

# CHAPTER - I

## 1. Overview of State Public Sector Undertakings

### Introduction

**1.1** The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. The State PSUs are established to carry out activities of a commercial nature while keeping in view the public welfare.

**1.2** In Chhattisgarh, as on 31 March 2012, there were 18<sup>1</sup> Government companies and two<sup>2</sup> Statutory corporations (all working). None of these companies was listed in any of the stock exchanges. These PSUs registered a turnover of ₹ 14200.21 crore for 2011-12 as per their latest finalised accounts as of September 2012. This turnover constituted 10.48<sup>3</sup> *per cent* of the State Gross Domestic Product (GDP) for 2011-12. Major activities of Chhattisgarh State PSUs are concentrated in the power sector. The State PSUs earned an aggregate profit of ₹ 309.44 crore in 2011-12 as per their latest finalised accounts. They had employed 21054 employees<sup>4</sup> as of 31 March 2012.

**1.3** During the year 2011-12, two PSUs<sup>5</sup> were established and no PSU/ Statutory corporation closed down.

### Audit Mandate

**1.4** Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company.

**1.5** The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956. These

---

<sup>1</sup> Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (CRBEKVNL), Chhattisgarh Rajya Van Vikas Nigam Limited (CRVVNL), Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam (CNJVAVN), Chhattisgarh Infrastructure Development Corporation Limited (CIDC), Chhattisgarh State Industrial Development Corporation Limited (CSIDC), Chhattisgarh Mineral Development Corporation Limited (CMDC), CMDC ICPL Coal Limited (CICL), Chhattisgarh Sondiha Coal Company Limited (CSCCL), CSPGCL AEL Parsa Collieries Limited (CSPGCL AELPCL), Chhattisgarh State Power Distribution Company Limited (CSPDCL), Chhattisgarh State Power Generation Company Limited (CSPGCL), Chhattisgarh State Power Holding Company Limited (CSPHCL), Chhattisgarh State Power Trading Company Limited (CSPTCL), Chhattisgarh State Power Transmission Company Limited (CSPTCL), Chhattisgarh State Beverages Corporation Limited (CSBCL), Chhattisgarh State Civil Supplies Corporation Limited (CSCSCL), Chhattisgarh Medical Services Corporation Limited (CMSCL) and Chhattisgarh Police Housing Corporation Limited (CPHCL).

<sup>2</sup> Chhattisgarh State Warehousing Corporation (CSWC) and Chhattisgarh State Electricity Board (CSEB), which was unbundled into five companies with effect from 1 January 2009 as per the State Government Gazette Notification dated 19 December 2008. The name of CSEB has been included in the Chapter for reconciliation purposes as CSEB accounts were finalised during 2011-12 and is appearing in **Annexure-1.2**.

<sup>3</sup> Percentage is based on the figure of State GDP for the year 2011-12.

<sup>4</sup> As per the details provided by 16 PSUs.

<sup>5</sup> CMSCL and CPHCL.

accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 of the Companies Act, 1956.

**1.6** Audit of Statutory corporations is governed by the Warehousing Corporation Act, 1962 and the Electricity Act, 2003 in respect of Chhattisgarh State Warehousing Corporation and Chhattisgarh State Electricity Board respectively. The audit of CSWC is conducted by Chartered Accountants and supplementary audit is done by CAG whereas in respect of Chhattisgarh State Electricity Board, CAG is the sole auditor.

