

CHAPTER I

1. OVERVIEW OF STATE PUBLIC SECTOR UNDERTAKINGS

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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 welfare of the people. In Bihar, the State working PSUs registered a Turnover of ₹ 7,811.28 crore for 2011-12 as per their latest finalised accounts as of September 2012. This Turnover was equal to 2.98 *per cent* of the State Gross Domestic Product (GDP) for 2011-12. The major activities of State PSUs are concentrated in Power and Finance Sectors. The State PSUs incurred a Loss of ₹ 2,619.35 crore in the aggregate for 2011-12 as per their latest finalised Accounts. They had 0.18 lakh¹ employees as of 31 March 2012.

1.2 As on 31 March 2012, there were 66 PSUs as per the details given below and none of them was listed on the stock exchange(s).

Type of PSUs	Working PSUs	Non-working PSUs ²	Total
Government companies ³	22	40	62
Statutory corporations	4	-	4
Total	26	40	66

1.3 The above 22 working Government companies include a Company, namely, Bihar Medical Services and Infrastructure Corporation Limited incorporated on 26 July 2010 under the Companies Act, 1956.

Audit Mandate

1.4 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617 of the Act, 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. Further, a Company in which not less than 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as per Section 619-B of the Companies Act, 1956.

1.5 The Accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors,

¹ As per the details provided by 23 PSUs.

² Non-working PSUs are those which have ceased to carry on their operations.

³ Includes 619-B Companies.

who are appointed by Comptroller & Auditor General of India (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956. These 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 their respective legislations. Out of four Statutory corporations, CAG is the sole auditor for the Bihar State Electricity Board (BSEB) and Bihar State Road Transport Corporation (BSRTC). In respect of Bihar State Warehousing Corporation (BSWC) and Bihar State Financial Corporation (BSFC), the audit is conducted by Chartered Accountants and CAG.

Investment in State PSUs

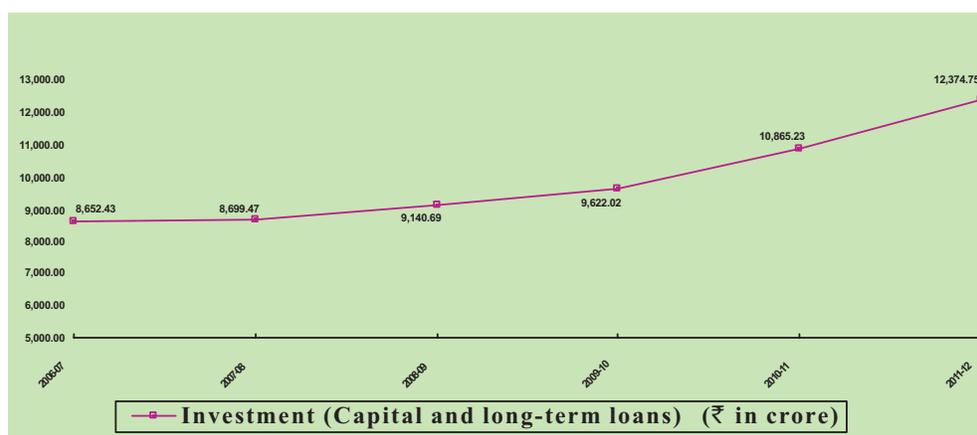
1.7 As on 31 March 2012, the investment (Capital and Long-Term Loans) in State PSUs (including deemed Government companies) was ₹ 12,374.75 crore as per details given below:

(₹ in crore)

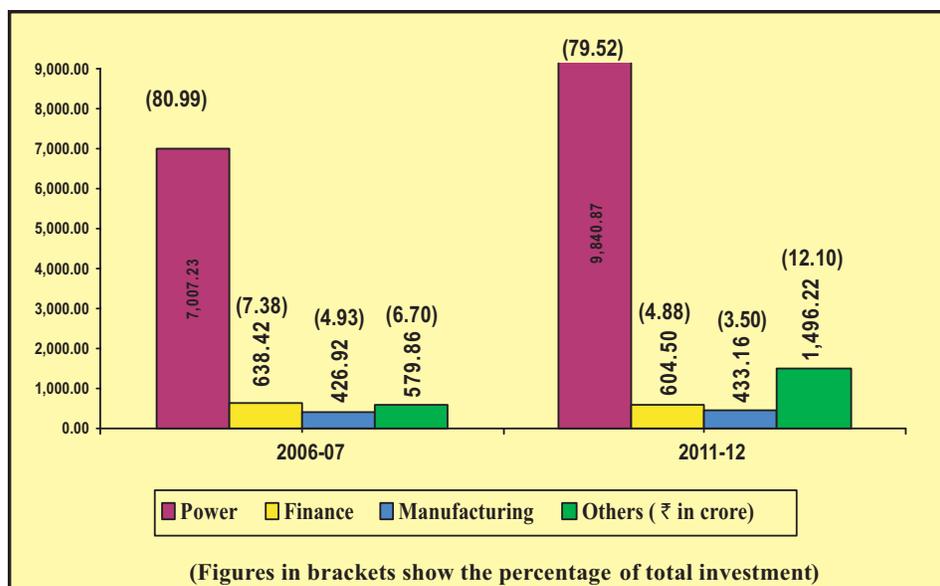
Type of PSUs	Government companies			Statutory corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	264.14	991.28	1,255.42	185.53	10,201.85	10,387.38	11,642.80
Non-working PSUs	183.97	547.98	731.95	-	-	-	731.95
Total	448.11	1,539.26	1,987.37	185.53	10,201.85	10,387.38	12,374.75

