

Chapter I

Functioning of Public Sector Undertakings

Introduction

1.1 The Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature keeping in view the welfare of people and occupy an important place in the State economy. As on 31 March 2016, there were 54 PSUs including three Statutory Corporations and 51 Government Companies. None of these Government Companies was listed on the stock exchange. During the year 2015-16, six¹ PSUs were incorporated while two PSUs i.e. Rajasthan Veterinary Services Corporation Limited and Rajasthan State Refinery Limited were wound up. Rajasthan Avas Vikas and Infrastructure Limited was merged (January 2016) with Rajasthan Urban Drinking Water Sewerage and Infrastructure Corporation Limited. The details of the PSUs in Rajasthan as on 31 March 2016 are given below:

Table 1.1: Total number of PSUs as on 31 March 2016

Type of PSUs	Working PSUs	Non-working PSUs ²	Total
Government Companies ³	48	3	51
Statutory Corporations	3	-	3
Total	51	3	54

The working PSUs registered a turnover of ₹ 54834.65 crore as per their latest finalised accounts as of 30 September 2016. This turnover was equal to 8.13 *per cent* of State Gross Domestic Product (GDP) for the year 2015-16. The working PSUs incurred losses of ₹ 12373.88 crore as per their latest finalised accounts as of 30 September 2016. As on March 2016, the State PSUs had employed around one lakh employees.

There are three non-working PSUs existing and non-functional from last two to 36 years having investment of ₹ 26.23 crore. This is a critical area as the investments in non-working PSUs do not contribute to the economic growth of the State.

Accountability framework

1.2 The process of audit of Government companies is governed by respective provisions of Sections 139 and 143 of the Companies Act, 2013 (Act 2013). According to Section 2 (45) of the Act 2013, a Government

1 Jodhpur Bus Services Limited (2 April 2015), Kota Bus Services Limited (15 April 2015), Rajasthan Urja Vikas Nigam Limited (4 December 2015), Rajasthan Rajya Vidyut Vitran Vitta Nigam Limited (21 December 2015), Jaipur Smart City Limited (12 March 2016) and Udaipur Smart City Limited (12 March 2016).

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

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

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.

Further, as per sub-Section 7 of Section 143 of the Act 2013, the Comptroller and Auditor General of India (CAG) may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the CAG. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

Statutory audit

1.3 The financial statements of the Government companies (as defined in Section 2 (45) of the Act 2013) are audited by Statutory Auditors, who are appointed by the CAG as per the provisions of Section 139(5) or (7) of the Act 2013. The Statutory Auditors submit a copy of the Audit Report to the CAG including, among other things, financial statements of the Company under Section 143(5) of the Act 2013. These financial statements are also subject to supplementary audit by the CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act 2013.

Audit of Statutory Corporations is governed by their respective legislations. Out of three Statutory Corporations, the CAG is sole auditor for Rajasthan State Road Transport Corporation. In respect of Rajasthan State Warehousing Corporation and Rajasthan Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit by the CAG.

Role of Government and Legislature

1.4 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 State Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, 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 State Legislature under Section 394 of the Act 2013 or as stipulated in the respective Acts. The Audit Reports of the 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 Rajasthan

1.5 The Government of Rajasthan (GoR) has huge financial stake in the PSUs. This stake is of mainly three types:

- **Share capital and loans** – In addition to the share capital contribution, GoR also provides financial assistance by way of loans to the PSUs from time to time.
- **Special financial support** – GoR provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees** – GoR also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

Investment in State PSUs

1.6 As on 31 March 2016, the total investment (capital and long term loans) in 54 PSUs was ₹ 124810.19 crore as per details given below:

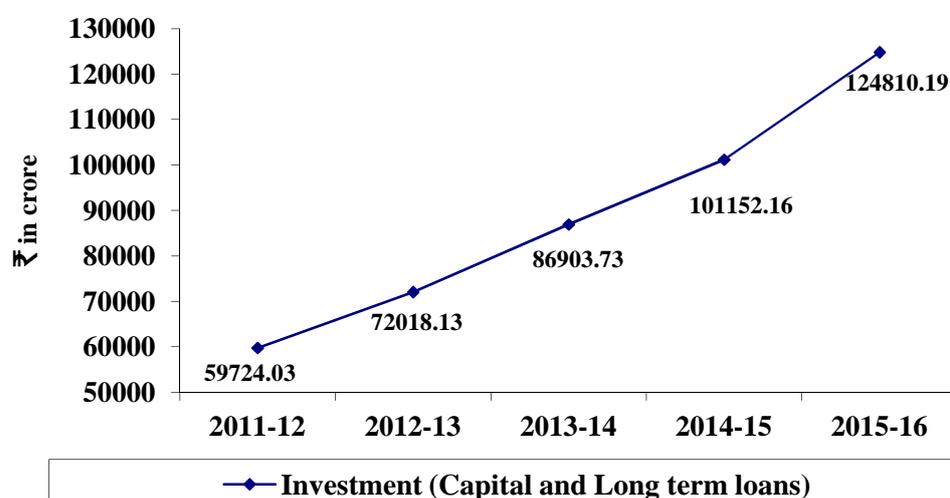
Table 1.2: Total investment in PSUs

(₹ in crore)

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working	35270.98	87053.39	122324.37	807.54	1652.05	2459.59	124783.96
Non-working	10.16	16.07	26.23	-	-	-	26.23
Total	35281.14	87069.46	122350.60	807.54	1652.05	2459.59	124810.19

As on 31 March 2016, of the total investment in State PSUs, 99.98 per cent was in working PSUs and the remaining 0.02 per cent was in non-working PSUs. This total investment consisted of 28.91 per cent towards capital and 71.09 per cent in long-term loans. The investment has grown by 108.98 per cent from ₹ 59724.03 crore in 2011-12 to ₹ 124810.19 crore in 2015-16 as shown in the graph below:

Chart 1.1: Total investment in PSUs



1.7 The sector-wise summary of investment in the PSUs as on 31 March 2016 is given below:

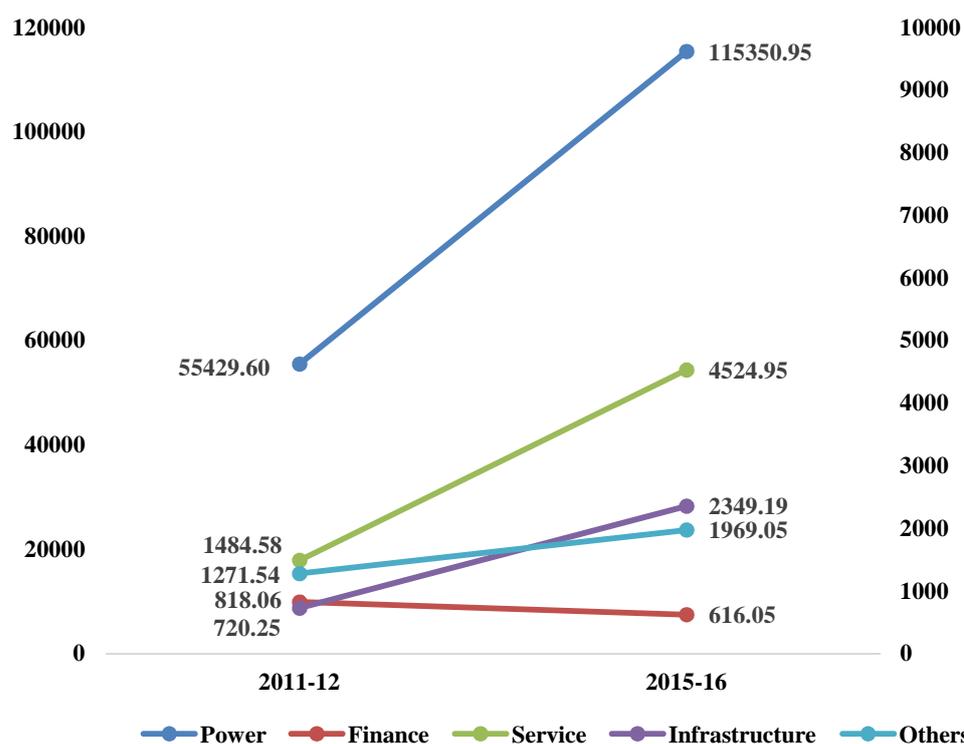
Table 1.3: Sector-wise investment in PSUs

