending 2002-03 in the form of equity capital, loans and subsidy is given below:

Table-8.3 (Rupees in crore)

	2000-2001				2001-2002				2002-2003			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity capital	4	3.98	1	0.68	5	4.50	1	0.50	7	3.35	1	0.50
Loans	-	-	-	-	1	0.30	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Subsidy	-	-	-	-	-	-	-	-	-	-	-	-
Total	4	3.98	1	0.68	5	4.80	1	0.50	7	3.35	1	0.50

During the year 2002-03, the Government had guaranteed loans/advances aggregating Rs.10 crore obtained by one working company. At the end of the year, guarantees amounting to Rs.73.07 crore against three Government companies (Rs.73 crore) and one Statutory corporation (Rupees seven lakh) were outstanding. There was no case of loans written off, interest waived, moratorium on loan repayment, conversion of loans into equity capital in any company or corporation during the year.

8.4 Finalisation of accounts by working PSUs

8.4.1 Accountability of Public Sector Undertakings to Legislature is to be achieved through the submission of audited annual accounts within the time schedule to the Legislature. It could be noticed from **APPENDIX-XVII**, out of nine working Government companies, only one company had finalised its accounts for the year 2002-03 and out of three Statutory corporations, none of the corporations had finalised their accounts for the year 2002-03 within the stipulated period.

During the period from October 2002 to September 2003, five working Government companies finalised accounts for previous years. Similarly, during this period only two working Statutory corporations finalised their accounts for the previous year.

The accounts of eight working Government companies and three working Statutory corporations were in arrears for the period from one to three years as on 30 September 2003 as detailed below:

Table-8.4

Sl. No.	Name of company / corporation	Period upto which accounts finalised	Period for which accounts in arrears	No. of years for which accounts in arrears
I	A. Name of the company			
	i. Sikkim Time Corporation Ltd.	2001-2002	2002-2003	1
	ii. SC, ST and OBC Development Corporation Ltd.	2001-2002	2002-2003	1
	iii. Sikkim Tourism Development Corporation	2001-2002	2002-2003	1
	iv. Sikkim Jewels Ltd	2001-2002	2002-2003	1
	v. Sikkim Industrial Development and Investment Corporation Limited	2001-2002	2002-2003	1
	vi. Sikkim Power Development Corporation	2001-2002	2002-2003	1
	vii. Sikkim Poultry Development Corporation Limited	2001-2002	2002-2003	1
	viii. Sikkim Hatcheries Limited	2001-2002	2002-2003	1

Sl. No.	Name of company / corporation	Period upto which accounts finalised	Period for which accounts in arrears	No. of years for which accounts in arrears
II	B. Name of the Statutory corporation			
	i. State Bank of Sikkim	2001-2002	2002-2003	1
	ii. Sikkim Mining Corporation	2000-2001	2001-2002 2002-2003	2
	iii. State Trading Corporation of Sikkim	1999-2000	2000-2001 2001-2002 2002-2003	3

The administrative departments have to oversee and ensure that the accounts are finalised and adopted by the PSUs within stipulated period. Though the concerned administrative departments and officials of the Government were apprised quarterly by the Audit regarding arrears in finalisation of accounts, no effective measures have been taken by the Government and as a result, the investments made in these PSUs could not be assessed in Audit.

8.5 Financial Position and working results of working PSUs

8.5.1 The summarised financial results of working PSUs (Government companies and Statutory corporations), as per latest finalised accounts are given in **APPENDIX-XVII**. Statement showing financial position and working results of individual working Statutory corporations for the latest three years for which accounts are finalised are given in **APPENDIX-XIX** and **XX** respectively.

According to latest finalised accounts of nine working Government companies and three working Statutory corporations, five companies and two corporations had incurred an aggregate loss of Rs.1.17 crore and Rs.2.35 crore respectively, three companies and one corporation earned an aggregate profit of Rs.16.85 lakh and Rs.31.52 lakh respectively. One company, Sikkim Power Development Corporation is at the implementation stage.