A summarised position of Government investment in State PSUs is detailed in *Annexure- 1*.

1.8 As on 31 March 2012, of the total investment in State PSUs, 94.09 per cent was in working PSUs and the remaining 5.91 per cent in non-working PSUs. This total investment consisted of 5.12 per cent towards equity capital and 94.88 per cent in long-term loans. This investment has grown by 43.02 per cent from ₹ 8,652.43 crore in 2006-07 to ₹ 12,374.75 crore in 2011-12 as shown in the graph below:



1.9 The investment in various important sectors and percentage thereof at the end of 31 March 2007 and 31 March 2012 are indicated below in the bar chart. The thrust of PSU investment was mainly on the Power sector during the past six years which increased by 40.44 per cent from ₹7,007.23 crore in 2006-07 to ₹9,840.87 crore in 2011-12 due to Loan and Grant extended to BSEB by State Government/Central Government/Others. However, the investment in other sectors had increased by 158.03 per cent in 2011-12 as compared to 2006-07. There was marginal increase in investment in manufacturing sector also.



Budgetary outgo, Grants/subsidies, Guarantees and loans

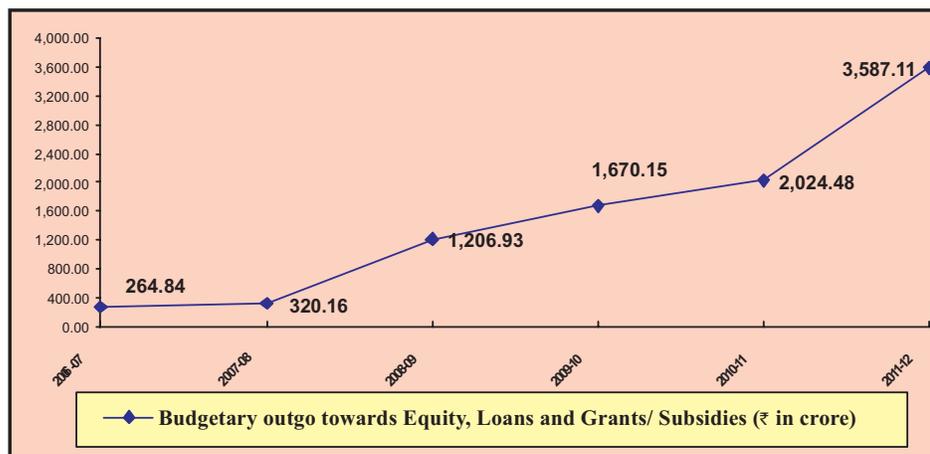
1.10 The details regarding Budgetary outgo towards equity, Loans, Grant/Subsidies, Guarantees issued, Loans written off, Loans converted into equity and interest waived in respect of State PSUs are given in *Annexure- 3*. The summarised details are given below for three years ended 2011-12.

(₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	3	26.00	3	41.29	2	2.00
2.	Loans outgo from budget	3	770.36	3	879.69	4	1,464.87
3.	Grants/Subsidy outgo	3	873.79	3	1,103.50	1	2,120.24
4.	Total outgo ⁴	8	1,670.15	7	2,024.48	6	3,587.11
5.	Interest/Penal interest written off	1	0.12	-	-	-	-
6.	Guarantees issued	-	-	1	194.58	-	-
7.	Guarantee Commitment	1	44.15	1	31.85	1	3.47

⁴ Total outgo represents the total budgetary support to actual number of companies in form of equity, loans and grant/subsidy during the year.