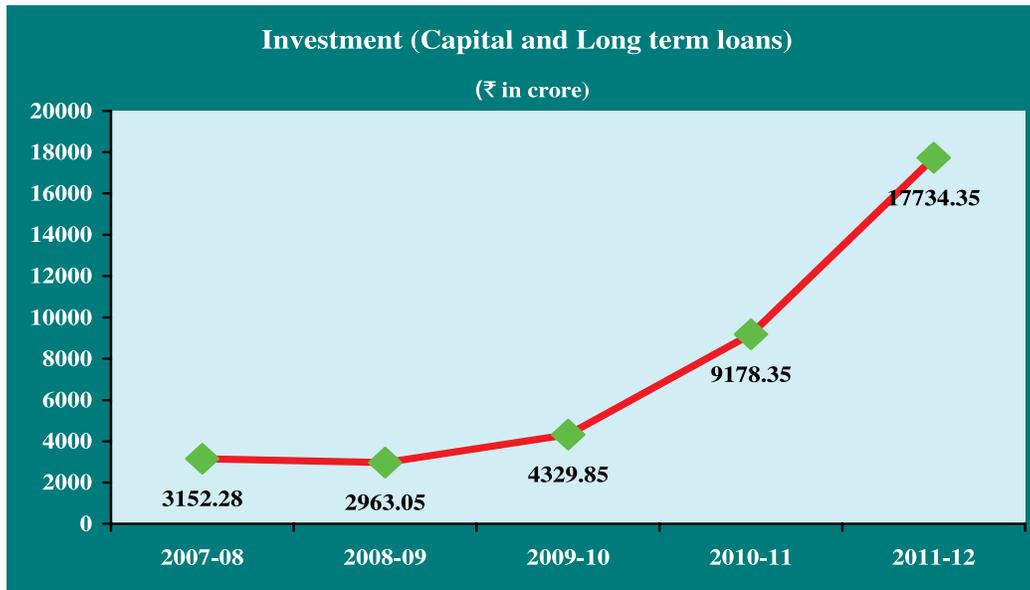
### Investment in State PSUs

**1.7** As on 31 March 2012, the investment (Capital and Long-term loans) in 20 PSUs (including two Statutory corporations) was ₹ 17734.35 crore. The details are given in the following table:

Government companies			Statutory corporations			(₹ in crore)
Capital	Long term Loans	Total	Capital	Long term Loans	Total	Grand Total
9157.07	8564.27	17721.34	1.00	12.01	13.01	17734.35

A summarised position of Government investment in State PSUs is detailed in *Annexure-1.1*.

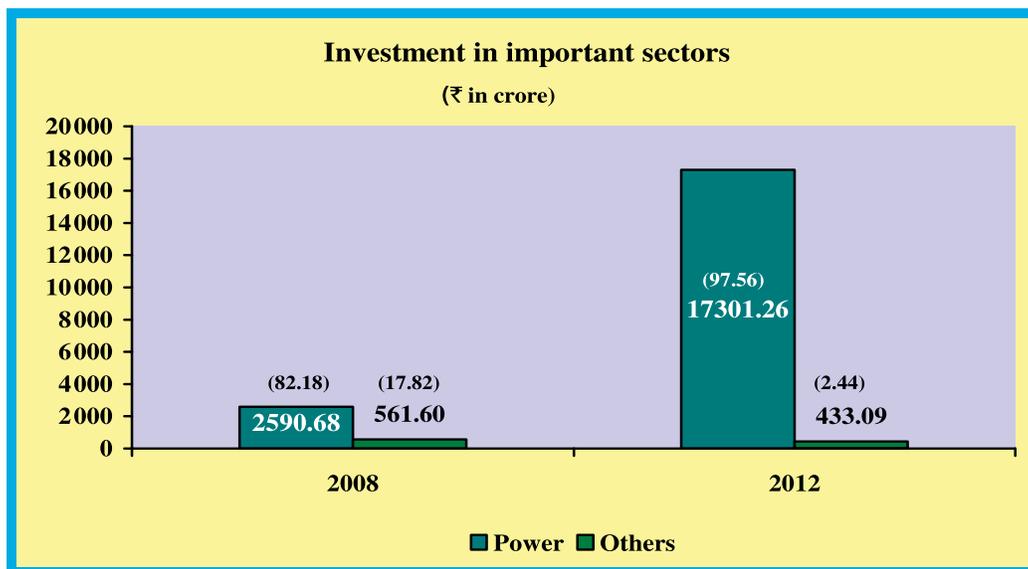
**1.8** As on 31 March 2012, out of the total investment of ₹ 17734.35 crore, 51.64 *per cent* was towards Capital and 48.36 *per cent* was towards Long-term loans. The investment in the PSUs has grown by 462.59 *per cent* from ₹ 3152.28 crore in 2007-08 to ₹ 17734.35 crore in 2011-12 as shown below:



It may be seen from the above line graph that during the year 2011-12, there was an increase of ₹ 8556 crore over the previous year in the investment in State PSUs, which was mainly due to more investments in the power sector by

way of equity of ₹ 4455.05 crore from the State Government (kept under share suspense account during the year 2010-11) and loans of ₹ 2776.38 crore from Power Finance Corporation Limited and Rural Electrification Corporation Limited.

**1.9** The investment in various important sectors and percentage thereof to total investment as of 31 March 2008 and 31 March 2012 are indicated below in the bar chart.



(Figure in brackets shows percentage of total investment)

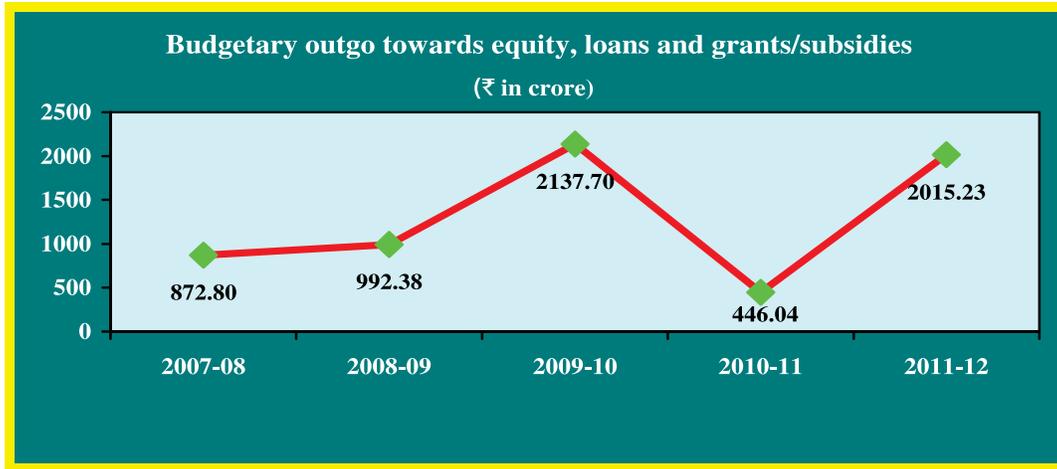
As may be seen from the above chart, the bulk of the investment of the State Government was in the PSUs in the power sector, which increased from ₹ 2590.68 crore during 2007-08 to ₹ 17301.26 crore during 2011-12.

### Budgetary outgo towards Equity, Grants/Subsidies, Guarantees and Loans

**1.10** The details regarding budgetary outgo by the State Government towards equity, loans, grants/subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in *Annexure-1.3*. The summarised details for three years ended 2011-12 are given in the following table.

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)
1.	Equity Capital outgo from budget	-	-	-	-	-	-
2.	Loans given from budget	1	500.00	1	0.01	1	500.00
3.	Grants/Subsidy received	7	1637.70	7	446.03	7	1515.23
4.	Total Outgo (1+2+3)	7 <sup>6</sup>	2137.70	7 <sup>6</sup>	446.04	7 <sup>6</sup>	2015.23
5.	Loans converted into equity	-	-	-	-	-	-
6.	Guarantees issued	1	1.46	1	2.33	1	2.50
7.	Guarantee commitment	2	376.53	2	345.61	2	302.84

**1.11** The details regarding budgetary outgo towards equity, loans and grants/subsidies for the past five years are given in the following graph.