Name of sector	Government Companies		Statutory Corporations		Total	Investment ⁴ (₹ in crore)
	Working	Non-working	Working	Non-working		
Power	16	-	-	-	16	115350.95
Finance	4	-	1	-	5	616.05
Service	15	-	2	-	17	4524.95
Infrastructure	6	-	-	-	6	2349.19
Others	7	3	-	-	10	1969.05
Total	48	3	3	-	54	124810.19

The investment in various important sectors at the end of 31 March 2012 and 31 March 2016 is indicated in the chart below.

Chart 1.2: Sector-wise investment in PSUs

(Figures in ₹ crore)



The thrust of PSU investment was mainly on power sector during the last five years. The power sector received investment of ₹ 59921.35 crore (92.06 per cent) out of total investment of ₹ 65086.16 crore made during the period from 2011-12 to 2015-16. The investment in service and infrastructure sectors had also recorded impressive increase by 204.80 per cent and 226.16 per cent respectively during this period.

4 Investments include capital and long term loans.

Special support and returns during the year

1.8 The GoR provides financial support to PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity in respect of PSUs for the last three years ending March 2016 are given below:

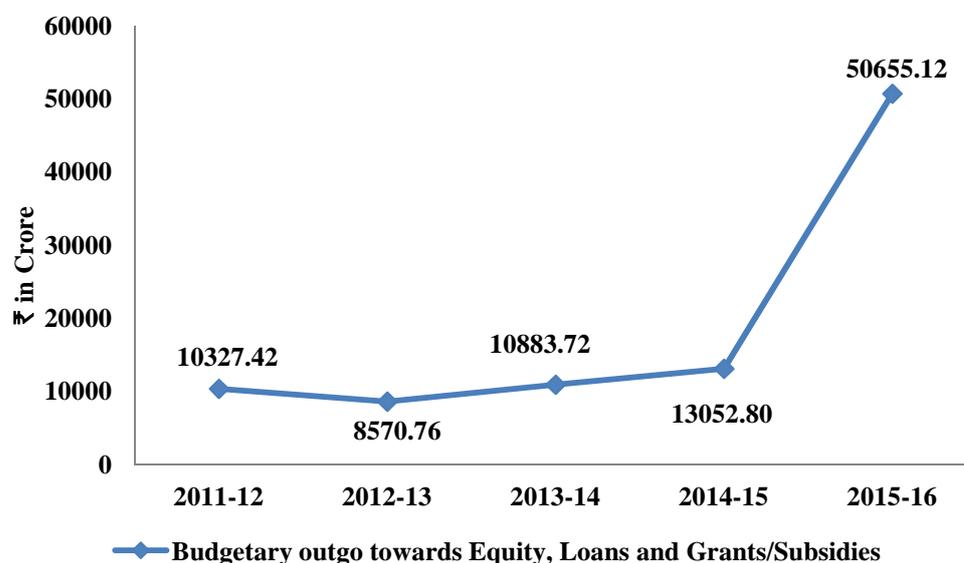
Table 1.4: Details regarding budgetary support to PSUs

(₹ in crore)