1.11 The details regarding budgetary outgo towards Equity, Loans and Grants/ Subsidies for past six years are given in a graph below.



The budgetary support in the form of Equity, Loans and Grants/ Subsidies by the State Government during the years 2006-07 to 2011-12 had been showing a varying trend. The budgetary support increased from ₹ 320.16 crore in 2007-08 to ₹ 3,587.11 crore in 2011-12. During the year 2011-12, Bihar State Electricity Board received a total Subsidy of ₹ 2,120.24 crore (59.11 per cent of the total budgetary support) from State Government. At the end of the year, Guarantees on Loans aggregating ₹ 249.58 crore were outstanding against four⁵ PSUs. Guarantee commission of ₹ 8.87 lakh was payable to the State Government by Bihar State Financial Corporation since 1982-83.

Reconciliation with Finance Accounts

1.12 The figures in respect of Equity, Loans and Guarantees outstanding as per 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 carry out reconciliation of differences. The position in this regard as on 31 March 2012 is stated below.

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts ⁶	Amount as per records of PSUs	Difference
Equity	420.83	527.20	106.37
Loans	15,502.99	10,958.28	4,544.71
Guarantees	890.07	249.58	640.49

1.13 The Principal Accountant General had taken up (October 2011) the issue with the Chief Secretary and the Finance Secretary with the latest reminder in December 2012 to the Principal Secretary, Finance Department,

⁵ Bihar State Backward Classes Finance & Development Corporation, Bihar State Minorities Finance Corporation Limited, Bihar State Electricity Board and Bihar State Financial Corporation.

⁶ The information is in respect of 39 PSUs as appearing in Finance Accounts.

Government of Bihar, to reconcile the differences after examination. However, this has not yet been done. The Government and the PSUs should take concrete steps to reconcile the differences in a time bound manner.

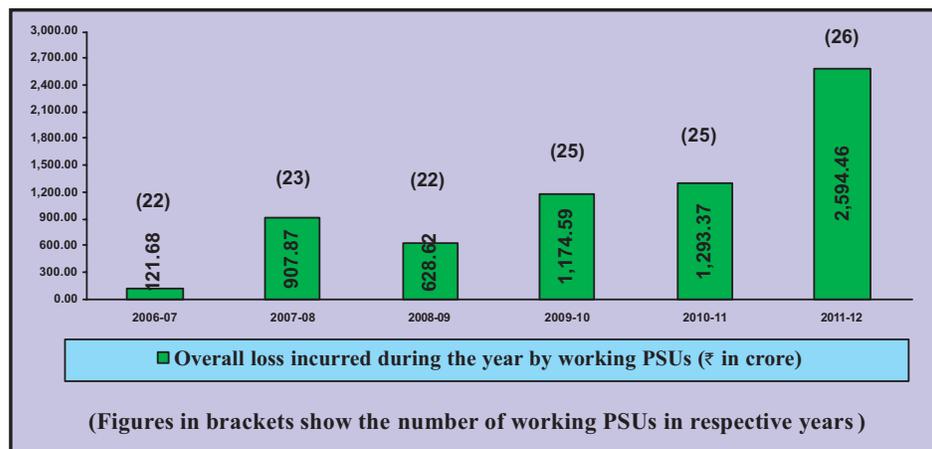
Performance of PSUs

1.14 The financial results of all the PSUs are given in *Annexure-2*. The financial position and working results of Statutory corporations are detailed in *Annexure 5 and 6* respectively. Ratio of PSUs Turnover to State GDP shows the minor role of PSUs contribution in the State Economy. Table below provides the details of working PSUs' Turnover and State GDP for the period 2006-07 to 2011-12.

(₹ in crore)						
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Turnover ⁷	1,337.29	1,587.96	1,996.59	2,508.83	4,031.46	7,811.28
State GDP ⁸	1,03,517	1,18,923	1,51,650	1,77,537	2,17,814	2,62,230
Percentage of Turnover to State GDP	1.29	1.34	1.32	1.41	1.85	2.98

The percentage of Turnover of PSUs to the State GDP remained stagnant between 1.29 per cent and 1.41 per cent during 2006-07 to 2009-10 and increased from 1.41 per cent in 2009-10 to 2.98 per cent during 2011-12. This was mainly due to increase in Turnover of seven⁹ PSUs during 2011-12.

1.15 Losses incurred by working PSUs during 2006-07 to 2011-12 are given below in a bar chart.



⁷ Turnover as per the latest finalised accounts as of 30 September 2012.