The budgetary outgo towards equity, loans and grants/subsidies increased from ₹ 872.80 crore (2007-08) to ₹ 2137.70 crore (2009-10). The same had drastically decreased to ₹ 446.04 crore (2010-11) and again increased to ₹ 2015.23 crore (2011-12). The budgetary outgo of ₹ 2015.23 crore during 2011-12 included support of ₹ 1918.02 crore extended to two PSUs viz. Chhattisgarh State Power Distribution Company Limited and Chhattisgarh State Civil Supplies Corporation Limited by way of loans, subsidy and grants of ₹ 421.10 crore and ₹ 1496.92 crore respectively.

<sup>6</sup> These are the actual number of PSUs which have received budgetary support in the form of equity, loans, grants and subsidy from the State Government during the year

**1.12** The guarantees outstanding decreased from ₹ 376.53 crore in 2009-10 to ₹ 302.84 crore in 2011-12. None of the PSUs had paid any guarantee fee/commission to the State Government during 2011-12.

### Reconciliation with Finance Accounts

**1.13** The figures in respect of equity, loans and guarantees outstanding as per the records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should reconcile the differences. The position in this regard as at 31 March 2012 is stated in the following table:

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	928.37	4341.08	3412.71
Loans	484.11	390.15	93.96
Guarantees	435.94	302.84	133.10

**1.14** We observed that the differences occurred in respect of eight<sup>7</sup> PSUs and some of the differences were pending reconciliation since 2004-05. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

### Performance of PSUs

**1.15** The financial results of PSUs and financial position and working results of working statutory corporations are detailed in *Annexure-1.2, 1.5* and *1.6* respectively. The ratio of PSUs turnover to State GDP shows the extent of PSUs activities in the State economy. The following table provides the details of working PSUs' turnover and State GDP for the period 2007-08 to 2011-12.

(₹ in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Turnover <sup>8</sup>	4493.73	4773.05	5449.33	8804.03	14200.21
State GDP <sup>9</sup>	67455.00	80698.41	107848.23	129717.54	135536.34
Percentage of Turnover to State GDP	6.66	5.91	5.05	6.79	10.48

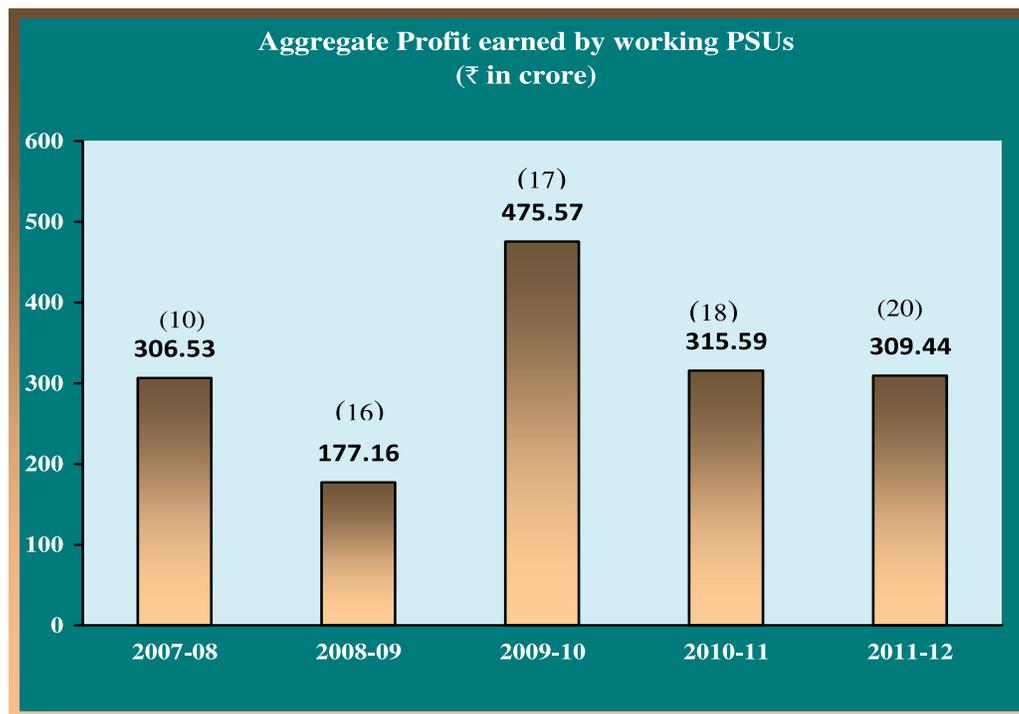
The percentage of turnover of State PSUs to the State GDP has increased from 6.66 in 2007-08 to 10.48 in 2011-12. The significant increase in the turnover during the year 2011-12 was mainly due to increase in turnover in the power sector.

