

Chapter-I
Functioning of State Public Sector
Undertakings

CHAPTER-I

FUNCTIONING OF STATE PUBLIC SECTOR UNDERTAKINGS

Introduction

1.1 State Public Sector Undertakings (PSUs) consist of State government companies and statutory corporations. State PSUs are established to carry out activities of a commercial nature and occupy an important place in the State's economy. As on 31 March 2017, there were 23 PSUs. Of these, one company¹ was listed (April 1995) on the Delhi Stock Exchange. During the year 2016-17, one PSU² was incorporated and no PSU was closed down. The details of State PSUs in Himachal Pradesh as on 31 March 2017 are given in table 1.1 below.

Table 1.1: Total number of PSUs as on 31 March 2017

Type of PSUs	Working PSUs	Non-working PSUs ³	Total
Government Companies ⁴	19	2	21
Statutory Corporations	2 ⁵	-	2
Total	21	2	23

The working PSUs registered a turnover of ₹ 8,344.31 crore (*Appendix 1.2*) as per their latest finalised accounts as of September 2017. This turnover was equal to 6.70 *per cent* of the State Gross Domestic Product (GDP) for 2016-17. The working PSUs incurred aggregate loss of ₹ 104.42 crore (*Appendix 1.2*) as per their latest finalised accounts as of September 2017. They had employed 36,071 employees as at the end of March 2017.

As on 31 March 2017, there were two⁶ non-working companies with capital employed of ₹ 78.79 crore.

Accountability framework

1.2 The audit of Government companies is governed by Sections 139 and 143 of the Companies Act, 2013 (Act). According to Section 2(45) of the Act, a Government company means any company in which not less than fifty one *per cent* of the paid-up share capital is held by the Central government or by any State government or governments or partly by the Central government and partly by one or more State governments and includes a company which is a subsidiary company of such a government company.

¹ Himachal Pradesh General Industries Corporation Limited.

² Himachal Pradesh Beverages Limited.

³ Non-Working PSUs are those which have ceased to carry on their operations.

⁴ Government PSUs include other Companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013.

⁵ Himachal Pradesh Financial Corporation and Himachal Road Transport Corporation.

⁶ Agro Industrial Packaging India Limited and Himachal Worsted Mills Limited.

Further, as per sub-Section (7) of Section 143 of the Act, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, the Comptroller and Auditor General of India (CAG) may cause an audit to be conducted of the accounts of such company and Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to such audit. The audit of the financial statements of a company in respect of the financial years that commenced on or after 1 April 2014 shall be governed by the provisions of the Companies Act, 2013.

1.3 Statutory Audit

The financial statements of Government companies (as defined in Section 2 (45) of the Companies Act, 2013) are audited by statutory auditors who are appointed by CAG under Section 139(5) or (7) of the Act. The statutory auditors shall submit a copy of Audit Report to the CAG which among other things includes the directions issued by the CAG, the action taken thereon and its impact on the accounts. The financial statements are subject to supplementary audit by CAG within 60 days from the date of receipt of the Audit Report under Section 143(6) of the Act.

Audit of statutory corporations is governed by their respective legislations. Out of the two statutory corporations⁷, CAG is the sole auditor for the Himachal Road Transport Corporation (HRTC). In respect of Himachal Pradesh Financial Corporation (HPFC), the audit is conducted by chartered accountants and supplementary audit by CAG.

1.4 Role of Government and Legislature

The State government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.

The State Legislature monitors the accounting and utilisation of Government investment in the PSUs. For this purpose, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG, in respect of State government companies and Separate Audit Reports in case of statutory corporations, are to be placed before the Legislature under Section 394 of the Act or as stipulated in the respective Acts. The Audit Reports of CAG are submitted to the Government under section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Stake of Government of Himachal Pradesh

1.5 The State government has financial stake in these PSUs which is mainly of three types:

- **Share Capital and Loans-** In addition to Share Capital Contribution, State government also provides financial assistance by way of loans to the PSUs from time to time.