⁸ Figures of State GDP at current price, 2009-10 (provisional), 2010-11 (quick estimates) and 2011-12 (advance estimates).

⁹ Seven PSUs viz. Bihar Rajya Pul Nirman Nigam Limited, Bihar State Road Development Corporation Limited, Bihar State Electronics Development Corporation Limited, Bihar State Beverages Corporation Limited, Bihar State Food & Civil Supplies Corporation Limited, Bihar State Electricity Board & Bihar State Warehousing Corporation as per latest finalised accounts on 30 September, 2012.

As per latest finalised Accounts, out of 26 working PSUs, 14 PSUs earned Profit of ₹ 149.70 crore and 10 PSUs incurred Loss of ₹ 2,744.16 crore. Out of the remaining two PSUs, one PSU submitted its first Accounts which consisted of only pre-operating expenses and another PSU¹⁰ had not finalised its first Accounts so far (November, 2012). The major contributors of Profit were Bihar State Road Development Corporation Limited (₹75.45 crore) and Bihar Rajya Pul Nirman Nigam Limited (₹37.89 crore). The above included heavy losses incurred by Bihar State Electricity Board (₹ 2662.38 crore) as per their latest finalised accounts for the year 2011-12.

1.15.1 The Losses of PSUs were mainly attributable to deficiencies in financial management, planning, implementation of their activities, their operations and monitoring. A review of latest Audit Reports of CAG shows that the State working PSUs incurred losses to the tune of ₹ 2,594.46 crore and infructuous investment of ₹ 21.48 crore. Year-wise details from Audit Reports are stated below.

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	Total
Net Loss	1,174.59	1,293.43	2,594.46	5,062.48
Controllable losses as per CAG's Audit Report	33.21	1,539.24	852.42	2,424.87
Infructuous Investment	3.45	28.94	21.48	53.87

1.16 The above Losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable Losses could be much more. The above table indicates the need for effective management and control and ensuring accountability in the functioning of PSUs.

1.17 Some other key parameters pertaining to State PSUs are given below.

(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Return on Capital Employed (Per cent)	17.68	Nil	7.44	Nil	Nil	Nil ¹¹
Debt	8,012.25	8,152.92	8,614.53	9,037.60	10,240.33	11,741.11
Turnover ¹²	1,337.29	1,587.96	1,996.59	2,508.83	4,031.46	7,811.28
Debt/Turnover Ratio ¹³	5.99:1	5.13:1	4.33:1	3.60:1	2.54:1	1.50:1
Interest Payments	613.25	924.16	918.70	991.72	1,243.70	1,573.88
Accumulated Losses	1,686.94	2,956.74	3,593.15	4,617.88	7,212.86	9,819.49

(Above figures pertain to all PSUs except Turnover which is for working PSUs).

¹⁰ Bihar State Building Construction Corporation Limited.

¹¹ Nil indicates the negative return on Capital Employed.

¹² Turnover of working PSUs as per the latest finalised accounts as of 30 September 2012.

¹³ Debt / Turnover Ratio represents Debt divided by Turnover.

1.18 As per the latest finalised Accounts as of 30 September 2012, the Return on Capital Employed of all PSUs has decreased from 17.68 *per cent* in 2006-07 to negative return of 15.79 *per cent* in 2011-12. However, there was an improvement in Debt/Turnover Ratio from 5.99:1 in 2006-07 to 1.50:1 in 2011-12 due to increase in Turnover.

1.19 The State Government had not formulated any Dividend Policy for PSUs to pay a minimum Dividend so as to ensure return on its investments. As per their latest finalised Accounts, 14 PSUs earned an aggregate Profit of ₹ 149.70 crore. However, only three Companies out of 14 viz. Bihar State Road Development Corporation Limited, Bihar Rajya Pul Nirman Nigam Limited and Bihar State Beverages Corporation Limited proposed a total Dividend of ₹ 3.52 crore.

Arrears in finalisation of Accounts

1.20 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	22	23	25	25	26
2.	Number of Accounts finalised during the year	13	15	17	34	23 ¹⁴
3.	Number of Accounts in arrears	197	205	213	186	191 ¹⁵
4.	Average arrears <i>per</i> PSU (3/1)	8.95	8.91	8.52	7.44	7.35
5.	Number of Working PSUs with arrears in Accounts	22	23	25	23	25
6.	Extent of arrears (years)	1 to 19	1 to 20	1 to 21	1 to 21	1 to 22

1.21 Out of 26 working PSUs, 25 PSUs had arrears of 191 Accounts as of 30 September 2012. The Accounts of 25 PSUs were in arrears for periods ranging from one to 22 years. The Average of arrears per PSU had shown marginal decrease from 8.95 *per* PSU in 2007-08 to 7.35 *per* PSU in 2011-12. The reasons for arrears in Accounts were delays in preparation/certification of Accounts, delays in holding of Annual General Meeting and shortage of manpower.