8.6 Working Government companies

Profit earning working companies and dividend

8.6.1 As per latest finalised accounts, three companies viz. Sikkim Precision Industries Limited (SPIL), Sikkim Industrial Development and Investment Corporation Limited (SIDICO) and Sikkim Tourism Development Corporation (STDC) which finalised their accounts for 2002-03 (one company) and 2001-2002 (two companies) earned profit of Rs.16.85 lakh. None of the companies declared dividend during the year for which accounts were finalised.

Loss incurring working companies

8.6.2 Of the five loss incurring working companies, four companies had accumulated losses aggregating Rs.14.17 crore which represented 62 per cent of their paid up capital.

Working Statutory corporations

Profit earning Statutory corporation

8.6.3 As per latest finalised accounts, State Trading Corporation of Sikkim (STCS) which finalised its accounts for 1999-2000, earned a profit of Rs.31.52 lakh but had not declared any dividend.

Loss incurring Statutory corporation

8.6.4 Of the two loss incurring working Statutory corporations, one corporation viz. State Bank of Sikkim had accumulated losses aggregating Rs.23.27 crore which exceeded its aggregate paid up capital by Rs.22.69 crore.

Operational performance of working Statutory corporations

8.6.5 The operational performance of the working Statutory corporations for the last three years for which required information had been furnished by only two corporations is given in **APPENDIX-XXI**. It will be observed that in case of Sikkim Mining Corporation, percentage of capacity utilisation which was 73 in 2000-2001 came down to 22 in 2002-2003.

Return on Capital Employed

8.6.6 As per the latest finalised accounts (up to September 2003), the capital employed¹ worked out to Rs.99.16 crore in nine working companies and the total return thereon amounted to Rs.16.85 lakh which is 0.17 *per cent* as compared to total return of Rs.33 lakh in six companies (0.37 *per cent*) in 2001-02. Similarly, the capital employed and total return thereon in case of working Statutory corporations as per the latest finalised accounts (up to September 2003) worked out to Rs.187.18 crore and Rs.31.52 lakh (0.17 *per cent*), respectively, against the total return of Rs.31 lakh (0.21 *per cent*) in previous year. The details of capital employed and total return on capital employed in case of each Government company and corporation is given in **APPENDIX-XVII**.

8.7 Non-working PSUs

Investment in non-working PSUs

8.7.1 As on 31 March 2003, the total investment in three non-working PSUs (Government companies) was Rs.1.27 crore (equity: Rs.1.27 crore) and there was no change from the position as on 31 March 2002.

The classification of non-working PSUs is as under:

¹ 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).

Table-8.5

(Rupees in crore)

Sl. No.	Status of Non-working PSUs	Number of companies	Numbers of corporation	Investment			
				Companies		Corporations	
				Equity	Long terms loan	Equity	Long terms loan
i.	Under closure	2	-	0.58	-	-	-
ii.	Other*	1	-	0.69	-	-	-
	TOTAL	3	-	1.27	-	-	-

* The operational function has been leased out.

Of the above non-working PSUs, two Government companies were under closure for four years and a substantial investment of Rs.58 lakh was involved in these companies.

Budget outgo, grant, subsidy, guarantees, waiver of dues and conversion of loans into equity

8.7.2 The details regarding budgetary outgo, grants/subsidies, guarantees issued waiver of dues and conversion of loans into equity by the State Government to three non-working PSUs are given in **APPENDIX -XVI** and **XVIII**.

The State Government had not given any budgetary support during 2002-03 to these non-working PSUs.

Total establishment expenditure of non-working PSUs

8.7.3 The year-wise details of total establishment expenditure of two non-working PSUs and the source of financing them during the last five years up to 2002-03 (reporting years) could not be analysed due to non-finalisation of accounts by the respective PSUs. One PSU viz. Sikkim Livestock Processing and Development Corporation is under lease.