⁷ Himachal Pradesh Financial Corporation and Himachal Road Transport Corporation.

- **Special Financial Support-** State government provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees-** State government guarantees the repayment of loans with interest, availed by the PSUs from financial institutions.

Investment in State PSUs

1.6 As on 31 March 2017, the investment (Paid up capital, Free Reserves and Long-term loans) in 23 PSUs was ₹ 12,657.73 crore as given in table 1.2 below.

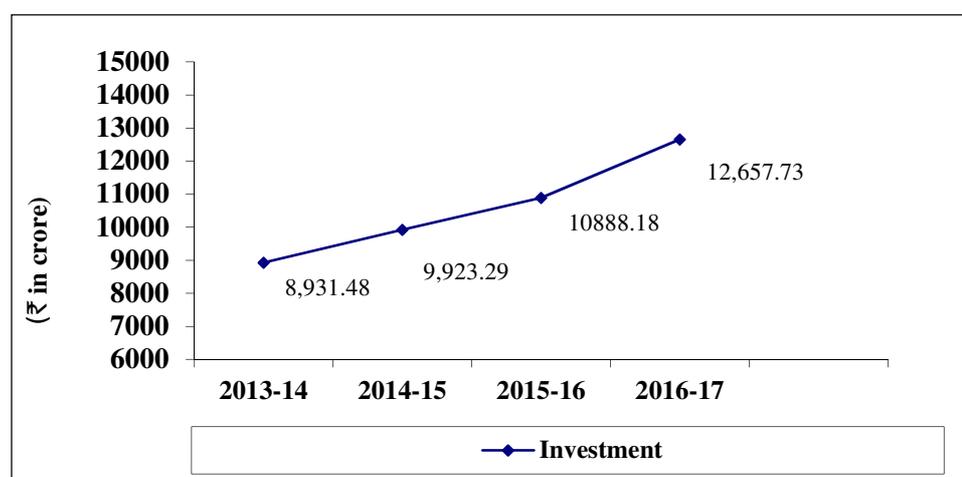
Table 1.2: Total Investment in PSUs

(₹ in crore)

Type of PSUs	Government Companies				Statutory Corporations				Grand Total
	Paid up Capital	Long Term Loans	Free Reserves	Total	Paid up Capital	Long Term Loans	Free Reserves	Total	
Working PSUs	3,079.32	8,297.15	84.12	11,460.59	770.06	348.29	0	1,118.35	12,578.94
Non-working PSUs	18.64	60.15	0	78.79	-	-	-	-	78.79
Total	3,097.96	8,357.30	84.12	11,539.38	770.06	348.29	-	1,118.35	12,657.73

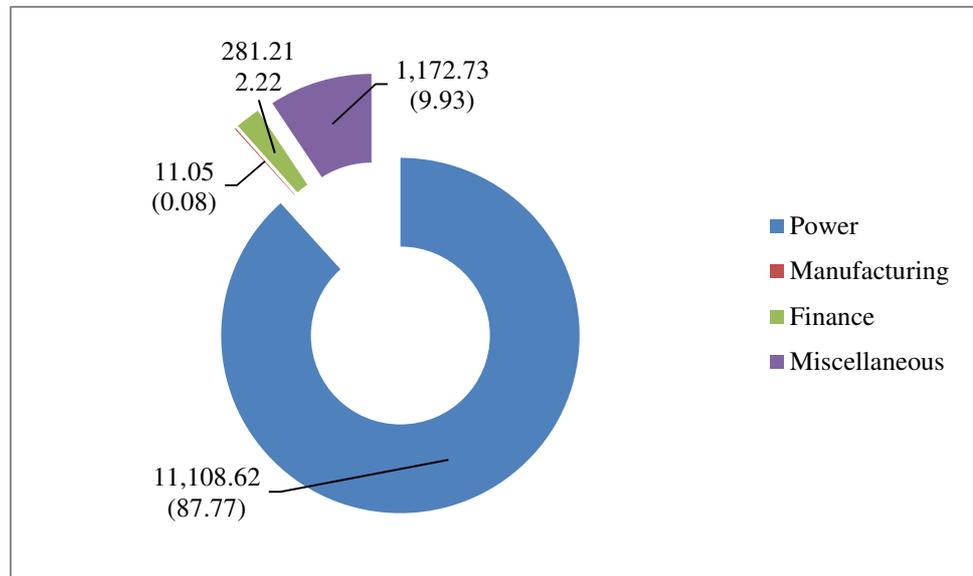
As on 31 March 2017, of the total investment 99.38 per cent was in working PSUs and the remaining 0.62 per cent in non-working PSUs. This total investment consisted of 30.56 per cent towards paid up capital, 0.66 per cent in Free Reserves and 68.78 per cent in long-term loans. The investment has grown from ₹ 8,931.48 crore (Paid up Capital: ₹ 2,990.47 crore, free reserves ₹ 21.64 crore and Long term loans: ₹ 5,919.37 crore) in 2013-14 to ₹ 12,657.73 crore (Paid up Capital: ₹ 3,868.02 crore, Free Reserves: ₹ 84.12 crore and Long term loans: ₹ 8,705.59 crore) in 2016-17 as shown in the graph 1.1 below.