Sl. No.	Particulars ⁵	2013-14		2014-15		2015-16	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo	14	4722.21	7	4371.79	6	8497.69
2.	Loans given	8	428.98	11	776.25	9	36568.64
3.	Grants/Subsidy provided	16	5732.53	14	7904.76	16	5588.79
4.	Total Outgo (1+2+3)	26 ⁶	10883.72	18 ⁶	13052.80	19 ⁶	50655.12
5.	Loan repayment written off	1	204.42	-	-	-	-
6.	Loans converted into equity	1	2.62	-	-	3	995.00
7.	Guarantees issued	7	26881.55	6	12066.92	7	16134.66
8.	Guarantee Commitment	9	81228.38	9	90054.11	9	48678.03

The details regarding budgetary outgo towards equity, loans and grants/subsidies for the last five years ending March 2016 are given in a graph below:

Chart 1.3: Budgetary outgo towards Equity, Loans and Grants/Subsidies



The above indicates that the budgetary assistance in the form of equity, loan and grant/subsidy by the GoR to PSUs had increased from ₹ 10327.42 crore in 2011-12 to ₹ 50655.12 crore in 2015-16. The significant budgetary outgo to

⁵ Amount represents outgo from State Budget only.

⁶ The figure represents number of companies which have received outgo from budget under one or more heads *i.e.* equity, loans, grants/subsidies.

power sector was 99.31 *per cent* (₹ 8438.82 crore) of equity capital outgo (₹ 8497.69 crore) and 98.24 *per cent* (₹ 49762.43 crore) of total budgetary outgo (₹ 50655.12 crore) during the year.

The three distribution Companies received loan funds from the State Government under UDAY (Ujwal Discom Assurance Yojna) amounting to ₹ 34,349.77 crore (₹ 11785.86 crore to Ajmer Vidyut Vitran Nigam Limited, ₹ 10779.31 crore to Jodhpur Vidyut Vitran Nigam Limited and ₹ 11784.60 crore to Jaipur Vidyut Vitran Nigam Limited).

In order to provide financial assistance to PSUs from banks and financial institutions, GoR gives guarantee under Rajasthan State Grant of Guarantees Regulation 1970. The Government decided (February 2011) to charge guarantee commission at the rate of one *per cent* per annum in case of loan availed by PSUs from banks/financial institutions without any exception under the provision of the Rajasthan State Grant of Guarantees Regulation 1970. Outstanding guarantee commitments decreased by 15.43 *per cent* from ₹ 57559.34 crore in 2011-12 to ₹ 48678.03 crore in 2015-16. During the year 2015-16 guarantee commission of ₹ 385.97 crore was payable/paid by the PSUs.

Reconciliation with Finance Accounts

1.9 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 the differences. The position in this regard as on 31 March 2016 is stated below:

Table 1.5: Equity, loans, guarantees outstanding as per Finance Accounts vis-a-vis records of PSUs

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	36614.59	35517.53	1097.06
Loans	38537.79	39274.71	736.92
Guarantees	48812.75	48678.03	134.72

Audit observed that the difference occurred in respect of 14⁷ PSUs. The Government and the PSUs should reconcile the difference in a time-bound manner.

Arrears in finalisation of accounts

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

⁷ At Sl. No.-A-1, 2, 6, 7, 8, 10, 11, 14, 16, 29, 36, 45, B-1, and C-1 of Annexure-2.

respective Acts.

The table below provides the details of progress made by working PSUs in finalisation of accounts as on 30 September 2016:

Table 1.6: Position relating to finalisation of accounts of working PSUs

Sl. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Number of Working PSUs	44	46	48	48	51
2.	Number of accounts finalised during current year	33	59	41	51	55
3.	Number of working PSUs which finalised accounts for the current year	24	33	27	34	37
4.	Number of previous year's accounts finalised during current year	9	25	14	17	18
5.	Number of Working PSUs with arrears in accounts	20	13	21	14	12
6.	Number of accounts in arrears	33	21	29	26	20 ⁸
7.	Average arrears per PSU(6/1)	0.75	0.46	0.60	0.54	0.39
8.	Extent of arrears	One to five years	One to six years	One to seven years	One to eight years	One to five years

Of the total 51 working PSUs, 47 working PSUs had finalised 55 annual accounts, of which 37 PSUs' annual account pertained to 2015-16 and remaining 18 annual accounts pertained to previous years. Twelve working PSUs had 20 accounts in arrears including a company (Udaipur City Transport Services Limited) which had arrears in accounts since 2011-12. The accounts of two PSUs were not considered in arrear as these were incorporated in March 2016. The position relating to arrear of annual accounts improved significantly as average arrear of annual accounts per PSU had decreased from 0.75 in 2011-12 to 0.39 in 2015-16.