¹⁴ Figure includes two Accounts finalised for the year 2010-11 of Bihar Educational Infrastructure Development Corporation Limited and Bihar Medical Services & Infrastructure Corporation Limited which were not considered as arrear of Accounts as on 30 September 2011.

¹⁵ Arrears in respect of Bihar Air Products Limited has been excluded due to change in the status of the Company as non -Government company.

1.22 In addition to above, there were also arrears in finalisation of Accounts by non-working PSUs. Out of 40 non-working PSUs, seven were in the process of liquidation as of 31 March 2012. Of the remaining 33 non-working PSUs, the extent of arrears of accounts was from 16 to 35 years.

1.23 The State Government had invested ₹ 2,353.47 crore (Equity: ₹ 97.72 crore, Loans: ₹ 1,900.57 crore, Grants: ₹ 91.76 crore and others: ₹ 263.42 crore) in 27 PSUs during the years for which Accounts had not been finalised as detailed in *Annexure- 4*. In the absence of finalised 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, 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.

1.24 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. The Principal Accountant General brought the position of arrears of Accounts to the notice of the concerned administrative departments and officials of the Government (October 2012). No significant remedial measures were taken. As a result of this, the net worth of these PSUs could not be assessed in audit.

1.25 In view of above state of arrears, it is recommended that the Government should expedite the clearance of arrears in finalisation of Accounts and monitor the timely finalisation of Accounts in conformity with the provisions of Companies Act, 1956.

Winding up of non-working PSUs

1.26 There were 40 non-working PSUs (all companies) as on 31 March 2012. Of these, seven PSUs were under liquidation process as on 31 March 2012. The non-working PSUs should be closed down as their continuance is not going to serve any purpose. During 2011-12, one¹⁶ non-working PSU incurred an expenditure of ₹ 0.12 crore towards salary, wages, establishment expenditure, etc.

¹⁶ Bihar State Fruits &Vegetables Development Corporation Limited.

1.27 The stages of closure in respect of non-working PSUs as on 31 March 2012 are given below:

Sl. No.	Particulars	Companies	Statutory corporations	Total
1.	Total No. of non-working PSUs	40	-	40
2.	Of (1) above, the Number under			
(a)	Liquidation by Court (liquidator appointed)	3 ¹⁷	-	3
(b)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started.	4 ¹⁸	-	4

1.28 During the year 2011-12, no PSU was finally wound up. The companies which have taken the route of winding up by Court order are under liquidation for a period of more than 12 years. The process of voluntary winding up under the Companies Act, 1956 is much faster and needs to be adopted / pursued vigorously. It is recommended that the Government should take a decision regarding winding up of the remaining 33 non-working PSUs where no decision about their continuation or otherwise has been taken after they became non-working.

Accounts Comments and Internal Audit

1.29 Twelve working companies forwarded their 21 Accounts to the Principal Accountant General during the year 2011-12¹⁹. Of these, 12 Accounts of nine companies were selected for supplementary audit. The Audit Reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicated that the quality of maintenance of Accounts needs to be improved substantially. The details of aggregate monetary implications of comments of Statutory Auditors and CAG are given below.

(₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in Profit	2	1.71	4	5.59	6	64.86
2.	Increase in Loss	10	16.63	9	17.17	4	17.19
3.	Non-disclosure of material facts	1	0.15	Nil	Nil	1	3.71

1.30 During the year 2011-12, all the 21 Accounts received had been given qualified certificates. The compliance by companies with the

¹⁷ Kumardhubi Metal Casting & Engineering Limited, Bihar State Leather Industries Development Corporation Limited and Bihar State Finished Leathers Corporation Limited.

¹⁸ Bihar State Handloom & Handicrafts Corporation Limited, Bihar State Small Industries Corporation Limited, Bihar State Pharmaceuticals & Chemicals Development Corporation Limited and Bihar State Textiles Corporation Limited.

¹⁹ From October 2011 to September 2012.

Accounting Standards needs enforcing as there were 25 instances of non-compliance in nine Accounts²⁰ during the year.

1.31 Some of the important comments in respect of Accounts of Companies finalised during the year 2011-12 are stated below:-

Bihar State Educational Infrastructure Development Corporation Limited (2010-11)

Interest earned on State Government fund was treated in the Accounts as Company's own revenue in contravention of Accounting Standard-9 and resulted in under-statement of Liabilities and over-statement of Profit by ₹ 10.84 crore.