Graph 1.1: Total Investment in PSUs



1.7 The investment in four significant sectors and percentage thereof at the end of 31 March 2017 is indicated in graph 1.2 below.

Graph 1.2: Sector wise Investment in PSUs



(Figures in brackets show the sector-wise percentage of Investment to total Investment)

The thrust of PSU investment was mainly in the power sector. It was 87.77 per cent (₹ 11,108.62 crore) of the total investment of ₹ 12,657.73 crore in 2016-17.

Special support and returns during the year

1.8 The State government provides financial support to PSUs in various forms through its annual budget. The summarised details of budgetary outgo towards share capital, loans, grants / subsidies, loans written off and interest

waived in respect of State PSUs are given in table 1.3 below for three years ended 31 March 2017.

Table 1.3: Details regarding budgetary support to PSUs

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Share Capital outgo from budget	7	283.38	8	308.29	5	116.01
2.	Loans given from budget	2	119.15	2	96.04	2	133.06
3.	Grants / Subsidy from budget	7	787.45	9	623.37	5	506.53
4.	Total Outgo (1+2+3)		1,189.98		1,027.70		755.60
5.	Waiver of loans / interest and loans converted into share capital	1	19.11	0	Nil	0	Nil
6.	Guarantees issued	9	4,919.21	9	2,855.24	6	3,174.85
7.	Guarantee Commitment	9	2,746.24	8	1,516.87	5	3,991.17
8.	Guarantee fee	2	0.09	2	0.09	2	0.80

Source: Data collected from PSUs

The budgetary outgo of the State government towards share capital, loans and grants / subsidies during the years 2014-15 to 2016-17 showed a decreasing trend. The budgetary outgo which stood at ₹ 1,189.98 crore in 2014-15 decreased to ₹ 755.60 crore in 2016-17.

In order to enable PSUs to obtain financial assistance from banks and financial institutions, State government provides guarantee and charges guarantee fee from zero *per cent* to one *per cent*. During 2016-17, the Government had guaranteed loans aggregating ₹ 3,174.85 crore obtained by six PSUs. The guarantee commitment increased to ₹ 3,991.17 crore (five PSUs) in 2016-17 from ₹ 1,516.87 crore (eight PSUs) in 2015-16. Two PSUs⁸ paid guarantee fee of ₹ 0.80 crore during 2016-17.

Reconciliation with Finance Accounts

1.9 The figures in respect of share capital and loans outstanding as per records of State PSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs

⁸ HPMC and HPSH&HCL.

and the Finance department should carry out reconciliation of differences. The position in this regard as at 31 March 2017 is given in table 1.4 below.