<sup>7</sup> CNJVAVN, CSIDC, CSPHCL, CSPTCL, CSPDCL, CSCSCL, CMSCL and CIDC

<sup>8</sup> Turnover as per the latest finalised accounts as of 30 September 2012

<sup>9</sup> The State GDP in respect of 2011-12 is advance estimate

**1.16** The aggregate profit earned by State working PSUs during the period 2007-08 to 2011-12 is given in the following bar chart.



(Figure in brackets shows the number of working PSUs in the respective years based on finalised accounts)

As per the latest accounts finalised, out of 20<sup>10</sup> working PSUs, 11 PSUs<sup>11</sup> earned total profit of ₹ 922.12 crore and six<sup>12</sup> PSUs incurred total loss of ₹ 612.68 crore as per their latest finalised accounts as on 30 September 2012. One<sup>13</sup> PSU prepared its accounts on “no profit no loss” basis. The remaining two<sup>14</sup> PSUs did not finalise their first accounts. The major contributors to profit were Chhattisgarh State Electricity Board (₹ 754.13 crore), Chhattisgarh Rajya Van Vikas Nigam Limited (₹ 22.22 crore), Chhattisgarh State Power Generation Company Limited (₹ 102.51 crore) and Chhattisgarh State Warehousing Corporation (₹ 21.90 crore). Losses were mainly incurred by Chhattisgarh State Power Distribution Company Limited (₹ 581.34 crore) and Chhattisgarh State Civil Supplies Corporation Limited (₹ 29.88 crore). It needs to be mentioned here that though CSEB did not have any operations from 1 January 2009 onwards, the profit mentioned above is in respect of the nine month period ended on 31 December 2008, the accounts for which were finalised during 2011-12.

<sup>10</sup> Including erstwhile CSEB, which was unbundled into five power sector companies (serial number A-10 to 14 of Annexure – 1.2) in December 2008, but had finalised its accounts for nine months period ended on 31 December 2008 in May 2012

<sup>11</sup> CRBEKVNL, CRVVNL, CNJVAVN, CIDC, CMDC, CSPGCL, CSPTr.CL, CSPTCL, CSBCL, CSWC and CSEB

<sup>12</sup> CSIDC, CICL, CSCCL, CSPGCL AELPCL, CSPDCL and CSCSCL

<sup>13</sup> CSPHCL

<sup>14</sup> CMSCL and CPHCL

**1.17** The losses incurred by PSUs are mainly attributable to deficiencies in financial management, planning, implementation of projects, running their operations and monitoring. A review of the latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of ₹ 1958.08 crore and infructuous investments of ₹ 44.12 crore which were controllable with better management. Year wise details from the Audit Reports are as follows:

Particulars	(₹ in crore)			
	2009-10	2010-11	2011-12	Total
Net Profit (+)/ loss (-) of working PSUs	475.57	315.59	309.44	<b>1100.60</b>
Controllable losses as per CAG's Audit Report	420.70	2096.95	1958.08	<b>4475.73</b>
Infructuous investments	80.92	0	44.12	<b>125.04</b>

**1.18** The above losses pointed out in the Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses may be much more. The above table shows that with better management, the profits can be enhanced substantially. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards the need for professionalism and accountability in the functioning of PSUs.