Bihar State Road Development Corporation Limited (2010-11)

The Company treated the interest earned on deposits made out of funds provided by the State Government for execution of specific projects as its own income which resulted in under-statement of Current Liabilities and over-statement of Income and Profit by ₹ 33.88 crore.

Bihar Rajya Pul Nirman Nigam Limited (2009-10)

Depreciation on staging & shuttering was either not charged or under charged which resulted in understatement of Depreciation and over-statement of Profit by ₹ 6.76 crore.

Bihar State Hydroelectric Power Corporation Limited (1998-99)

The advances pending for adjustment against different suppliers since long has not been provided for in the Accounts which resulted in over-statement of Loans & Advances and under-statement of Provision and Loss by ₹ 7.82 crore.

1.32 Similarly, two working Statutory corporations forwarded two Accounts to PAG during the year 2011-12. The Accounts of Bihar State Financial Corporation and Bihar State Electricity Board were selected for audit. The Audit Reports of Statutory Auditors and the audit of CAG indicate that the quality of maintenance of Accounts needs to be improved substantially. The details of aggregate monetary implications of comments of Statutory auditors and CAG are given below:

²⁰ Bihar State Road Development Corporation Limited (2010-11), Bihar Rajya Pul Nirman Nigam Limited (2008-09), (2009-10) & (2010-11), Bihar State Hydro Electric Power Corporation Limited (1997-98), (1998-99) & (1999-2000), Bihar State Credit & Investment Corporation Limited (2004-05), Bihar State Educational Infrastructure Development Corporation Limited (2010-11).

(₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in profit	1	1.74	2	17.34	1	0.33
2.	Increase in loss	2	3,475.34	2	9,267.22	1	1,888.94
3.	Non-disclosure of material facts	1	7.08	Nil	Nil	Nil	Nil
4.	Errors of classification	1	2.47	1	7.85	Nil	Nil

1.33 Some of the important comments in respect of Accounts of Statutory corporations finalised during the year 2011-12 are stated below.

Bihar State Electricity Board (2011-12)

- Non charging of shortages of 68263.56 MT of coal as consumption resulted in over-statement of stock and under-statement of Loss by ₹ 18.79 crore each.
- Non-accountal of Delayed Payment Surcharge since 2006-07 on accrual basis and subsequent provisions for doubtful debts for the same resulted in under-statement of debtors by ₹ 2,771.06 crore, under-statement of provisions by ₹ 1,221.80 crore and over-statement of loss by ₹ 1,549.26 crore.
- Non provision of time barred claim of ₹ 12.87 crore being the amount of Advance Tax deducted at source pertaining to the year 2008-09 and 2009-10 resulted in over-statement of Loans and Advances and under-statement of Loss by ₹ 12.87 crore.
- Non-accountal of ₹ 382.82 crore being the amount of subsidy receivable from Agriculture Department, Government of Bihar in respect of loss suffered by the Board for additional power supply to drought affected villages in the year 2009-10 and 2010-11 resulted into under-statement of Subsidy receivable from Government and over-statement of Loss by ₹ 382.82 crore each.
- Non-provisioning of Current Liabilities amounting to ₹ 307.20 crore being the amount claimed by Patna Municipal Corporation from the Board on account of Holding tax resulted in under-statement of Current Liabilities and loss for the year by ₹ 307.20 crore.

Bihar State Financial Corporation (2010-11)

Non-accountal of rent receivable waived off in March 2011 resulted in over statement of rent receivable and Profit by ₹ 0.25 crore each.

1.34 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including Internal controls/ Internal audit systems in the companies that are audited by them in accordance with the directions issued by the CAG under Section 619(3)(a) of the

Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of important comments made by the Statutory Auditors on possible improvement in the Internal audit/ Internal control systems in respect of 10 Companies²¹ for the year 2010-11 and 12 Companies²² for the year 2011-12 are given below:

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per Annexure-2
1.	Non-fixation of minimum/ maximum limits of store and spares	06	A-3, A-8, A-9, A-12, A-17, C-17
2.	Absence of Internal audit system commensurate with the nature and size of business of the company	11	A-3, A-6, A-8, A-9, A-11, A-12, A-16, A-17, A-18, A-20, C-17
3.	Non-maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	10	A-3, A-4, A-6, A-8, A-9, A-11, A-16, A-17, A-20, C-17

Recoveries at the instance of audit

1.35 During the course of propriety audit in 2011-12, recoveries to be made amounting to ₹ 4.82 crore were pointed out to BSEB, of which, an amount of ₹ 2.71 crore were admitted by BSEB. An amount of ₹ 2.54 crore pertaining to the period prior to 2010-11 was recovered during the year 2011-12.

