

Preface

This Report contains results of the Performance Audit on Bihar State Building Construction Corporation Ltd. (BSBCCL), Audit on Development of Educational Infrastructure by Bihar State Educational Infrastructure Development Corporation Ltd. (BSEIDCL) and eight audit paragraphs based on Compliance Audit of 13 PSUs.

The accounts of Government Companies are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 139 and 143 of the Companies Act, 2013. The accounts certified by the Statutory Auditors (Chartered Accountants), appointed by the Comptroller and Auditor General under the Companies Act, are subject to supplementary audit by the CAG, and the CAG gives his comments or supplements the reports of the Statutory Auditors.

CAG conducts audit of the three Statutory corporations under Section 19 (2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. CAG is the sole Auditor for Bihar State Road Transport Corporation as per the Road Transport Corporation Act, 1950. As per the State Financial Corporations Act, 1951, CAG has the right to conduct the audit of accounts of Bihar State Financial Corporation in addition to the audit conducted by the Chartered Accountants, appointed by the Corporation. In respect of Bihar State Warehousing Corporation, CAG has the right to conduct the audit of their accounts as per the State Warehousing Corporations Act, 1962 in addition to the audit conducted by the Chartered Accountants, appointed by the State Government.

Reports in relation to the accounts of a Government company or corporation are submitted to the Government by CAG for laying before State Legislature of Bihar under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

This Report highlights the following:

1. Out of the 74 Public Sector Undertakings (PSUs) in Bihar, 65 PSUs had arrears in accounts ranging from 1977-78 onwards. Delays/non preparation of accounts are fraught with risk of misrepresentation of facts, fraud and misappropriation.
2. The 18 PSUs that had finalised their accounts in the last three years had an average negative Return on Investment of 6.14 *per cent* against average borrowing cost of 8.49 *per cent* resulting in total loss to the public exchequer of ₹ 1,159.75 crore in the past three years alone. The loss on account of the remaining 56 PSUs whose accounts have not been finalised cannot be estimated.
3. The basis on which the State Government extended without accounts, budgetary support of ₹ 4,431.54 crore to seven working PSUs and ₹ 1,007.23 crore to 10 non-working PSUs is not clear.

4. The shortcomings in three government companies and one corporation are so serious that the CAG has declined to give an opinion on their accounts.
5. The State government has not completed the apportionment of assets and liabilities of seven PSUs even 17 years after the reorganization of the erstwhile state of Bihar.
6. Discoms substantially achieved their financial targets, but failed to achieve performance targets under Ujjwal Discom Assurance Yojna (UDAY).
7. The Bihar State Building Construction Corporation Limited with projects amounting to ₹ 3,371.99 crore in the last five years does not have a full time Managing Director since inception (except once), and does not have an Internal Audit wing and Chief Vigilance Officer. These defects resulted in inordinate delays and shortcomings at all stages of planning and execution. Similar delays and shortcomings were noticed in the audit of the Bihar State Educational Infrastructure Development Corporation Limited.
8. Instances of collusion in contracts valued at ₹ 285.81 crore, loss of bank interest of ₹ 5.43 crore, unnecessary payment of fine, consulting fee, and gifts totaling ₹ 53.77 crore, avoidable payment of ₹ 1.07 crore as interest on Income Tax, loss of ₹ 61.70 crore due to inappropriate revision of Power Purchase Agreement, loss of ₹ 5.24 crore on wrong application of tariff rates and failure to remit to government compounding charges of ₹ 2.04 crore have been reported.

The Audit has been conducted in conformity with the Regulations on Audit and Accounts and the Auditing Standards issued by the CAG of India.