**1.19** Other key parameters pertaining to State PSUs, as per their latest finalised accounts, are given in the following table.

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Return on Capital Employed ( <i>per cent</i> )	22.76	14.38	12.09	5.10	5.59
Debt(₹ in crore)	3108.27	2861.68	4249.60	5258.06	8576.28
Turnover <sup>15</sup> (₹ in crore)	4493.73	4773.05	5449.33	8804.03	14200.21
Debt/ Turnover Ratio	0.69:1	0.60:1	0.78:1	0.60:1	0.60:1
Interest Payments ( ₹ in crore)	216.20	180.99	213.31	353.87	618.38
Accumulated Profits ( ₹ in crore)	728.52	836.89	1808.06	2052.21	2002.78

**1.20** Return on Capital Employed decreased from 22.76 *per cent* in 2007-08 to 5.59 *per cent* in 2011-12 which indicated the deteriorating operational performance of PSUs. However, the Debt turnover ratio remained steady from 2007-08 to 2011-12. The accumulated profits of the State PSUs had also shown gradual improvement during the period 2007-08 to 2011-12 and had registered a growth of about three times from the year 2007-08 (₹ 728.52 crore) to 2011-12 (₹ 2002.78 crore). This indicates that the performance of the State PSUs is good enough to absorb the debt burden.

**1.21** The State Government had not formulated any dividend policy for payment of minimum return on the paid-up share capital contributed by the State Government. As per their latest finalised accounts, 11 PSUs earned a total profit of ₹ 922.12 crore of which only two PSUs<sup>16</sup> declared dividend of ₹ 2.43 crore.

<sup>15</sup> Turnover of working PSUs as per the latest finalised accounts as of 30 September 2012

<sup>16</sup> CRVVNL and CSWC

## Arrears in finalisation of accounts

**1.22** The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2012.

Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
1.	Number of Working PSUs	10	16 <sup>17</sup>	17 <sup>18</sup>	18 <sup>19</sup>	20 <sup>20</sup>
2.	Number of accounts finalised during the year	10	9	16	15	16
3.	Number of accounts in arrears	31	36	36	38	41
4.	Average arrears per PSU (3/1)	3.10	2.57	2.25	2.24	2.16
5.	Number of Working PSUs with arrears in accounts	10	13	15	15	15
6.	Extent of arrears (years)	1 to 5	1 to 5	1 to 6	1 to 5	1 to 6

**1.23** The number of accounts in arrears of the PSUs had increased over the years from 31 accounts in respect of 10 PSUs in 2007-08 to 41 in 2011-12 in respect of 15 PSUs.

**1.24** The State Government had invested ₹ 3253 crore (Loans: ₹ 511.96 crore, grants: ₹ 252.43 crore and subsidy: ₹ 2488.61 crore) in eight PSUs during the years for which accounts have not been finalised as detailed in *Annexure – 1.4*. In the absence of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred had been properly accounted for and the purpose for which the amount was invested had been achieved. Thus, the Government's investment in such PSUs remained outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

**1.25** The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though we informed the concerned administrative departments and officials of the Government of the arrears in finalisation of accounts, no remedial measures were taken. As a

<sup>17</sup> Including CSPHCL and CSPTTr.CL incorporated on 30 December 2008 and not considered to be in arrears as their first accounts were prepared for 15 months period

<sup>18</sup> Including CSEB, which was unbundled into five companies with effect from 1 January 2009 as per the State Government Gazette Notification dated 19 December 2008. The name of CSEB has been included in the Chapter for reconciliation purposes as CSEB, having pendency upto 2008-09 in finalisation of accounts is appearing under *Annexure – 1.2* and not considered to be in arrears of accounts