Finalisation of accounts by non-working PSUs

8.7.4 The accounts of three non-working companies were in arrears for the periods ranging from one to eight years as on 30 September 2003 as could be noticed from **APPENDIX-XVII**.

Financial position and working results of non-working PSUs

8.7.5 The summarised financial results of non-working Government companies as per latest finalised accounts are given in **APPENDIX-XVII**.

The year wise details of paid-up capital, net-worth, cash loss/cash profit and accumulated loss/accumulated profit of non-working PSUs as per the latest finalised accounts are given below:

Table-8.6

Name of the Company (Year of Accounts)	Paid-up capital	Net-worth	Cash loss (-) / Cash profit (+)	(Rupees in crore)
				Accumulated loss (-) / accumulated profit (+)
A. Non-working companies				
i. Sikkim Flour Mill Ltd. (1994-1995)	0.60	0.47	-	(-) 0.13
ii. Sikkim Livestock Processing and Development Corporation (2001-2002)	0.69	0.15	-*	(-) 0.54
iii. Chanmari Workshop and Automobiles Ltd (1994-1995)	0.002	(-)0.02	(-) 0.14	(-) 0.02

* Cash loss is Rs.17,387 only.

8.8 Status of placement of Separate Audit Reports of Statutory corporations in Legislature

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

Table-8.7

Sl. No.	Name of Statutory corporation	Year 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 Legislature
i	Sikkim Mining Corporation (SMC)	1998-1999	1999-2000	Not yet issued	Under printing
ii	State Bank of Sikkim (SBS)	1999-2000	2000-2001 2001-2002	-do-	-do-
iii	State Trading Corporation of Sikkim (STCS)	1997-1998	1998-1999 1999-2000	-do-	-do-

8.9 Disinvestment, Privatisation and Restructuring of Public Sector Undertakings

8.9.1 During the year 2002-03, there has been no privatisation (partial or complete) of any activity of these companies or corporations, and the Government has also not gone for disinvestments of shares in any company/corporation.

8.10 Results of audit by Comptroller and Auditor General of India

8.10.1 During the period from October 2002 to September 2003, the audit of 16 accounts of six working companies, three accounts of three working Statutory corporations and three accounts of one non working company were selected for review. The net impact of the important audit observations as a result of review of the PSUs was as follows:

Table-8.8

Details	No. of accounts				Rupees in lakh			
	Government companies		Statutory corporations		Government companies		Statutory corporations	
	Working	Non-working	Working	Non-working	Working	Non-working	Working	Non-working
(i) Decrease in profit	1	-	1	-	3.06	-	16.79	-
(ii) Increase in loss	4	3	2	-	7.02	7.42	3359.99	-

Some of the major errors and omissions noticed in the course of audit of annual accounts of some of the above companies and corporations are mentioned below:

* During 2001-2002, the interest rebate claim of Rs.20.89 crore was shown as receivable from the Government of Sikkim by the State Bank of Sikkim (SBS) despite the refusal of the Government to reimburse the claim. This has resulted in overstatement of "Other Assets" with corresponding understatement of loss.

(SBS Annual Account 2001-02)

* The amount of Rs.56.59 lakh released by Government of Sikkim to Sikkim Poultry Development Corporation Limited (SPDCL) as equity during 1992-93 and 1993-94 was booked as grant in aid. Further, Rs.55.06 lakh released as equity for acquisition of land during 1992-93 and 1993-94 were not accounted for in the accounts. This has resulted understatement of paid up share capital by Rs.1.12 crore.

(SPDCL Annual Accounts 1996-97)

* Non provision of tax liability in the annual accounts of the corporations has resulted in overstatement of profit by Rs.16.79 lakh by State Trading Corporation of Sikkim (STCS) and also under statement of loss by Rs.27.68 lakh by State Bank of Sikkim (SBS) and Rs.3.90 lakh by Sikkim Mining Corporation (SMC).