Status of placement of Separate Audit Reports

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

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Bihar State Electricity Board	2005-06	2006-07 2007-08 2008-09 2009-10 2010-11	26 May 2009 15 April 2010 29 April 2011 26 September 2011 01 March 2012	
2.	Bihar State Warehousing Corporation	2007-08	2008-09	28 February 2011	

²¹ Serial Number A-3, A-4, A-8, A-9, A-11, A-12, A-13, A-14, A-17 and A-18 as per Annexure- 2.

²² Serial Number A-3, A-4, A-6, A-8, A-9, A-11, A-12, A-16, A-17, A-18, A-20 and C-17 as per Annexure- 2.

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
3.	Bihar State Financial Corporation	2009-10	2010-11	24 September 2012	No reasons for non-placement of SARs made available by the Government.
4.	Bihar State Road Transport Corporation	1973-74	1974-75 to 2002-03 (29)	9 June 1997 2 September 1998 2 September 1998 4 December 1998 18 April 2000 19 March 2004 19 October 2004 12 April 2005 07 October 2005 24 September 2007 26 October 2007 25 January 2010	

Delay in placement of SARs weakens the legislative control over Statutory corporations and dilutes the latter's financial Accountability. The Government should ensure prompt placement of SARs in the Legislature. The issue of delay in placement of SARs before the State Legislature was also brought to the notice of Hon'ble Chief Minister, Bihar by the CAG in December 2010. There was no improvement in respect of placement of SARs of Bihar State Road Transport Corporation. The Principal Accountant General brought the issue to the attention of the Principal Secretary, Finance Department, Government of Bihar (May 2011) with the latest reminder in December 2012.

Disinvestment, Privatisation and Restructuring of PSUs

1.37 The State Government did not undertake the exercise of disinvestment and restructuring of any of its PSUs during 2011-12. Further, subsequent to the formation of Jharkhand State, restructuring of all the PSUs was to be taken up. The decision on the division of assets and liabilities as well as of the Management of 12 PSUs was taken in September 2005. The implementation, however, has been done only in the case of five PSUs²³ (September 2012).

²³ Bihar Rajya Beej Nigam Limited, Bihar State Hydroelectric Power Corporation Limited, Bihar State Text Book Publishing Corporation Limited, Bihar State Warehousing Corporation and Bihar State Mineral Development Corporation Limited.

Reforms in Power Sector

1.38 The State has Bihar Electricity Regulatory Commission (BERC) formed in April 2002 under Section 17(1) of Electricity Regulatory Commission Act, 1998 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. During 2011-12, BERC issued Tariff Order for the financial year 2012-13 and orders/regulations pertaining to the Fuel and Power Purchase Cost Adjustment (FPPCA) charges for the period from October 2009 to January 2012. It also issued orders/regulations, regarding, Truing up of the Aggregate Revenue Requirement (ARR) for the years 2006-07 to 2009-10, matters pertaining to the Standard Bid Document, Amendment to the BERC (Fees, Fines and Charges) Regulations, 2005 and Delegation of Financial Powers Regulations, 2011.

1.39 A Memorandum of Understanding (MOU) was signed (September 2001) between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in Power Sector with identified milestones. The progress achieved so far in respect of important milestones is stated below:

Sl. No.	Milestone	Targeted Completion Schedule	Achievement as at March 2012															
1.	State Electricity Regulatory Commission	December 2001	BERC has been constituted vide Government of Bihar notification No. 1284 dated 15 April, 2002. The Commission had notified last tariff order for the year 2012-13 on 30 March 2012 and was effective from 01 April 2012															
2.	Rural Electrification Programme	October 2012	The village electrification work was being executed by Central Agencies (NHPC & PGCIL) as well as BSEB. Out of 22,484 villages, 17,791 (79.13 per cent) villages have been electrified (31 March 2012). The details are as under:- <table border="1"> <thead> <tr> <th>Implementing agency</th> <th>Total coverage under 10th & 11th Plan (Revised)</th> <th>Achievement (Energised & Taken over)</th> </tr> </thead> <tbody> <tr> <td>PGCIL</td> <td>15,960</td> <td>14,387</td> </tr> <tr> <td>NHPC</td> <td>3,736</td> <td>3,062</td> </tr> <tr> <td>BSEB</td> <td>2,788</td> <td>342</td> </tr> <tr> <td>Total</td> <td>22,484</td> <td>17,791</td> </tr> </tbody> </table>	Implementing agency	Total coverage under 10 th & 11 th Plan (Revised)	Achievement (Energised & Taken over)	PGCIL	15,960	14,387	NHPC	3,736	3,062	BSEB	2,788	342	Total	22,484	17,791
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3.	Reorganisation of the Board	December 2001	The Government of Bihar decided (March 2012) to form five new Companies i.e Bihar State Power (Holding) Company Limited, Bihar State Power Transmission Company Limited, Bihar State Power Generation Company Limited, South Bihar Power Distribution Company Limited and North Bihar Power Distribution Company Limited. These companies have commenced their business with effect from 01 November 2012.															
4.	100 per cent metering of all 11 KV distribution feeders and 100 per cent metering of all consumers	31 March, 2013	The installation of meters in 11 KV distribution feeders (84 per cent) and 71 per cent metering of all consumers completed till September 2012.															