Table 1.4: Share Capital and loans outstanding as per finance accounts vis a vis records of PSUs

(₹ in crore)

Sl. No.	Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
1.	Share Capital ⁹	882.17	976.62	94.45
2.	Loans ¹⁰	3,354.99	5,824.74	2,469.75

There was a mismatch between figures furnished by the PSUs and those depicted in the Finance Accounts. The reasons for the differences were not furnished by the PSUs through the concerned administrative departments. The PSUs and Finance Department were requested (September 2017) to take necessary action to reconcile the differences.

Arrears in finalisation of accounts

1.10 The financial statements for every financial year are required to be finalised by the companies within six months from the end of the relevant financial year *i.e.* by 30 September in accordance with Section 96(1) of the Companies Act, 2013. Failure to do so may attract penal provisions under Section 99 of the Act. In case of statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

The details of progress made by 21 working PSUs in finalisation of accounts as of 30 September 2017 are given in table 1.5 below.

Table 1.5: Position relating to finalisation of accounts of working PSUs

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1	Number of working PSUs / other companies	19	19	19	20	21
2.	Number of accounts finalised during the year	15	16	16	19	21
3.	Number of accounts in arrears	20	23	26	27	27
4.	Number of PSUs with arrears in accounts	12	15	18	18	17
5.	Extent of arrears (numbers in years)	1 to 3 years	1 to 4 years			

⁹ 10 No. of PSUs *i.e.* HPAICL, HBCF&DC, HPMF&DC, HPSIDCL, HPGICL, HPPTCL, HPSEBL, HPFC, HPKVN and HPBL.

¹⁰ 8 No. of PSUs in respect of loans. *i.e.* HPAICL, HPMC, HPGICL, HPPCL, HPPTCL, HPSEBL, HPSEDCL and HPFC.

PSUs having arrears of accounts need to take effective measures for early clearance of backlog and to make the accounts up-to-date. The PSUs which have arrear of accounts should also ensure that at least two year's accounts are finalised in each year so as to liquidate the arrears.

The administrative departments have the responsibility of overseeing the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though, the concerned administrative departments were updated regularly on the status of arrears in finalisation of accounts, no remedial measures were taken. As a result, the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was taken up (July 2017) with the Chief Secretary / Director, Institutional Finance and Public Enterprises for liquidating the arrears of accounts. However, no significant improvement has been noticed.

1.11 The State government had invested ₹ 3,462.41 crore in 17 PSUs for which accounts have not been finalised as detailed in *Appendix 1.1*. In the absence of finalisation of accounts and their audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and whether the purpose for which the amount was invested had been achieved or not. Thus, government's investment in such PSUs has remained outside the scrutiny of the State Legislature.

1.12 Out of two non-working PSUs, Himachal Worsted Mills Limited was in the process of liquidation since 2000-01 and its accounts were finalised up to that period. The Agro Industrial Packaging India Limited had its accounts in arrears for the years 2015-16 and 2016-17.

Placement of Separate Audit Reports

1.13 The separate audit report upto 2016-17 issued by the CAG on accounts of Himachal Road Transport Corporation was placed in the Legislature while for Himachal Pradesh Financial Corporation, the SAR upto 2015-16 was placed in Legislature.

Impact of non-finalisation of accounts

1.14 Delay in finalisation of accounts raises the risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. In view of the arrears of accounts, the actual contribution of PSUs to the State GDP for the year 2016-17 could not be ascertained.

Performance of PSUs as per their latest finalised accounts

1.15 The financial position and working results of working Government companies and statutory corporations are detailed in *Appendix 1.2*. The ratio of PSU turnover to State GDP shows the extent of PSU activities in the State's

economy. The details of working PSUs turnover and State GDP for a period of five years ending 31 March 2017 is given in table 1.6 below.