(STCS Annual Account 1999-00)

(SBS Annual Account 2001-02)

(SMC Annual Account 1999-2000)

8.11 Response to Inspection Reports, Draft Paragraphs and Reviews

8.11.1 Audit observations noticed during audit and not settled on the spot are communicated to Heads of PSUs and concerned departments of State Government through Inspection Reports. The Heads of the PSUs are required to furnish replies to the Inspection Reports within a period of four weeks. Inspection Reports up to March 2003 pertaining to 12 PSUs disclosed that the 128 paragraphs relating to 40 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 are given in **APPENDIX-XXII**.

8.12 Position of discussion of Audit Reports (Commercial) by the Public Accounts Committee (PAC)

8.12.1 The reviews and paragraphs of the Commercial Chapter of the Audit Report, Government of Sikkim pending for discussion by Public Accounts Committee as at the end of March 2003 were as below:

Table-8.9

Period of Audit Report	Total number of reviews and paragraphs in the Commercial Chapter		No. of reviews and paragraphs pending discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
2000-2001	-	3	-	3
2001-2002	-	3	-	3

SIKKIM HATCHERY LIMITED

8.13 Operational losses

Due to construction activities not being taken up in a planned manner, Sikkim Hatcheries Limited in the first four years of its commercial operations alone, incurred operational losses aggregating Rs.47 lakh.

The Sikkim Hatcheries Limited (SHL) was incorporated in August 1994 under the Sikkim Registration of Companies Act, 1961 as a joint sector company (Government – 96 per cent, Privately – 4 per cent) promoted by Sikkim Poultry Development Corporation Ltd. (SPDCL), a State Government undertaking and Venkateshwara Hatcheries Limited, a private company. On 8 April 1994, Management approved a project estimated at Rs.2.56 crore for setting up a breeding farm for 10,000 broiler breeders and 5,000 layer breeders with hatchery of matching capacity and feed mill for captive consumption.

Scrutiny of records (June 2003) showed that the hatchery building, fencing, approach road, water supply, etc., were completed by January 1999, 18 months behind schedule at a cost of Rs.64.52 lakh. The breeder shed, grower shed and layer shed required for layer breeders and broiler parents were not taken up for construction though this infrastructure was essential for production of eggs required by the hatchery unit for hatching layer and broiler chicks. Due to this omission, the projected production of eggs could not commence and the eggs were sourced from outside.

During February 1999 to March 2002, SHL procured 24,51,242 eggs at a cost of Rs.2.08 crore, out of which 18,24,499 chicks were hatched which generated a revenue of Rs.2.99 crore (including other receipts of Rs.0.08 lakh). As against this, SHL purchased chicks and feed worth Rs.55 lakh in addition to incurring establishment and other fixed costs totalling Rs.83 lakh during this period. As a result instead of the anticipated profit of Rs.1.04 crore in the first four years of its operation, SHL wound up with operational losses of Rs.47 lakh in the same period.

Thus, due to construction works not being taken up in a planned manner as envisaged in the project report, the breeding of broilers and layers with eggs produced in-house could not be started and SHL was forced to procure eggs for hatching from outside sources leading to its uneconomical running and operational losses.

The matter was reported to the management and Government in July 2003; their replies are awaited (December 2003).

**SIKKIM POULTRY DEVELOPMENT
CORPORATION LIMITED**

8.14 Unproductive expenditure

With the corporation remaining dormant since its formation, the expenditure of Rs.47.88 lakh on establishment related expenditure was a waste of public funds.