1.11 The GoR had invested ₹ 10.93 crore in two PSUs (Loan: ₹ 8.00 crore, Subsidy: ₹ 2.93 crore) during the year 2015-16 for which accounts had not been finalised as detailed in **Annexure-1**. In the absence of finalisation 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 was achieved. The GoR investment in such PSUs, therefore, remained outside the control of State Legislature.

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 stipulated period. The concerned Departments were informed quarterly, as a result of which number of working PSUs with arrear in accounts decreased from 14 in 2014-15 to 12 in 2015-16. However, six⁹ PSUs which were under administrative control of Local Self Government Department had 14 accounts in arrears despite continuous

8 Accounts of two PSUs (Jaipur Smart City Limited and Udaipur Smart City Limited) were not considered in arrear as these were incorporated in March 2016

9 PSUs at Sl. No. A- 10, 34, 35, 38, 39 and 48 of Annexure 2.

pursuance by the Accountant General/Principal Accountant General.

1.12 In addition to above, there was arrear in finalisation of accounts by the non-working PSUs. The position of accounts in arrears of non-working PSUs is given below:

Table 1.7: Position relating to arrears of accounts in respect of non-working PSUs

S. No.	Name of non-working companies	Period for which accounts were in arrears
1	Rajasthan State Agro Industries Corporation Limited	2013-14 to 2015-16
2	Rajasthan Jal Vikas Nigam Limited	2015-16

Placement of Separate Audit Reports

1.13 All three working Statutory Corporations had forwarded their accounts of 2015-16 by 30 September 2016. The audit of accounts of two Statutory Corporation was in progress (September 2016).

Separate Audit Reports (SARs) are audit reports of the CAG on the accounts of Statutory Corporations. These reports are to be laid before the Legislature as per the provisions of the respective Acts. The SARs in respect of these Statutory Corporations for the period 2014-15 had been placed¹⁰ in State Legislature during March to September 2016.

Impact of non-finalisation of accounts

1.14 As pointed in paragraph 1.10, the 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 relevant statutes. In view of the above state of arrears of accounts, the actual contribution of PSUs to State GDP for the year 2015-16 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that the Administrative Department should strictly monitor and issue necessary directions to liquidate the arrears in accounts. The Government may also look into the constraints in preparing the accounts of the Company and take necessary steps to liquidate the arrears in accounts.

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 **Annexure-2**. A ratio of PSUs turnover to State GDP shows the extent of activities of PSUs in the State economy. Table below provides the details of turnover of working PSUs and State GDP for a period of five years ending March 2016.

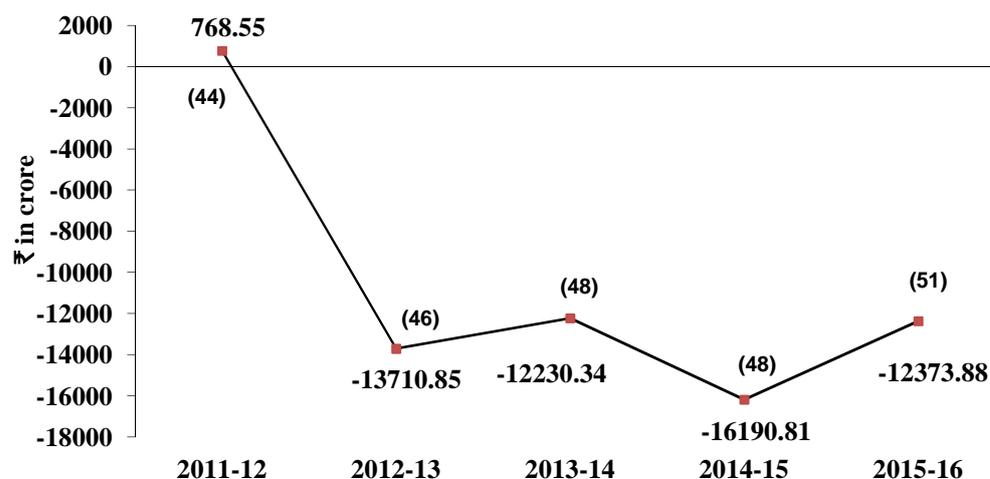
¹⁰ Rajasthan State Warehousing Corporation (2 March 2016), Rajasthan Financial Corporation (11 March 2016) and Rajasthan State Road Transport Corporation (2 September 2016)