<sup>19</sup> CSEB not considered as arrears of accounts

<sup>20</sup> CSEB not considered as arrears of accounts and CPHCL incorporated on 14 December 2011 is also not considered to be in arrears as their first accounts were prepared for 15 months period. However in respect of CMSCL two accounts have been considered as arrears because the Company has prepared two accounts separately - one for the period from 7 October 2010 to 31 March 2011 and another for the period from 1 April 2011 to 31 March 2012

result of this we could not assess the net worth of these PSUs. We had also taken up (March 2012) the matter of arrears in accounts with the Chief Secretary to expedite clearance of the backlog of arrears in accounts in a time bound manner.

**1.26** In view of the above state of arrears, it is recommended that the Government should monitor and ensure timely finalisation of accounts in conformity with the provisions of the Companies Act, 1956.

### Accounts Comments and Internal Audit

**1.27** Thirteen working companies forwarded their 14 audited accounts to the Accountant General during the period from 1 October 2011 to 30 September 2012. Out of these, 11 companies<sup>21</sup> were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved. The details of aggregate money value of comments of statutory auditors and CAG are as follows:

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1.	Decrease in Profit	1	3.92	3	1027.92	8	1024.43
2.	Increase in Loss	3	5.91	1	0.36	-	-
3.	Increase in Profit	-	-	2	3.66	-	-
4.	Decrease in Loss	-	-	-	-	1	6469.24
5.	Non-disclosure of material facts	3	70.14	1	15.62	-	-

**1.28** During the year 2011-12, the statutory auditors had given unqualified certificates for three accounts and qualified certificates for 11 accounts. The compliance by companies with the Accounting Standards (AS) was generally satisfactory as there were only six instances of non-compliance with AS-15<sup>22</sup>, four instances with respect to AS-2<sup>23</sup> and three instances with respect to AS-1<sup>24</sup>, AS-9<sup>25</sup> and AS-28<sup>26</sup> during the year.

**1.29** Some of the important comments in respect of accounts of companies finalised during 2011-12 are stated below.

#### Chhattisgarh State Civil Supplies Corporation Limited (2009-10)

- Loss and Current Liabilities were understated by ₹ 0.33 crore due to short provision of interest on Government Loan of ₹ 500 crore.

<sup>21</sup> CRBEKVN, CRVVNL, CIDC, CMDC, CSPGCL, CSPTCL, CSBCL, CICL, CSPDCL, CSCSCL and CSPHCL

<sup>22</sup> AS-15: Accounting for Retirement Benefits in the Financial Statement of Employers

<sup>23</sup> AS-2: Valuation of Inventories

<sup>24</sup> AS-1: Disclosure of Accounting Policies

<sup>25</sup> AS-9: Revenue Recognition

<sup>26</sup> AS-28: Impairment of Assets.

- Current Assets (Loans & Advances) and Current Liabilities (Payment to other Parties) were overstated due to non-adjustment of advance of ₹ 424.34 crore given to Marketing Federation/Sugar Mills during the year 2009-10 for supply of De-centralised Procurement rice/sugar against Liability for purchase of rice/sugar.

#### **Chhattisgarh State Power Transmission Company Limited (2009-10)**

- There was overstatement of Profit by ₹ 56 lakh and consequent understatement of Repair, Administrative, Other expenses and Current liabilities due to non-provision of revenue expenditure.
- Current liabilities and Provision and Capital Work-in-Progress were understated due to non-accountal of expenditure of ₹ 15.15 crore incurred on 13 ongoing Capital works.
- Cash and Bank balances and Profit were understated by ₹ 26.33 lakh due to non-accountal of revenue collected in March 2010 towards transmission charges, application fees and SLDC charges.
- Current liabilities and Receivables (under Inter-company Adjustment Account) were understated by ₹ 1.69 crore due to non-inclusion of the amount recovered from consumers towards deposit works.