Table 1.6: Details of working PSUs turnover vis-a vis State GDP

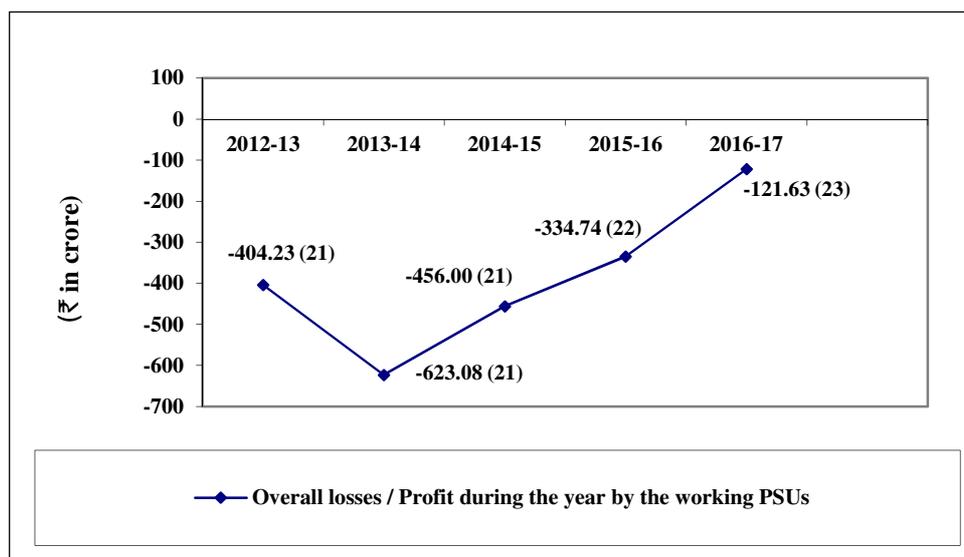
(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Turnover ¹¹	4,945.29	5,952.79	6,536.34	7,565.74	8,344.31
State GDP	76,259	85,841	95,587	1,10,511	1,24,570
Percentage of Turnover to State GDP	6.48	6.93	6.84	6.85	6.70

During the last five years, the turnover of working PSUs increased from ₹ 4,945.29 crore in 2012-13 to ₹ 8,344.31 crore in 2016-17. The percentage of turnover of PSUs to State GDP increased from 6.48 in 2012-13 to 6.70 in 2016-17.

1.16 The profit earned / losses incurred by working State PSUs during 2012-13 to 2016-17 are given in graph 1.3 below.

Graph 1.3: Profit / Loss of working PSUs



(Overall profit / loss is net effect of profit / loss during the year for which accounts were finalised and figures in brackets show the number of working PSUs in respective years)

- It is observed that the overall losses suffered by the working PSUs to the extent of ₹ 404.23 crore in 2012-13 has decreased to ₹ 104.42 crore during 2016-17.
- The main reason for decrease in losses was grant of financial package in the form of share capital, loans and grants-in-aid / subsidy by the State Government to PSUs and grant received by HPSEBL from the Central government under UDAY scheme.

¹¹ Turnover as per the latest finalised accounts as of 30 September.

The summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised are given in **Appendix 1.2**. During the period from 01 October 2016 to 30 September 2017, 21 accounts were received in respect of 18 working PSUs. One working Government company (Beas Valley Power Corporation Limited) has not prepared its profit and loss account whereas in respect of one working PSU viz. Himachal Pradesh Road and Other Infrastructure Development Corporation Limited, excess of expenditure over income is reimbursable by the State Government. The Himachal Pradesh Beverage Limited incorporated in 2016-17 has not prepared its first accounts.