Table 1.8: Details of working PSUs turnover vis-a-vis State GDP

Particulars	(<i>₹ in crore</i>)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Turnover ¹¹	32440.58	33486.33	38953.84	47914.29	54834.65
State GDP ¹²	436465.00	494004.00	549701.00	612194.00	674137.00
Percentage of Turnover to State GDP	7.43	6.78	7.09	7.83	8.13

The turnover of PSUs has recorded continuous increase over previous years. The increase in turnover ranged between 3.22 and 23.00 *per cent* during the period 2011-16, whereas increase in GDP ranged between 10.12 and 13.18 *per cent* during the same period. The turnover of PSUs recorded compounded annual growth of 14.02 *per cent* during last five years which was higher than the compounded annual growth of 11.48 *per cent* of State GDP. This resulted in increase of PSUs share of turnover to State GDP from 7.43 *per cent* in 2011-12 to 8.13 *per cent* in 2015-16.

1.16 Overall profit¹³ (loss) earned (incurred) by State working PSUs during 2011-12 to 2015-16 is given below in a line chart.

Chart 1.4: Profit/Loss of working PSUs

— Overall Profit earned/Loss incurred during the year by working PSUs.
 Figures in brackets show the number of working PSUs in respective years.

The working PSUs incurred a loss of ₹ 12373.88 crore in 2015-16 in comparison to profit of ₹ 768.55 crore in 2011-12. According to latest finalised accounts of 51 PSUs, 23¹⁴ PSUs earned profit of ₹ 843.83 crore, 19¹⁴ PSUs incurred loss of ₹ 13217.71 crore, five PSUs had no profit or loss while two PSUs have yet to submit their first accounts since inception and account of remaining two PSUs were not due for the year ended 31 March 2016.

11 Turnover as per the latest finalised accounts.

12 State GDP as per Economic Review 2015-16 of Government of Rajasthan.

13 Figures are as per the latest finalised accounts during the respective years.

14 Including those PSUs which had not started their business activities but were showing marginal profit/loss.

Further, out of 51 PSUs, 18 PSUs incorporated during 2006-07 to 2015-16 did not commence their commercial activities till 2015-16 (**Annexure -2**).

As per their latest finalised accounts, Rajasthan State Industrial Development and Investment Corporation Limited (₹ 349.58 crore) and Rajasthan State Mines and Minerals Limited (₹ 200.33 crore) were the major contributors to the profit while Ajmer Vidyut Vitran Nigam Limited (₹ 3504.00 crore), Jaipur Vidyut Vitran Nigam Limited (₹ 4462.91 crore) and Jodhpur Vidyut Vitran Nigam Limited (₹ 3273.87 crore) incurred heavy losses. These Discoms incurred heavy losses due to sale of electricity below the cost of procurement, heavy transmission and distribution losses, sale of electricity to agricultural consumers at subsidised rates.

