

Public Sector Enterprises

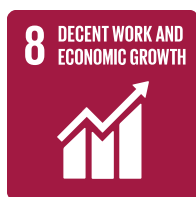
Public sector enterprises and utilities play a vital role in delivering essential services, managing strategic assets, supporting economic growth, and ensuring efficient use of public resources. Through its audits, the CAG identifies operational inefficiencies, revenue leakages, contract management weaknesses, procurement deficiencies, and governance challenges that can affect organisational performance and financial sustainability. The examples presented in this section demonstrate how audit interventions helped public enterprises and utilities strengthen operational controls, improve billing and revenue recovery mechanisms, enhance procurement and contract management practices, reinforce safety and compliance frameworks, and optimise resource utilisation. These outcomes highlight the value of audit in improving efficiency, accountability, financial performance, and service delivery across public sector organisations.

Standardising yield norms in pig iron production, Steel Authority of India Limited

In SAIL plants, surplus hot metal not processed by the Steel Melting Shop is diverted to Pig Casting Machines to produce pig iron, which generates comparatively lower revenue. Except for Rourkela Steel Plant, which had set an 85 per cent yield norm, plants such as Bhilai, Durgapur, and Bokaro followed static yield percentages without assessing actual operational outcomes. The average yield during 2017–24 ranged from 86 to 92 per cent, with annual yield losses of 7 to 17 per cent. Audit by the office of Director General of Audit (Steel), Ranchi, observed that yield norms were not standardised across plants and were not aligned with actual production conditions, leading to losses of 77,870 tonnes of pig iron valued at ₹249.66 crore.

Based on audit intervention, uniform yield norms were fixed for Pig Casting Machines across all SAIL plants/units, resulting in improved operational efficiency, reduced process losses and improved revenue realisation from pig-iron production.

SDGs



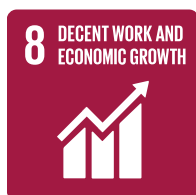
Loss of revenue due to incorrect billing in BSNL

BSNL Corporate Office entered into a Master Service Agreement (MSA) with a private telecom company in May 2014 for sharing its passive infrastructure located in different parts of the country. The Office of Director General of Audit (Finance and Communication), during the audit, observed that in 14 out of 24 circles of BSNL, bills were

raised on the private telecom company, without applying the escalation clause, in the financial years subsequent to the year 2014. As a result, there was short billing of ₹47.69 crore (including GST) during the period from 2015-16 to 2023-24.

Audit recommended enforcement of contractual provisions and revision of billing. Based on audit intervention, billing was revised, ₹42.71 crore was recovered, and recovery of the remaining amount was initiated.

SDGs



Recovery of shunting charges, East Central Railway

Under Rate Circular 14 of 2009 (Ministry of Railways, Government of India), shunting charges were required to be levied based on services provided by the Railways to a privately owned siding company. The office of the Principal Director of Audit, Railway, Kolkata, during the audit, observed that shunting charges for services rendered during April 2020 to March 2023 were not billed due to deficiencies in billing and monitoring systems, resulting in non-assessment of ₹27.54 crore.

Based on audit observations, pending dues were assessed and recovered, resulting in the realisation of ₹24.91 crore and strengthening of billing mechanisms and internal controls.

SDGs



Recovery of liquidated damages in Shree Singaji Stage-II Thermal Power Project, Madhya Pradesh

The office of the Principal Accountant General (Audit-II), Madhya Pradesh, Bhopal, during the audit, observed delays of 110 and 118 days in commissioning of two generating units under EPC contracts, resulting in generation loss of 3,069.79 MU and additional expenditure of ₹102.32 crore on procurement of power, while liquidated damages of ₹413.25 crore were not levied despite contractual provisions.

Based on audit findings, it was recommended that responsibility for the delays be

examined, and the levy of liquidated damages be finalised in accordance with the terms of the EPC contract. The audit intervention ensured reconsideration of delay accountability and the recovery of ₹103.64 crore.