Table 1.7 (a) Details of working PSUs registering profit
(₹ in crore)

Name of the company	Period of accounts	Year in which accounts finalised	Net Profit
Himachal Pradesh Agro Industries Corporation Ltd	2015-16	2017-18	1.21
Himachal Pradesh Mahila Vikas Nigam	2013-14	2016-17	0.20
Himachal Pradesh Minorities Finance and Development Corporation Ltd	2013-14	2017-18	0.30
Himachal Pradesh State Industrial Development Corporation Ltd	2015-16	2016-17	8.25
Himachal Pradesh General Industries Corporation Ltd	2015-16	2016-17	5.47
Himachal Pradesh Power Transmission Corporation Ltd	2015-16	2017-18	2.11
Himachal Pradesh State Civil Supplies Corporation Ltd	2015-16	2017-18	2.12
Himachal Pradesh State Electronics Development Corporation Ltd	2015-16	2016-17	-
	2016-17	2017-18	1.38
Himachal Pradesh State Handicrafts and Handloom Corporation Ltd	2015-16	2016-17	0.69
Himachal Pradesh Tourism Development Corporation Ltd	2015-16	2016-17	1.40
Himachal Pradesh Kaushal Vikas Nigam	2015-16	2016-17	1.40
Himachal Road Transport Corporation	2015-16	2016-17	1.73

Table 1.7 (b) Details of working PSUs registering loss
(₹ in crore)

Name of the company	Period of accounts	Year in which accounts finalised	Net loss
Himachal Pradesh Agro Industries Corporation Ltd	2014-15	2017-18	0.86
Himachal Pradesh Horticultural produce Marketing and Processing Corporation Ltd.	2015-16	2016-17	3.14
Himachal Pradesh State Forest Development Corporation Ltd	2014-15	2017-18	4.09
Himachal Pradesh Power Corporation Ltd	2015-16	2017-18	17.92
Himachal Pradesh State Electricity Board Ltd	2014-15	2016-17	113.51
Himachal Pradesh Financial Corporation	2016-17	2017-18	6.40

- The major contribution to profit was made by Himachal Pradesh Small Industries Development Corporation Limited (₹ 8.25 crore) and Himachal Pradesh General Industries Corporation Limited (₹ 5.47 crore).
- Heavy losses were incurred by Himachal Pradesh State Electricity Board Limited (₹ 113.51 crore), Himachal Pradesh Power Corporation Limited (₹ 17.92 crore) and Himachal Pradesh Financial Corporation (₹ 6.40 crore).

1.17 Some other key parameters of PSUs are given in table 1.8 below.

Table 1.8: Key Parameters of State PSUs

Particulars	(₹ in crore)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Equity	NA	672.91	-18.2	-62.72	336.05
Investment	NA	6756.74	8294.58	8729.93	9919.50
Profit before Interest, Tax and Dividend	NA	-620.83	4.93	248.74	-104.42
Net Profit after tax and preference dividend	NA	-625.18	-455.70	-332.54	-119.12
Return on Equity ¹² \$ (per cent)	NA	-92.91	*	*	-35.45
Return on Investment ¹³ (per cent)	NA	-9.18	0.06	2.85	-0.01
Debt	3,932.91	5,919.37	6,568.11	5,384.53	6,225.04
Turnover ^{\$}	4,945.29	5,952.79	6,536.34	7,565.74	8,344.31
Debt/ Turnover Ratio	0.80:1	0.99:1	1:1	0.71:1	0.75:1
Interest Payments	163.24	280.37	473.82	613.73	571.52
Accumulated Losses	1,875.73	2,492.97	2,951.26	3,291.92	3,242.88

Source : Information obtained from PSUs

NA = Not Available

\$ - Figures as per latest finalised accounts as of 30 September 2017 and Turnover of working PSUs as per the latest finalised accounts as of 30 September 2017

* Not measurable as Equity in these years in negative.

Debt – Turnover ratio decreased from 0.80:1 in 2012-13 to 0.75:1 in 2016-17. The accumulated losses which were ₹ 1,875.73 crore in 2012-13 increased to ₹ 3,242.88 crore in 2016-17.

1.18 The State government had formulated (April 2011) a dividend policy under which all profit making PSUs (except those in welfare and utility sector) are required to pay a minimum return of five *per cent* on the paid up capital contributed by the State government subject to a ceiling of 50 *per cent* of profit after tax. As per their latest finalised accounts, 12 PSUs earned an aggregate profit of ₹ 24.29 crore out of which only two¹⁴ PSUs declared / paid

¹² Return on Equity = Net Profit after tax and preference dividend / Shareholder funds where Shareholders Funds (Equity) = Paid up Share Capital+ Free Reserves and Surplus – Accumulated Loss – Deferred Revenue Expenditure.