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

Table 1.9 Key parameters of the State PSUs

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Return on Capital Employed ¹⁵ (per cent)	8.09	-16.32	-7.86	-11.10	0.62
Debt	45976.15	53503.45	63829.17	74747.68	88721.51
Turnover ¹⁶	32440.58	33486.33	38953.84	47914.29	54834.65
Debt/Turnover Ratio	1.42:1	1.60:1	1.64:1	1.56:1	1.62:1
Interest Payments ¹⁶	3681.11	7864.69	8498.38	10346.56	12682.80
Accumulated Profits (losses) ¹⁶	(1590.48)	(50951.85)	(56133.11)	(83732.89)	(99343.29)

During the last five years, the turnover of PSUs recorded compounded annual growth of 14.02 per cent. However, the compounded annual growth of debts was 17.86 per cent indicating increase at a much faster rate than the turnover. The rising debts to turnover ratio from 1.42:1 in 2011-12 to 1.62:1 in 2015-16 indicated increased reliance on debts by PSUs.

1.18 The State Government had formulated (September 2004) a dividend policy under which all profit making PSUs are required to pay a minimum return of ten per cent on the paid up share capital or 20 per cent of the profit after tax, whichever is lower. As per their latest finalised accounts, 23 PSUs earned an aggregate profit of ₹ 843.83 crore and eight¹⁷ PSUs declared a dividend of ₹ 64.55 crore which worked out to 0.18 per cent of equity capital of all the PSUs. Of 23 profit earning PSUs, 15 PSUs did not declare dividend due to accumulated losses or marginal profits, four¹⁸ PSUs declared dividend more than the prescribed limit, while two¹⁹ PSUs declared dividend less than the prescribed limit and remaining two²⁰ PSUs declared dividend as per policy.

15 Upto 2011-12, Capital employed had been worked out using formula (Net fixed assets + Working capital). From 2012-13, Capital employed has been worked out using formula (Shareholder's fund + Long-term borrowings).

16 As per latest finalised accounts.

17 PSUs at Sl. No.-A-1, 8, 9, 13, 14, 16, 31 and B-3 of Annexure-2.

18 PSUs at Sl. No.- A-1, 9, 16 and B-3 of Annexure-2

19 PSUs at Sl. No.-A-8, and 14 of Annexure-2.

20 PSUs at Sl. No.-A-13 and 31 of Annexure-2.

Winding up of non-working PSUs

1.19 There were three non-working PSUs (all companies) as on 31 March 2016 having a total investment of ₹ 26.23 crore towards capital (₹ 10.16 crore) and long term loans (₹ 16.07 crore). The numbers of non-working companies at the end of each year during past five years are given below.

Table 1.10: Non-working PSUs

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
No. of non-working companies	3	2	3	3	3

None of these non-working companies was under liquidation. Since the non-working PSUs are not contributing to the intended objectives, these PSUs maybe either revived or closed down.

Accounts Comments

1.20 Forty four working Companies forwarded their 52 audited accounts to the Accountant General during the period from October 2015 to September 2016. Of these, 23 accounts of 20 Companies were selected for supplementary audit. The Audit Reports of Statutory Auditors appointed by the CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and the CAG are given below.

Table 1.11: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2013-14		2014-15		2015-16	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	6	266.83	5	85.90	5	28.74
2.	Increase in profit	1	0.81	8	121.79	6	14.24
3.	Increase in loss	5	459.02	8	3059.24	6	712.94
4.	Decrease in loss	3	20.16	2	55.54	3	203.06
5.	Non-disclosure of material facts	1	26.54	3	68.25	1	2.98
6.	Errors of classification	4	28.42	10	2738.30	6	398.16

During the year 2015-16, the Statutory Auditors had given qualified certificates on 21 accounts and adverse²¹ certificate on one account of Rajasthan State Handloom Development Corporation Limited. The compliance of the Accounting Standards (AS) by PSUs remained poor as there were 46 instances of non-compliance in 14 accounts as pointed out by the Statutory Auditors.