**1.30** Similarly, two working Statutory corporations forwarded accounts to the Accountant General during the year 2011-12. Of these, audit of accounts (2008-09) of one corporation (Chhattisgarh State Electricity Board) which pertained to sole audit by CAG, was finalised in May 2012. The accounts of the other corporation (Chhattisgarh State Warehousing Corporation) were also selected for supplementary audit. The details of aggregate money value of comments of statutory auditors and CAG on these two Corporations are as follows:

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1	Increase in profit	1	23.13	-	-	-	-
2	Decrease in profit	2	82.71	2	3607.91	2	1056.20
3	Non-disclosure of material facts	1	900.77	1	1.93	-	-
	<b>Total</b>		<b>1006.61</b>		<b>3609.84</b>		<b>1056.20</b>

**1.31** During the year, one account of Chhattisgarh State Warehousing Corporation received qualified certificate from Statutory Auditor. CAG being the sole auditor of CSEB issued negative certificate for the nine month period ended on 31 December 2008.

**1.32** Some of the important comments in respect of accounts of the Statutory corporation are stated below:

**Chhattisgarh State Electricity Board (2008-09)**

- Other Current liabilities were understated and Profit was overstated by ₹ 1037.45 crore due to non-provision of the accrued liability towards gratuity and pension.
- Expenditure on Generation of Power were understated and Profit was overstated by ₹ 4.47 crore due to non adjustment of net shortage noticed on physical verification of Fuel Stock.
- Receivables against supply of Power, Revenue from Sale of Power and Profit were understated by ₹ 20.34 crore due to non-accountal of unbilled revenue of the same amount against High Tension consumers.
- Other Current Liabilities were understated and Profit was overstated by ₹ 8.27 crore due to short provision for coal supplied by Collieries in December 2008.
- Other Current Liabilities were understated and Profit was overstated by ₹ 26.09 crore due to non-provision towards liability of power purchase bill for the year 2006-07.

**Recoveries at the instance of audit**

**1.33** During the course of audit in 2011-12, recoveries of ₹ 337.12 crore were pointed out to the Management of various PSUs of which ₹ 0.19 crore was admitted by one PSU (CSPGCL) and the same was recovered during the year 2011-12.

**Status of placement of Separate Audit Reports**

**1.34** The following table shows the status of placement of Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory corporations in the State Legislature.

Sl. No.	Name of Statutory corporation	Year for which SARs placed in Legislature		
		Year of SAR	Date of issue to the Government	Date of placement in Legislature
1.	Chhattisgarh State Electricity Board	2008-09	17.05.2012	16.07. 2012
2.	Chhattisgarh State Warehousing Corporation	2010-11	27.01.2012	04.04.2012

## **Reforms in Power Sector**

**1.35** The process of unbundling of Chhattisgarh State Electricity Board was completed as per the Electricity Act, 2003. The Board was unbundled into five companies<sup>27</sup> with effect from 1 January 2009.

**1.36** The State has formed the Chhattisgarh State Electricity Regulatory Commission (CSERC) in May 2004 under Section 82 of the Electricity Act, 2003 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licences. During 2011-12, CSERC issued seven orders on annual revenue requirements and 65 other orders.

**1.37** A Memorandum of Understanding (MoU) was signed in May 2000 between the Union Ministry of Power and the State Government of Madhya Pradesh as a joint commitment for implementation of reforms programme in the power sector with identified milestones. However, no MoU was signed between the Union Ministry of Power and the State of Chhattisgarh after formation of the latter in November 2000 bifurcating the erstwhile State of Madhya Pradesh under the Madhya Pradesh Reorganisation Act. Hence, the implementation of reforms programme and achievement of identified milestones could not be assessed.

---

<sup>27</sup> CSPDCL, CSPGCL, CSPHCL, CSPTCL and CSPTCL