¹³ Return on Investment = Net Profit before dividend, tax and Interest / Investment where Investment = Paid up capital + Free Reserves + Long term loans.

¹⁴ Himachal Pradesh State Civil Supply Corporation and Himachal Pradesh State Industrial Development Corporation Ltd.

a dividend of ₹ 1.89 crore during 2015-16. The remaining 10 profit making PSUs had not paid any dividend to the State government.

Winding up of non-working PSUs

1.19 As on 31 March 2017, Agro Industrial Packaging India Limited and Himachal Worsteds Mills Limited were the two non-working companies. The Himachal Worsteds Mills Limited had been under liquidation since 2000-01 while the liquidation process in respect of Himachal Pradesh Agro Industrial Packaging India Ltd was yet to be started. The non-working companies are not contributing to the State's economy nor meeting their intended objectives and government may consider to close these companies at an early date.

Accounts Comments

1.20 18 working companies forwarded their 21 audited accounts to the Principal Accountant General from October 2016 to September 2017 which were selected for supplementary audit. The details of aggregate money value of comments of statutory auditors and CAG are given in table 1.9 below.

Table 1.9: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	4	21.87	6	4.99	8	7.49
2.	Increase in loss	5	2,105.11	2	6.34	3	21.22
3.	Decrease in loss	2	2.22	2	1.29	3	1.17
4.	Increase in profit	-	-	2	0.66	1	0.09
5	Non-disclosure of material facts	2	19.64	2	3.93	-	-
6	Errors of classification	2	4.47	2	0.34	-	-

As a result of the account comments, there would be an overall increase in the loss in fifteen PSUs by ₹ 27.45 crore during the year 2016-17.

During the year, the statutory auditors had given adverse certificates¹⁵ for six accounts and disclaimer¹⁶ for one account of Himachal Pradesh State Electricity Board Limited. In respect of remaining 14 accounts, qualified reports were issued by the statutory auditors. CAG gave qualified reports containing comments for 17 accounts during supplementary audit and nil comments have been issued in respect of four accounts of three companies. The compliance of companies with the Accounting Standards remained poor, there were 24 instances of non-compliance in 6 accounts during the year.

¹⁵ Adverse certificate means that accounts do not reflect a true and fair position.

¹⁶ Disclaimer means auditors are unable to form an opinion on accounts.

1.21 Similarly, two working statutory corporations forwarded their three accounts during the period between October 2016 and September 2017. Of these, one account of Himachal Road Transport Corporation pertained to sole audit by CAG which was completed. The remaining two accounts of Himachal Pradesh Financial Corporation were selected for supplementary audit by CAG and audit comments were issued.

The details of aggregate money value of comments of statutory auditors and CAG are given in table 1.10 below.

Table 1.10: Impact of audit comments on Statutory Corporations

(Amount ₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Increase in loss	2	41.60	1	49.19	1	2.50
2	Decrease in loss	-	-	1	0.04	2	0.47
3	Non-disclosure of material facts	1	5.27	1	0.57	-	-

₹ 2.50 crore increase in loss was in case of Himachal Road Transport Corporation.

Response of the Government to Audit

Performance Audits and Paragraphs

1.22 For the Report of the Comptroller and Auditor General of India on State Public Sector Undertakings for the year ended 31 March 2017, one performance audit on the Integrated Kashang Hydro Electric Project and 13 compliance audit paragraphs were issued to the Additional Chief Secretaries / Principal Secretaries of the respective departments with a request to furnish replies within six weeks. However, replies in respect of the performance audit and eight compliance audit paragraphs were awaited from the State government (November 2017).