The Sikkim Poultry Development Corporation Limited (SPDC) was established as a 100 *per cent* Government owned company in March 1991 under the Registration of Companies Act (Sikkim), 1961 with the following objectives:

- promote, establish, administer, own and run, improve, develop, finance directly or indirectly production, processing, storage and sale of poultry, poultry products, poultry feeds and equipment;
- provide services and assistance for the said purpose including capital, credit resources, technical and managerial;
- organise and assist production, collection, marketing, transport, distribution, sale, import and export of poultry, poultry products, poultry feeds and equipments;
- establish, maintain and operate poultry farms to produce poultry, poultry products, distribution, sale, import and export of poultry, poultry products, poultry feeds, equipments etc.

The audit of the SPDC was entrusted to the CAG in July 2002 by the State Government pursuant to which the first audit of the Corporation was carried out in June 2003. It was noticed in Audit that since its inception no action, whatsoever, was ever initiated by the SPDC to perform or discharge the objectives for which it was set up. It remained virtually a dormant organisation with not a single activity being taken up in the twelve years of its existence.

From the time of its formation till 2001-02, it was seen that the SPDC received Rs.56.59 lakh as equity participation and Rs.23.93 lakh as grants from the Government of Sikkim (GOS). Against the total receipts of Rs.80.52 lakh against which it also earned interest income of Rs.15.75 lakh, the SPDC spent a total of Rs.47.88 lakh on salaries and allowances (Rs.16.95 lakh); purchase of vehicles, POL, repair and maintenance (Rs.14.94 lakh); furniture and fixtures (Rs.5.49 lakh) and miscellaneous office expenditure (Rs.10.50 lakh) besides transferring Rs.43.83 lakh to Sikkim Hatcheries Limited (SHL), (Rs.31.83 lakh during July 1995 and Rs.12.00 lakh during January 1997) another Government company.

Against the backdrop of the SPDC's utter inactivity for twelve years, the expenditure of Rs.47.88 lakh on salaries, furniture, vehicles, etc. during this period was a waste of public funds.

The management's reply (August 2003) that SPDC carried out construction of building, approach road and other infrastructure for SHL is not germane to the fact that no activity was carried out by SPDC towards the fulfillment of objectives for which it was set-up, by the Government. The management further admitted that after the establishment and commencement of commercial production by the SHL, the importance and activities of SPDC got minimised.

STATE TRADING CORPORATION OF SIKKIM

8.15 Loss due to imprudent financial management

Investing in a bank without verifying its antecedents and financial soundness resulted in a loss of Rs.30.99 lakh.

State Trading Corporation of Sikkim (STCS) invested an amount of Rs.27.38 lakh with Sikkim Bank Limited (SBL) in February 1998 in a term deposit with a maturity value of Rs.32.19 lakh on 24 April 1999. STCS also opened two current accounts at Gangtok and Jorethang branches of the same Bank during January 1997 and February 1997 respectively, the amount payable (as on 29 March 1999) to STCS against which stood at Rs.1.95 lakh (Gangtok Rs.1.24 lakh and Jorethang Rs.0.71 lakh).

Before making these investments with SBL {a private bank registered during 1985 under the Registration of companies (Act), Sikkim, 1961}, the STCS did not verify the antecedents of the Bank and its financial soundness. Due to adverse financial conditions, SBL went under moratorium in March 1999 and was amalgamated with Union Bank of India (UBI) in December 1999. Out of a total claim (including interest) of Rs.34.14 lakh, UBI paid only Rs.3.15 lakh to STCS as its pro-rata share in terms of the scheme of amalgamation. The balance amount of Rs.30.99 lakh was not taken over by UBI as a liability.

Thus, an imprudent decision to invest in a private bank without verifying its credentials caused a loss of Rs.30.99 lakh to STCS.

The Managing Director, while accepting the loss, stated (November 2003) that investment was made in consideration of the fact that the SBL was one of the top performers and was offering higher rate of interest as compared to other Banks and further added that a committee of depositors and investors have been formed to recover the loss. However, as of November 2003, no recovery was made from the Bank.

The matter was reported to the Government in June 2003; their reply is awaited.