1.21 Similarly, three working Statutory Corporation forwarded their accounts of 2015-16 to Accountant General. The CAG is sole Auditor in respect of Rajasthan State Road Transport Corporation. On remaining two Corporations, the Statutory Auditors had given qualified certificate in respect of Rajasthan Financial Corporation. There was one instance of non-compliance with Accounting Standards. The details of aggregate money value

²¹ Accounts do not reflect true and fair position.

of comments of Statutory Auditors and supplementary audit by the CAG are given below:

Table 1.12: Impact of audit comments on Statutory Corporations

(₹ in crore)

Sl. No.	Particulars	2013-14		2014-15		2015-16	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	51.91	2	22.41	1	31.59
2.	Increase in profit	1	1.30	-	-	-	-
3.	Increase in loss	1	729.18	1	2162.57	1	2364.69
4.	Non-disclosure of material facts	2	554.11	1	604.45	1	1819.89
5.	Errors of classification	1	1.27	-	-	2	81.00

Audit of annual accounts of the Rajasthan Financial Corporation and Rajasthan State Road Transport Corporation for the year 2015-16 by the CAG was in progress as on 30 September 2016.

Performance Audits and Paragraphs

1.22 For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2016, two performance audits and 11 audit paragraphs were issued to the Principal Secretaries/Secretaries of the respective Administrative Departments with request to furnish replies within six weeks. The reply on one²² compliance audit paragraph was awaited (30 September 2016) from the State Government. However, the reply on 'Factual Statement' from the concerned PSU was received and taken into account while finalising the paragraph.

Follow up action on Audit Reports

Replies outstanding

1.23 The Report of the Comptroller and Auditor General of India represents culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of Rajasthan issued (July 2002) instructions to all Administrative Departments to submit replies/explanatory notes to paragraphs/performance audits included in the Reports of the CAG of India within a period of three months after their presentation to the Legislature, in the prescribed format, without waiting for any questionnaires from the Committee on Public Undertakings (COPU).

22 Rajasthan State Road Development and Construction Corporation Limited.

**Table 1.13: Position of explanatory notes on Audit Reports
(as on 30 September 2016)**

Year of the Audit Report (PSUs)	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
2014-15	28.03.2016	2	9	-	-

Explanatory notes on all the performance audits and compliance audit paragraphs have been received.

Discussion of Audit Reports by COPU

1.24 The status of discussion of Performance Audits and paragraphs that appeared in Audit Reports (PSUs) by the COPU as on 30 September 2016 was as under:

Table 1.14: Performance Audits/Paragraphs appeared in Audit Reports vis-a-vis discussed as on 30 September 2016

Period of Audit Report	Number of Performance Audits/Paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	Performance Audit	Paragraphs	Performance Audit	Paragraphs
2013-14	3	11	2	11
2014-15	2	9	-	-

The discussion on Audit Reports (PSUs) up to 2012-13 has been completed.

Compliance to Reports of COPU

1.25 Action Taken Notes (ATNs) to one Report of the COPU presented to the State Legislature in September 2015 had not been received (30 September 2016) as indicated below:

Table 1.15: Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Report	Total number of recommendation in COPU Report	Number of recommendations where ATNs not received
2015-16	1	1	1

The above mentioned Report of COPU contained recommendation in respect of paragraphs pertaining to Tourism Department, which appeared in the Report of the CAG of India for the year 2011-12.

The Government may ensure sending of replies to draft paragraphs/performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule and recovery of losses/ outstanding advances/ overpayments within the prescribed period.

Disinvestment, Restructuring and privatisation of PSUs

1.26 Rajasthan Avas Vikas and Infrastructure Limited merged with Rajasthan Urban Drinking Water Sewerage and Infrastructure Corporation Limited in January 2016.

Coverage of this Report

1.27 This Report contains 10 compliance audit paragraphs and two performance audits *i.e.* on 'Performance Audit on Kalisindh Thermal Power Project of Rajasthan Rajya Vidyut Utpadan Nigam Limited' and 'Performance Audit (IT) on Computerisation of ticketing activities by Rajasthan State Road Transport Corporation' involving financial effect of ₹ 584.94 crore.