Follow up action on Audit Reports

Replies outstanding

1.23 The Report of the Comptroller and Auditor General (CAG) represents the culmination of the process of statutory audit. It is, therefore, necessary that they elicit appropriate and timely response from the Executive. The Finance department, Government of Himachal Pradesh, issued (February 1994) instructions to all administrative departments to submit replies / explanatory notes to paragraphs / reviews included in the Audit Reports of the CAG within

a period of three months of their presentation to the Legislature in the prescribed format without waiting for any questionnaire from the Committee on Public Undertakings (COPU).

The status of receipt of explanatory notes is given in table 1.11 below.

Table 1.11: Explanatory notes not received as on 30 September 2017

Year of the Audit Report on PSUs (Economic Sector)	Date of placement of Audit Report in the State Legislature	Total Performance audits (PAs) and Paragraphs in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2012-13	February 2014	2	12	0	0
2013-14	April 2015	1	10	0	1
2014-15	April 2016	2	12	2	9
2015-16	March 2017	1	11	1	11
Total		6	45	3	21

Out of 51 paragraphs / performance audits, explanatory notes to 24 paragraphs / performance audits (47 per cent) involving six departments were awaited (November 2017).

Discussion of Audit Reports by COPU

1.24 The status as on 30 September 2017 of performance audits and paragraphs that appeared in Audit Reports on State Public Sector Undertakings (Economic Sector) and were discussed by the Committee on Public Undertakings (COPU) is given in table 1.12 below.

Table 1.12: Performance audits / Paragraphs appeared in Audit Reports *vis a vis* discussed as on 30 September 2017

Period of Audit Report	Number of performance audits/ paragraphs			
	Appeared in Audit Reports		Paragraphs discussed	
	Performance Audits	Paragraphs	Performance Audits	Paragraphs
2010-11	1	15	0	15
2011-12	1	13	1	9
2012-13	2	12	0	9
2013-14	1	10	0	2
2014-15	2	12	0	1
2015-16	1	11	0	0
Total	8	73	1	36

Compliance to Reports of Committee on Public Undertakings (COPU)

1.25 Action Taken Notes (ATN) to 42 paragraphs pertaining to 27 Reports of COPU presented to the State Legislature between December 2013 and March 2017 had not been received (November 2017) as indicated in table 1.13 below.

Table 1.13: Compliance to COPU Reports

Year of COPU Report	Total number of COPU Reports	Total number of Paragraphs	Total number of recommendations in COPU Report	Number of recommendations where ATNs not received
2013-14	2	2	8	8
2014-15	10	16	65	65
2015-16	8	18	27	16
2016-17	7	6	58	58
Total	27	42	158	147

These reports of COPU contained recommendations in respect of paragraphs pertaining to five¹⁷ departments which appeared in the Reports of the CAG for the years 2005-06 to 2014-15.

It is recommended that the Government ensures (a) sending of replies to draft paragraphs / performance audits and ATNs on the recommendations of COPU and (b) revamping of the system of responding to audit observations to ensure timely response.

Recoveries at the instance of audit

1.26 Audit findings involving recoveries that came to notice in the course of test audit of accounts of the PSUs are referred to the PSUs / State government through Audit Inspections Reports for further investigation.

During the course of audit in 2016-17, recoveries of ₹ 51.69 crore were pointed out to the Management of various PSUs which were admitted by PSUs. Against this, an amount of ₹ 40.53 crore was recovered during the year 2016-17, out of which ₹ 40.44 crore recovery belonged to HPSEBL alone.

Disinvestment, Restructuring and Privatisation of PSUs

1.27 During the year 2016-17, there was no case of privatisation of Government companies and statutory corporations. The State government has not prepared any policy on disinvestment of Government equity invested in State PSUs.

Coverage of this Report

1.28 This Report contains one performance audit on Integrated Kashang Hydro Electric Project by Himachal Pradesh Power Corporation Limited and 13 paragraphs including one thematic paragraph with financial implication of ₹ 846.91 crore.

¹⁷ Power, Finance, Service, Infrastructure and Agriculture & Allied.