

State-run enterprises reel under heavy losses: CAG

By Business Times Bureau

MUMBAI: The Comptroller and Auditor General of India has brought into light the serious losses incurred by the Maharashtra state-run enterprises in its recent report for the year ended March 31, 1998. Nine out of 15 companies, which finalised their accounts have incurred losses amounting to Rs 31.95 crores, while only six earned profits, aggregating to Rs 23.89 crores.

Out that out of 57 government companies, only 15 have finalised their accounts for 1996-97 by September 1997. The accounts of 42 companies were in arrears for periods ranging from one year to eleven years. As per the latest available accounts, out of the 42 companies, 31 incurred losses totalling Rs 12.69 crores and 10 earned profits worth Rs 18.05 crores. one company was working with no profit/no loss.

The total investment made by the state government in the four statutory corporations was Rs 5,546.31 crores of which 95 per cent was in Maharashtra State Electricity Board (MSEB). During 1996-97, the Maharashtra State Road Transport Corporation and the Maharashtra State Financial Corporation incurred losses to the tune of Rs 138.39 crores and Rs 22.39 crores respectively, while the remaining companies earned a total profit of Rs 360.87 crores.

The bulk of the profit — Rs 346.58 crores, was earned by the MSEB. However, this was largely due to a subsidy of Rs 258.61 crores received from the state government.

The CAG report has also pointed out several inadequacies in the functioning of these state-run enterprises. Among them were non-finalisation of accounts, inadequate control on stock/store levels, non-reconciliation of inter-office accounts, deviation in accounting policies, lack of proper system of costing, lack of manual of accounts and an accumulation of huge losses.

Among the big losers were the Maharashtra State Textile Corporation with losses to the tune of Rs 119.03 crores, the Maharashtra State Handloom Corporation Limited with losses amounting to Rs 18.42 crores, the Maharashtra State Farming Corporation with losses of Rs 16.55 crores, the Irrigation Development Corporation of Maharashtra with losses of Rs 20.28 crores.

The CAG report also draws a lesson from the government's attempt to develop areas in the state by floating corporations. In the case of the Development Corporation of Konkan Limited (DCKL), which was formed in 1970 to promote and assist the establishment and growth of industries in the Konkan region something went wrong, the report observed.

The company's accumulated losses had eroded the paid-up capital by 69 per cent as of March 1994. The DCKL also floated four subsidiary companies, Sahayadri Glass Works Limited, Konkan Sea Foods, Konkan Dairy Development Corporation (KDDCL) and Konkan Crystal Salt and Maine Chemicals.

CAG REPORT: STATE UNITS