Sl. No.	Milestone	Targeted Completion Schedule	Achievement as at March 2012																								
5.	Energy audit	Not Available	<p>(i) M/s. Power Finance Corporation, a central PSU has appointed (May 2011) M/S Pranat Engineering Limited under Restructured Accelerated Power Development Reform Programme (RAPDRP) scheme to conduct third party energy audit. Experience gathered from it would be applied for non-APDRP area.</p> <p>(ii) BSEB was installing ring fencing meters, system meters and consumer meters in all 64 towns covered under RAPDRP and 7 towns covered under ADB plan. The status on 30 September 2012 is as below:-</p> <table border="1"> <thead> <tr> <th></th> <th>Target</th> <th>Installed</th> </tr> </thead> <tbody> <tr> <td>Ring Fencing (33KV)</td> <td>6</td> <td>6</td> </tr> <tr> <td>Ring Fencing (11KV)</td> <td>164</td> <td>164</td> </tr> <tr> <td>Feeder Meter (33KV)</td> <td>131</td> <td>131</td> </tr> <tr> <td>Feeder Meter (11KV)</td> <td>272</td> <td>272</td> </tr> <tr> <td>Consumer Meter (33KV)</td> <td>20</td> <td>17</td> </tr> <tr> <td>Consumer Meter (11KV)</td> <td>238</td> <td>238</td> </tr> <tr> <td>DT Meter</td> <td>7563</td> <td>5164</td> </tr> </tbody> </table>		Target	Installed	Ring Fencing (33KV)	6	6	Ring Fencing (11KV)	164	164	Feeder Meter (33KV)	131	131	Feeder Meter (11KV)	272	272	Consumer Meter (33KV)	20	17	Consumer Meter (11KV)	238	238	DT Meter	7563	5164
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6.	Reduction in transmission and distribution (T&D) losses up to 15.5 per cent	Not Available	T&D losses of the Board for the year 2010-11 were 43.59 per cent which increased to 44.05 per cent during the year 2011-12.																								
7.	Three per cent return on fixed assets	March 2004	The Board did not achieve three per cent return on fixed assets upto the year 2011-12.																								
8.	Distribution Information Management System	Not Available	Distribution and Information Management System was operational through Supervisory Control and Accelerated Data Acquisition (SCADA) System in Patna and in rest of Bihar through RAPDRP which was under progress. (September 2012)																								
9.	Minimum agriculture tariff of 50 paise per unit	Not Available	<p>The State Electricity Regulatory Commission (SERC) has approved tariff rates for the financial year 2012-13 for Irrigation and Agricultural Services -I (IAS-I) and Irrigation and Agricultural Services -II (IAS-II) as under:-</p> <p>IAS-I (Unmetered) Rural Feeder - ₹ 120/HP/Month Urban Feeder - ₹ 145/HP/Month</p> <p>IAS-I (Metered) Rural Feeder - ₹ 1.00/unit Urban Feeder - ₹ 1.50/unit</p> <p>Subject to Monthly minimum charge Rural Feeder - ₹ 85/HP/Month Urban Feeder - ₹ 130/HP/Month</p> <p>FPPCA – Not applicable</p> <p>IAS-II – State tubewell & LI (Unmetered) Rural Feeder - ₹ 900/HP/Month Urban Feeder - ₹ 1000/HP/Month</p> <p>IAS-II – (Metered) Rural Feeder - ₹ 6.00/unit Urban Feeder - ₹ 7.00/unit</p> <p>FPPCA charges as applicable will be charges extra. (September 2012)</p>																								