SDGs

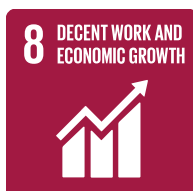


Strengthening procurement controls and recovery in Central Public Sector Enterprises (CPSEs)

The Commercial Audit wing observed widespread non-compliance with procurement rules and contract conditions across Central Public Sector Enterprises, including inadequate market analysis, weak enforcement of performance guarantees, and lapses in contract execution. The financial implication of individual audit observations included in the relevant Report aggregated to ₹14,777.92 crore, of which non-compliance with rules, directives, procedures and terms and conditions of contracts accounted for ₹559.56 crore across seven audit paragraphs.

Audit recommended strengthening procurement governance, enforcing contractual safeguards, and institutionalising monitoring mechanisms at the Ministry level. Based on audit intervention, ₹205.49 crore was recovered at the instance of Audit during March 2023 to March 2024 and corrections and rectifications were carried out by seven Central Public Sector Enterprises in their systems, agreements and guidelines at the instance of Audit.

SDGs



Audit-led strengthening of billing efficiency and additional revenue mobilisation in Uttarakhand Power Corporation Limited (UPCL)

Context: During audit of the Billing Efficiency and Revenue Realisation in Uttarakhand Power Corporation Limited (UPCL), the office of the Principal Accountant General (Audit), Uttarakhand, identified non-enforcement of key regulatory requirements relating to recovery of Additional Security Deposits (ASD), enhancement of contracted load for high-

consumption domestic consumers, levy of enhanced penalties on persistent load violators and regulation of instalment facilities granted to defaulters. These deficiencies adversely impacted UPCL's cash flows, increased credit risk, weakened regulatory compliance and constrained the financial sustainability of the State power utility.

Recommendation: Audit recommended strict enforcement of existing norms governing ASD recovery, contracted load enhancement, and deterrent penalties for repeated load violations. It emphasised institutionalising time-bound recovery mechanisms, eliminating discretionary relaxations, strengthening monitoring of high-load consumers and tightening due diligence for the grant of instalment facilities.

Outcome: UPCL obtained regulatory approval to recover pending ASDs in 12 equal monthly instalments, implemented systematic enhancement of contracted load for eligible domestic consumers, enforced four-fold penalties for persistent excess demand by industrial and non-domestic consumers, and strengthened the instalment framework by mandating bank guarantees and withdrawing concessions for chronic defaulters.

Consequently, recovery of ASDs rose sharply to ₹328 crore in 2024–25 from ₹70 crore in the previous year. Contracted load enhancement for 1.66 lakh domestic consumers generated ₹34.09 crore in additional revenue and ₹15.11 crore in one-time security deposits, with recurring monthly revenue of ₹2.22 crore. Enhanced penalties led to billing of ₹74.55 crore, with ₹47.78 crore recovered by October 2025. The cumulative financial impact exceeded ₹400 crore, while also improving load discipline, regulatory compliance, network efficiency and the long-term commercial viability of the State DISCOM.

SDGs



Strengthening safety management framework in Steel Authority of India Limited (SAIL)

The office of the Director General of Audit (Steel), Ranchi, observed persistent safety compliance gaps across SAIL plants such as Bhilai, Rourkela, and Durgapur Steel, including non-functional fire detection systems, non-testing of safety equipment, and weak adherence to statutory provisions under the Factories Act, 1948. At Durgapur Steel Plant, deficiencies in supervision, lack of adequate Standard Operating Procedures, and unsafe track and slag handling practices culminated in a fatal accident on 20 November 2022, resulting in the death of three workers.

Audit recommended that the management may ensure periodic conduct of safety audits, with continuous monitoring and follow-up of compliance with the recommendations of such audits, to maintain a safe working environment. Audit intervention strengthened the

safety framework across SAIL's integrated steel plants. The engagement of safety consultants, systematic follow-up on audit findings, and revision of SOPs reflect a strengthened institutional commitment to operational safety.

SDGs

